



Essex County Council

Corporate Policy and Scrutiny

10:30	Tuesday, 26 January 2021	Online Meeting
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The meeting will be open to the public via telephone or online. Details about this are on the next page. Please do not attend County Hall as no one connected with this meeting will be present.

For information about the meeting please ask for:

Peter Randall, Senior Democratic Services Officer

Telephone: 033301 36131

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Essex County Council and Committees Information

All Council and Committee Meetings are held in public unless the business is exempt in accordance with the requirements of the Local Government Act 1972.

In accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020, this meeting will be held via online video conferencing.

Members of the public will be able to view and listen to any items on the agenda unless the Committee has resolved to exclude the press and public from the meeting as a result of the likely disclosure of exempt information as defined by Schedule 12A to the Local Government Act 1972.

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Please note that an audio recording may be made of the meeting – at the start of the meeting the Chairman will confirm if all or part of the meeting is being recorded.

	Pages
1 Membership, Apologies, Substitutions and Declarations of Interest	5 - 5
2 Minutes	6 - 9
To approve as a correct record the Minutes of the meeting held on 24 November 2020.	
3 Questions from the Public	
A period of up to 15 minutes will be allowed for members of the public to ask questions or make representations on any item on the agenda for this meeting. No statement or question shall be longer than three minutes and speakers will be timed. If you would like to ask a question at the meeting, please email democratic.services@essex.gov.uk before 12 Noon the day before the meeting (Monday 25 January).	
4 Financial Overview as at the Third Quarter Stage	10 - 40
Members to receive report (CPSC/01/21) alongside a presentation from Cllr Chris Whitbread, Cabinet Member for Finance, Nicole Wood, Executive Director of Finance and Technology, Stephanie Mitchener, Director of Finance and Procurement, Christine Golding, Chief Accountant and Adrian Osborne, Head of Strategic Finance and Insight.	

5 Organisation Plan and Budget 2021-22 41 - 195

Members to receive report (CPSC/02/21) alongside a presentation from Cllr Chris Whitbread, Cabinet Member for Finance, Nicole Wood, Executive Director of Finance and Technology, Stephanie Mitchener, Director of Finance and Procurement, Christine Golding, Chief Accountant and Adrian Osborne, Head of Strategic Finance and Insight.

6 Essex Legal Services Update 196 - 199

Members to receive report (CPSC/03/21) alongside a presentation from Cllr Susan Barker, Cabinet Member for Customer, Communities, Culture and Corporate, Paul Turner, Director, Legal and Assurance and Katie Bray, Head of Legal.

7 Date of Next Meeting

To note that the next Committee meeting will be held on Tuesday, 2 March 2021. It is expected that the meeting will be held online, via Zoom.

8 Urgent Business

To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.

Exempt Items

(During consideration of these items the meeting is not likely to be open to the press and public)

The following items of business have not been published on the grounds that they involve the likely disclosure of exempt information falling within Part I of Schedule 12A of the Local Government Act 1972. Members are asked to consider whether or not the press and public should be excluded during the consideration of these items. If so it will be necessary for the meeting to pass a formal resolution:

That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local

Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.

9 Urgent Exempt Business

To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency.

Committee: Corporate Policy and Scrutiny Committee

Membership, Apologies, Substitutions and Declarations of Interest

Recommendations:

To note

1. Membership as shown below
2. Apologies and substitutions
3. Declarations of interest to be made by Members in accordance with the Members' Code of Conduct

Membership

(Quorum 4)

Councillor M Mackrory (Chairman)
Councillor J Abbott
Councillor M Buckley
Councillor G Butland
Councillor M Garnett
Councillor S Lissimore
Councillor D Louis
Councillor M Maddocks
Councillor V Metcalfe (Vice-Chairman)
Councillor J Moran
Councillor M Platt
Councillor R Pratt
Councillor A Turrell
Councillor J Young (Vice-Chairman)

Minutes of the meeting of the Corporate Policy and Scrutiny Committee, held online, on Tuesday 24 November 2020

In attendance:

Councillor M Mackrory (Chairman)
Councillor A Turrell
Councillor M Buckley
Councillor G Butland
Councillor M Garnett
Councillor J Abbott
Councillor I Grundy

Councillor V Metcalfe
Councillor J Moran
Councillor M Platt
Councillor S Lissimore
Councillor D Louis
Councillor J Young

1. Membership, Apologies, Substitutions and Declarations of Interest

There were no changes to the membership of the committee since the last meeting.

Cllr Maddocks sent in his apologies for this meeting, and was substituted by Cllr Grundy

Cllr Louis sent in partial apologies for the beginning of the meeting.

Cllr Butland declared a code interest as leader of Braintree District Council.

2. Minutes

Members approved as a correct record Minutes of the meeting held on 26 October 2020.

3. Questions from the Public

There were no requests to speak from members of the public.

4. Local Government Reform – Update and Position statement

The panel for this item was:

- Cllr Dick Madden, Cabinet Member for Performance, Business Planning and Partnerships
- Margaret Lee, Executive Director for Corporate and Customer Services

Members noted report CPSC/13/20. Cllr Madden introduced the item and talked members through the position statement. Key points raised in addition to the paper included:

- ECC supports in principle the idea of LGR as it represents a simpler, more transparent and more cost-effective form of local government.
- ECC leadership met with local government ministers and began a process of working with district and unitary leaders across greater Essex to explore what LGR might look like in the county.
- The aim was to put together a series of working principles to form part of an early submission to central government following the expected publication of the local government reorganisation white paper in October/November.
- Since Autumn, the position of the government with regards to LGR appears to have changed and no longer appears to be a priority.
- District, County and Unitary leadership have subsequently paused all work with regards to LGR

Following this, members were invited to discuss the item. Key points raised by the committee included:

Lack of internal engagement with ECC members – Members raised concerns over the extent to which plans and proposals were reaching final stages without consultation with ECC members.

- Members were assured that, despite the amount of preliminary work that had taken place, no plans were even close to a final proposal ready for submission. The Leader did brief opposition leaders on progress to date with regards to potential avenues for reform. It was also noted that no public consultation had taken place to date and that this would be the first stage of any significant or complete submission.

Members distinguished between briefing opposition leaders and all members of the council. Members raised similar concerns around engagement with district and unitary membership.

- Members were reminded that this piece of work is not owned by ECC, it is owned by all councils across Essex. The onus is on district and unitary leadership to share progress with their own membership.

Members raised concerns over the lack of transparency with regards to the models for reform being pursued and ongoing work with consultants. It was particularly noted that CPSC should have greater oversight over the process if LGR comes back on the table.

- The cabinet member agreed to relay concerns over transparency to the leader for future reference if, and when, LGR is back on the agenda.

The lack of unanimity across greater Essex around the proper model for reform - Members raised concerns that views across the county differed broadly around the shape and scope of reforms. In reality, any final submission could only therefore represent a minority of support.

- Members were assured that no final proposal, or even close, was ready for submission. The process was still in early days, with engagement ongoing. Further engagement with members and district authorities was planned.

The timeliness of preliminary work – One member noted that there was a concerted effort on the part of central government to encourage councils to carry out his preliminary work as quickly as possible if they wanted to form part of the first wave of transformation areas. It was noted that beginning the work in a timely manner, and resourcing it effectively, meant that Essex was well placed to become an early adopter of LGR. The member did, however, raise concerns about how disjointed the process of putting forward proposals for reform had been at the start, with a number of authorities out of step with the rest of Essex, specifically referring to the combined work of Basildon, Southend and Thurrock local authorities in preparing proposals for a South Essex combined authority. It was noted that the indefinite delay in publication of the white paper was potentially a gift, allowing Essex leaders and chief executives more time to properly refine and scope the vision that they might have for potential reforms.

- The Cabinet Member thanked the member for their comments. It was acknowledged that this was always going to be a complicated and lengthy journey, which is why the evidence gathering exercise that has taken place was crucial to the success of any conversations with districts moving forward.

Engagement with NHS partners - Members raised concerns that the NHS had not featured significantly as part of work that had been carried out to date. This was especially important when considering that district boundaries are often different to NHS boundaries.

- The Cabinet Member welcomed comments and acknowledged that further engagement with all partners would be central to further discussion when LGR is next discussed.

Future relevance of work carried out to date – members raised concerns around how future proof the evidence gathered throughout the process might be, and how applicable it would be to future discussions around LGR in 2-3 years.

- The Cabinet Member and officer acknowledged the time sensitive nature of elements of the modelling process – particularly around budgeting and economic argument for reform. The benchmarking, model evaluation and engagement exercises however, would likely still be relevant to future discussions.

The Chairman thanked the Cabinet Member and Officer for their time and drew the discussion to a close.

5. Date of Next Meeting

The next full committee day was noted as Tuesday 26 January. Members of the committee were also reminded of their invitation to attend a joint meeting with the Place Services and Economic Growth Policy and Scrutiny Committee on Thursday 17 December. For discussion at this meeting is an update on the Ringway Jacobs contract.

6. Urgent Business

None received

7. Urgent exempt Business

None received

Close of Meeting

The formal meeting was closed at 12.31

Report title: 2020/21 Financial Overview as at the Third Quarter Stage	
Report to: Corporate Policy and Scrutiny Committee	
Report author: Stephanie Mitchener, Director of Finance	
Date: 26 January 2021	For: Discussion
Enquiries to: Christine Golding, Chief Accountant, christine.golding@essex.gov.uk or Stephanie Mitchener, Director of Finance, stephanie.mitchener@essex.gov.uk	
County Divisions affected: All Essex	

1. Purpose of Report

- 1.1. The purpose of this report is to present and provide commentary to the Corporate Policy and Scrutiny Committee 2020/21 Financial Overview as at the Third Quarter Stage.

2. Background

- 2.1. Attached is Appendix A – (FP/694/05/20) 2020/21 Financial Overview as at the Third Quarter Stage.
- 2.2. The decision was taken to Cabinet on Tuesday 19 January.

3. Session Aims

- 3.1. Members are asked to discuss the report and provide feedback/recommendations to officers. Members are also asked to explore potential future scrutiny topics that might arise from discussions.

4. List of appendices

- **Appendix A:** FP/695/05/20: Financial Overview as the Third Quarter Stage

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
Enquiries to: Nicole Wood, Executive Director for Finance and Technology, Adrian Osborne, Head of Strategic Finance and Insight	
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**

- 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.
- 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.
- 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**

- 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** vires 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

- **£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)

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)
Tendering PPP	(303)	-		-	(303)
Transformation	(37,401)	(15,158)	(517)	13,446	(39,630)

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%

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.			

Report title: Organisation Plan and Budget 2021/22		CSPC/02/21
Report to: Corporate Policy and Scrutiny Committee		
Report author: Stephanie Mitchener, Director of Finance		
Date: 26 January 2021		For: Discussion and identifying any follow-up scrutiny actions
Enquiries to: Stephanie Mitchener, Director of Finance. Stephanie.mitchener@essex.gov.uk		
County Divisions affected: Not applicable		

1. Introduction

- 1.1 The Organisation Plan and Budget 2021/22 for discussion, as due to be discussed at Cabinet on 19 January 2021 and to be presented to Full Council on 23 February 2021 for approval.

2. Action required

- 2.1 The Committee is asked to consider the attached and provide feedback.

3. Background

This is an annual item that is presented to the January meeting of the Committee each year ahead of being presented to Full Council for approval the following month.

5. List of Appendices

- **Appendix A:** Organisation Plan and Budget 2021/22 – Part 1: Section 151 Officer Report
- **Appendix B:** Organisation Plan and Budget 2021/22 – Part 2: Budget and Plan

Forward Plan Reference Number: FP/696/05/20

Report title: Organisation Plan and Budget 2021/22 – Part 1: Section 151 Officer Report	
Report author: Nicole Wood, Executive Director for Finance and Technology	
Date: 19 January 2021	For: Discussion
Enquiries to: Nicole Wood, Executive Director for Finance and Technology	
County Divisions affected: All Essex	

1 Purpose of the Report

- 1.1 The report sets out the Section 151 (S151) Officer's statement on the adequacy of reserves, robustness of the 2021/22 revenue budget, as well as the Financial Strategy and the Capital and Treasury Management Strategy. The S151 Officer for the Council is the Executive Director for Finance and Technology.

2 Recommendations

- 2.1 To note this report before making recommendations to Full Council on the revenue budget and capital programme, included within the Organisation Plan.

3. Assurance Statement of the S151 Officer (Executive Director for Finance and Technology)

- 3.1 I have examined the budget proposals and, whilst the spending and service delivery proposals are challenging, they are achievable given the political and management track record and current plans to implement the changes.
- 3.2 The Council has a good track record on financial management and delivering savings. The Council's external auditor recently concluded that adequate arrangements are in place for budget monitoring and taking mitigating actions to eliminate the impact of any over spends and undeliverable savings and that the Council is on track to deliver its required savings in 2020/21. The external auditor also concluded that the medium-term resourcing strategy reflects known savings and cost pressures and that key assumptions are reasonable and hence that the Council has adequate arrangements in place to remain financially sustainable in the medium term.
- 3.3 The level of reserves are appropriate but require continual monitoring given the risks and we will continue to report quarterly to Cabinet on the reserves position.
- 3.4 The 2021/22 revenue budget and the capital programme are included elsewhere on the agenda. Whilst the budget shown is balanced, there remains a gap between our estimated spend and assumed funding for 2022/23 and

onwards. The Council only has certainty of funding for 2021/22 and considerable uncertainty remains in the sector around the funding structures for local government beyond 2021/22; a multi-year settlement is expected from 2022/23. It is imperative the Council maintains focus on financial sustainability and produces a balanced budget over the medium term.

4. Background

- 4.1 The S151 Officer is required to make a statement on the adequacy of reserves and the robustness of the budget. This is a statutory duty under section 25 of the 2003 Local Government Act.
- 4.2 The budget is a financial plan of the Organisation Strategy and forms part of the annual Organisation Plan. The budget is delivered through Cabinet Members who have a portfolio responsibility for several services, which will deliver the strategic aims and priorities of the Organisation Strategy.
- 4.3 This report concentrates on the draft 2021/22 revenue budget, level of reserves and capital programme as set out elsewhere on this agenda, but in addition it also considers key medium-term issues faced by the Council.

5. Financial Context

- 5.1 COVID has resulted in exceptional patterns of spend and activity. During 2020/21 we expect to have incurred additional exceptional expenditure and lost income of circa £160m against our 2020/21 budget, an increase of 16% against our originally approved budget. Most of the costs has been met through additional exceptional grant to local authorities. For 2021/22 and beyond, it is difficult to precisely forecast the new demand patterns that will continue as the pandemic continues and we will need to closely monitor the underlying pent up demand that may not be visible during lockdown and new patterns of demand that will emerge as the pandemic ends.
- 5.2 Before the pandemic, the Council was already experiencing increasing demand for our services notably increasingly complex packages for children; increasing demand for home to school and special educational need transport; and higher demands across adult social care including adults with learning disabilities and older people. The pandemic will inevitably change demand and we will need to monitor and respond to those emerging patterns closely.
- 5.3 The Provisional Settlement from Central Government confirmed the announcements in the Spending Review. This included new monies for social care as well as further funding to support the COVID-19 pressures. In addition to this, for the Dedicated Schools Grant (DSG), an additional £18.7m in respect of the High Needs Block was received. There was only a one year funding announcement for DSG.

- 5.4 The Provisional Settlement also confirmed the continuation of Revenue Support Grant (RSG) of £19m. The Council has seen its RSG significantly reduce from £232m in 2013/14, a reduction of £213m over 6 years. The medium-term strategy assumes that RSG will continue at this level, however there is no formal confirmation from government of funding beyond 2021/22, so this presents an inherent uncertainty from 2022/23.
- 5.5 The future of local government finance remains uncertain. The Government has committed to review Business Rates. It has also committed to a review of the allocation of funding across local authorities; this is known as the Fair Funding review. However given delays as a result of the pandemic, there is no certainty as to when these are now to be implemented. However, there remains an overriding commitment to a multi-year settlement for local government from 2022/23.
- 5.6 The uncertain funding position makes it more complicated to plan for the long term. We expect to receive £166m of government grants in 2021/22, aside from grants passported to schools. These grants are only guaranteed to 31st March 2022. Without certainty of multi-year agreements we need to plan on a broad range of funding assumptions. Further, we rely on a significant amount of income for fees and charges, budgeted at £120m in 2021/22. During the pandemic inevitably a number of these charges were hit, and these have been covered by an income guarantee from the Government until 30 June 2021. Whilst we are confident that the services paid for that underpin these charges will recover as the economy recovers, there is inherent risk. We will manage this through close monitoring of fees and charges (of which there are over 700) to ensure we are able to act as and when issues of sustainability arise.

6. Revenue Budget

- 6.1 If it accepts the recommendations in the budget report, the Council plans to spend £2bn in 2021/22 (including schools). After income, this equates to a net expenditure budget of £1bn (£1,030.7m), an increase of £38m, (3.8%) on 2020/21.
- 6.2 The 2021/22 budget includes inflationary pressures (including National Living Wage) of £23m, other service pressures totalling £15m (including £26m of changes in clients/packages across Adult Social Care, partially offset by one-off investment in 2020/21), and one off investment of £46m (including £29m to aid recovery from COVID-19 and £10m to provide support to vulnerable households following the pandemic). This is offset by additional funding of £38m resulting in a net pressure of £46m.
- 6.3 The budget assumes £46m of savings to balance the 2021/22 budget. Of these £30m are recurrent and £16m are one off savings. These include the Meaningful Lives Matter Programme supporting adults with learning difficulties,

the Connect Programme that will ensure the most appropriate support is offered to older people going into and leaving hospital, making better use of technology solutions in provision of care, efficiency savings against waste treatment and recycling centres, back office savings through process efficiency and service redesign within Customer, Communities, Culture and Corporate portfolio and Finance portfolio, and through the Corporate Finance Review which has identified opportunities to reduce planned contributions to reserves.

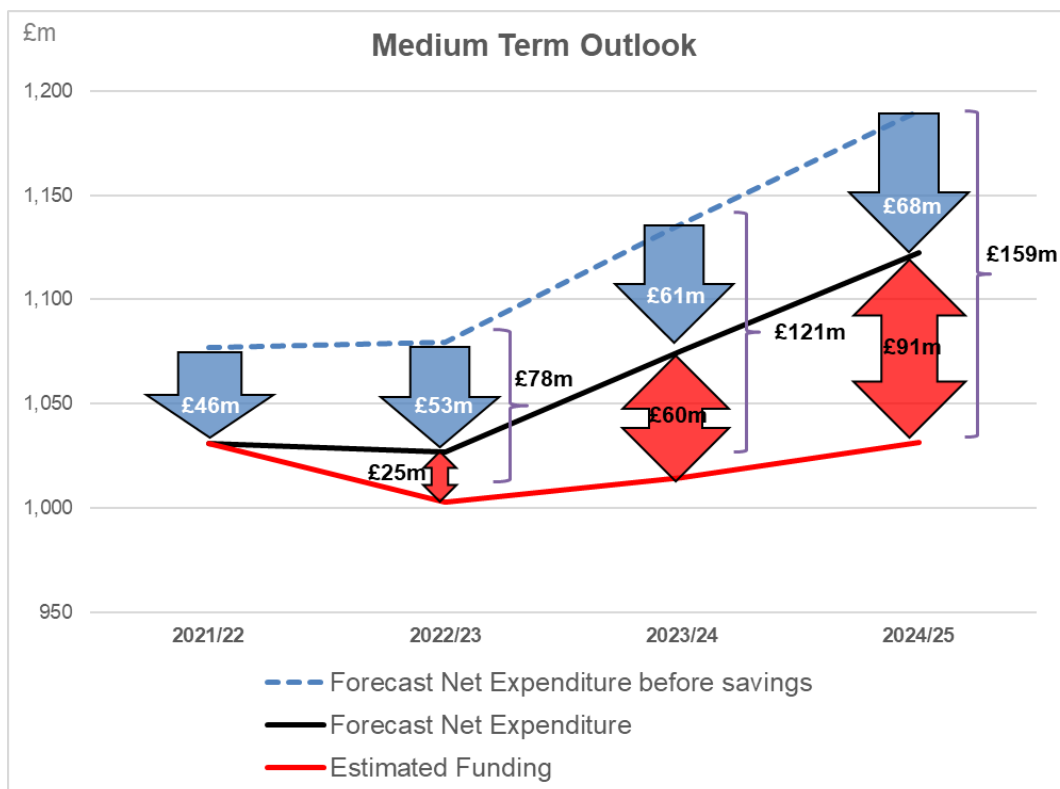
7. Funding and Taxation

- 7.1 The taxbase for 2021/22 is 536,304 Band D equivalents, which is a 0.08% increase from 2020/21. Whilst there has been 1% growth in housing across the county, there has been an increase in households claiming Local Council Tax Support (LCTS) due to a reduction in their household income. The reduction to the taxbase to account for the discount awarded to these households is 4.5% higher than compared to 2020/21. Additionally, there is a forecast reduction in the collection rate of 0.7%.
- 7.2 In the provisional settlement, two schemes were outlined by Government. The first is the Local Tax Income Guarantee, which will compensate for 75% of irrecoverable losses in council tax and business rates income in respect of 2020/21. There is an expectation that billing authorities will continue appropriate collection and enforcement action for outstanding council tax debt, therefore this 75% is designed to mitigate an element of the Collection Fund deficit arising from 2020/21.
- 7.3 The second scheme is a Local Council Tax Support Grant, whereby local government is being provided with one off funding in recognition of the increased costs of providing council tax support and other help to economically vulnerable households following the pandemic. ECC's allocation is £10.2m based on the caseload of LCTS claimants in the county.
- 7.4 Upper tier local authorities have the power to raise tax by a total of 5% in 2021/22 without a referendum. Government has set the referendum cap for core Council Tax at 2%, however the Council is not proposing to take up the option of raising Council Tax. In addition, local authorities with social care responsibilities can increase council tax if the money raised is spent on adult social care through the 'adult social care precept' of up to 3%.
- 7.5 An adult social care precept of 1.5% is proposed, this will yield £10.6m in 2021/22. This provides a partial contribution to the financial pressures in adult social care where the net expenditure is budgeted to increase from £423m to £442m, an increase of £19m. The primary drivers of the increase in cost are the National Living Wage (which has risen from £8.72 to £8.91 per hour), increases in care package costs, and demographic growth.

- 7.6 As part of the provisional settlement, it was announced the Council will receive £28.8m of COVID-19 emergency grant funding for continuing one-off expenditure pressures resulting from the pandemic in 2021/22. These expenditure pressures are not built into the base budget, given the expected one-off nature during the pandemic. As these become clear appropriate decisions will be brought back to Cabinet. Examples of exceptional costs the Council has experienced to date include market support to Adult Social Care providers, costs of providing PPE, test and trace functions, infection control support and increased volumes of domestic waste.

8. Financial Strategy

- 8.1 This report proposes a balanced budget for 2021/22. There is some reliance on one off savings to close the budget gap of £46m, resulting in a structural deficit of £16m or 2% which will need to be permanently resolved in future years. The reliance on one off savings is within the range of those managed within previous years and it is the opinion of the s151 that this is an acceptable level of risk, albeit will need managing through the 2022/23 budget.
- 8.2 The medium range scenario for future years indicates a gap between the Council's expected funding streams and the Council's expenditure. After delivering 100% of all existing planned savings, the gap is expected to be £25m in 2022/23 rising to £91m by 2024/25. The outlook for the authority is set out below, however this must be seen in the context of an uncertain funding horizon for local government from 2022/23, given the one year settlement for 2021/22:



- 8.3 It is imperative that the Council maintains focus on financial sustainability and continues to identify further income and opportunities for new savings. The Council must continue to explore the redesign of services and different ways of working with its partners, local communities and the voluntary sector to ensure essential services can be provided within the context of increasing demand.

9. Capital Programme and Treasury Management

- 9.1 The Council has indicated, within the budget proposals, an aspiration to invest considerable sums through the capital programme over the next four years. The capital programme aspirations will deliver a range of schemes to maintain, enhance and deliver new assets, such as investment in Chelmsford's proposed new Beaulieu Park Train Station and North Eastern Bypass and Colchester/Tendring A120 A133 link road, as well as highways maintenance and providing new school places. The capital programme also includes schemes to help to deliver revenue savings, such as the Essex Housing Programme to redevelop redundant Council property. To the extent that the Council must borrow to pay for this investment, it will incur borrowing costs, which must be funded from the revenue budget.
- 9.2 The revenue costs of borrowing to finance the capital programme will rise from 7.4% of the net budget in 2019/20, to an estimated 11.1% by 2024/25. In 2021/22, capital schemes which deliver a revenue saving greater than the associated borrowing costs amount to some 12% of the total programme. The Council's ability to deliver the future Capital Programme aspirations is therefore dependent on the achievement of savings, generation of income and maximisation of funding from a range of sources to fund the revenue borrowing costs.
- 9.3 Whilst the Council can determine its own programmes for capital investment that are central to the delivery of quality public services, it must be satisfied, and able to demonstrate, that these programmes are affordable, prudent and sustainable. In doing so, the Council must have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities (the Prudential Code) and the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (Treasury Management Code).
- 9.4 The Prudential and Treasury Management Codes require the Council to produce a Capital and Treasury Management Strategy which explains how the Council takes capital expenditure, investment and treasury management decisions and how it takes account of stewardship, value for money, prudence, sustainability and affordability. The full strategy is shown in Appendix A, Annex 3. The Executive Director for Finance and Technology is required to report explicitly on the affordability and risk associated with this strategy.

- 9.5 In order to demonstrate that capital expenditure and investment decisions are taken in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability, the Capital and Treasury Management Strategy:
- Sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.
 - Provides an overview of the governance process for approval and monitoring of capital expenditure. These processes are well established and have been highly effective in recent years in ensuring the delivery of the Council's capital investment plans.
 - Provides a projection of the Council's capital financing requirement, how this will be funded and repaid.
 - Sets out the Council's borrowing strategy and explains how the Council will discharge its duty to make prudent revenue provision for the repayment of debt.
- 9.6 The Capital and Treasury Management Strategy, and the indicators provided in Annexes 3A and 3B, show that the capital financing requirement, external borrowing levels and costs of borrowing are all on an upward trajectory. This reflects the substantial level of capital investment being undertaken by the Council. A focus of some of the capital programme is upon 'invest to save' initiatives and upon economic regeneration. Hence, the increases in borrowing, and the costs associated with this borrowing, may be partly mitigated by revenue savings and additional income generation (e.g. additional housing and businesses providing tax revenues).
- 9.7 In the longer term, it will not be possible to sustain this level of capital investment without the greater achievement of savings, generation of income and increased funding.
- 9.8 The Council's approach to treasury management investment activities is set out in Appendix A (Annex 3 page 86) and includes the criteria for determining how and where funds will be invested to ensure that the principal sums are safeguarded from loss and that sufficient liquidity is maintained to ensure that funds are available when needed. The treasury management investment strategy proposed for 2021/22 is broadly consistent with that applied in previous years, although some changes are proposed to investment limits. That is, the following changes are proposed:
- AAA rated Money Market Funds (LVNAV) – increase from £35m to £60m
 - UK Banks and Building Societies – increase from £70m to £75m and £60m to £65m (limit dependent on credit ratings)
 - Local authorities (upper tier) – reduction from £50m to £30m per local authority

- Local authorities (lower tier) – reduction from £35m to £15m per local authority

- 9.9 The Council has a good track record with regard to its treasury investment activity, adhering to statutory guidance by giving priority to security and liquidity over yield. In addition, Internal Audit has consistently issued ‘good’ assurance opinions on the management of these activities, confirming that internal controls are in place and adhered to.
- 9.10 The Council’s policies, objectives and approach to risk management of its treasury management activities is set out in the Strategy, alongside the knowledge and skills available to the Council, and provides confirmation that these are commensurate with the Council’s risk appetite.
- 9.11 The Capital and Treasury Management Strategy also provides an overview of the Council’s current approach to other investment activities.
- 9.12 All other investment activities entered into so far have been subject to approval in accordance with the Council’s governance framework for decision making and giving due regard to risk and proportionality.
- 9.13 The distinct, but inter-related, elements of the Capital and Treasury Management Strategy collectively demonstrate that the Council’s capital expenditure and investment decisions properly take account of stewardship, value for money, prudence, sustainability and affordability, by setting out the long term context in which capital expenditure and investment decisions are made, and by having due consideration to both risk and reward and impact on the achievement of priority outcomes.

10. Dedicated Schools Grant (DSG)

- 10.1 The DSG is part of the Council’s budget, and is made up of four blocks: Schools, High Needs, Early Years and Central School Services. A significant proportion of this grant is passported directly through to and managed by schools themselves and is known as the Schools Block. The remaining three block; High Needs, Early Years and Central School Services are managed by the Council.
- 10.2 There is an increase in funding of £18.7m for the High Needs Block (HNB) in 2021/22 which is forecast to return the HNB into a balanced position. High Needs expenditure continues to increase due to increasing pupils with special educational needs and disabilities. A further increase in funding is expected in 2022/23 which is the final year of the £7.1bn increase in school funding.
- 10.3 The DfE has stated that with the increase in funding to the High Needs Block that it expects local authorities to only request transfers from the Schools Block in exceptional circumstances. The Council has therefore made no request for a Schools Block transfer for 2021/22 on the assumption that funding will continue

to increase in 2022/23. Should the increase in funding in future years not be enough the Council will request a transfer from the Schools Block.

- 10.4 The DSG overspend is being held in a DSG Deficit Reserve which has no effect upon the Council's balance sheet. It should be noted that the Special Educational Needs and Disabilities increased demand also impacts other Non DSG services, namely, Home to School transport and Transitions. The increase in funding allows a £600,000 increased contribution to SEND Home to School Transport.

11. Reserves

- 11.1 Reserves are defined in Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992. This requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating their budget requirement.

- 11.2 Reserves play an essential part in the financial strategy and provide a cushion against the significant risks the Council faces, and a source of funding of business cases to change the way it provides services and achieves future savings. The continued provision of adequate reserves is essential. Without these, it may be necessary to take remedial urgent action in-year to mitigate challenges that arise, which could lead to longer term consequences.

- 11.3 We define our reserves in two ways:

- **Restricted reserves** – reserves where the authority to commit the funds rests elsewhere (e.g. amounts held on behalf of schools and partnerships) and those held for managing cyclical spending and long term financial commitments (e.g. those associated with long term contracts such as Private Finance Initiative (PFI) and the waste reserve). These total £181m.
- **Unrestricted reserves** – reserves earmarked to support the medium to longer term plans of the Council (e.g. those earmarked to enable it to transform and invest to save); and contingent reserves (amounts that are available to the Council to meet contingent expenditure, including COVID related exceptional expenditure). This category of reserves total £145m.

- 11.4 The authority also has a General Balance, which is an un-ringfenced reserve set aside to allow the Council to deal with unexpected events or costs at short notice. The general reserve balance is held at 6% in recognition of the level of risk associated with reductions in Revenue Support Grant and pressures the Authority faces. It is £65m which is enough to fund the Council's activities for 23 days.

- 11.5 During 2021/22, £137m is expected to be drawn down from unrestricted reserves – a significant proportion of this (£53m) is from the COVID

Equalisation Reserve to utilise funding received from central government to manage the ongoing pandemic. The remainder is principally from the Transformation Reserve (£21m) and the Technology Solutions Reserve (£14m) to finance investment in ongoing change across the Council. Within the budget plans are in place for net contributions of £69m to reserves in 2021/22. In 2021/22 the largest contributions are to the COVID Equalisation Reserve (£29m) and Collection Fund Risk Reserve (£10m, or circa 1% tax base). The latter is funded through a change in the LCTS, where Government has newly directed the specific grant to upper tier authorities (set out at 7.3) to support schemes.

- 11.6 By 2023/24 it is anticipated that the balance of unrestricted reserves will have reduced to £67m (a reduction of £77m). The reduction mainly relates to the COVID Equalisation Reserve where it is assumed that all government funding will have been utilised (£25m), the Carry Forward Reserve where all amounts carried forward from 2020/21 will have been drawn down (£11m), and the Transformation Reserve where assumed annual utilisation exceeds current planned contributions (£30m).
- 11.7 Whilst the level of unrestricted reserves is not enough to cover the funding gaps longer term as set out earlier in this report, the authority's record on financial management and delivery of savings is such that it is highly unlikely that this level of usage of reserves would be required.
- 11.8 The Third Quarter report, elsewhere on the agenda, requests approval to create four new reserves:
- 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.
 - Children's Transformation Reserve - to set aside resources to support transformation capacity to deliver the Children's Sustainability programme.
 - Adults Transformation Reserve - to set aside resources to support transformation capacity to deliver ongoing future sustainability work.
 - Adults Risk Reserve to set aside resources to help manage commercial price pressures that may arise in meeting cost of care.

12. Risks

- 12.1 There are several risks associated with the budget:
- 12.2 The ongoing pandemic results in non-delivery of savings in 2021/22 with a knock on impact in 2022/23. Officers carry out a delivery risk assessment before the budget is set to test the readiness to deliver the savings as planned in the budget. At this stage, 62% (£28.7m) have a high level of confidence, with 29% medium risk and 9% of savings have a high level of delivery risk. At this

stage these planned savings have a stronger delivery confidence than at this point last year.

- 12.3 The emergence of as yet unknown demand or cost pressures that arise as the pandemic recedes and as a result of the impact of EU exit, particularly in the areas of adults and children's social care.
- 12.4 There is not a full economic recovery and the local tax base is hit through unemployment or loss of business rates. The budget has assumed an economic recovery scenario based on the central projection published by the Monetary Policy Committee and OBR macroeconomic data. If economic recovery is slower than this scenario, this could create further pressure on the medium term budget. The full impact of unemployment is now not expected to be seen until Spring 2021 when the Coronavirus Job Retention Scheme finishes. This could therefore hit our 2022/23 budgets more severely, particularly on the potential impact to the level of council tax and business rates collected. These funding sources are 85% of our total funding, with a 1% fall in council tax reducing funding by £7m.
- 12.5 If there is any material impact on fees and charges as a result of an economic downturn. The fees and charges budget for 2021/22 is £120m.
- 12.6 Any consequential impacts to recurrent government grants (which are currently assumed as continuing at 100%). The one year spending review for 2021/22 has created uncertainty around this.
- 12.7 The extent and management of social care demand is a significant risk given that people are living longer, may have more care needs, and the Council is experiencing more complex cases within Children's services too. However, these areas are monitored closely to allow action to be taken at the earliest opportunity to manage this risk position. The Council has a good record of managing this risk as is evident from the financial review reports provided to Cabinet during the year.
- 12.8 The single greatest inflationary pressure in the budget is National Living Wage; there are assumptions made about the increase in rate however any change to this by government will have a significant financial impact on the budget, because there will be increased demand for rate increases from contractors. The Conservative manifesto guarantee is to achieve a £10.50 wage by 2024, an increase of 18% on the rate set for 2021/22. The precise profile of this and implications for supply chain costs are forecast.

13. Control environment

- 13.1 In building the budget and considering the risks inherent within it, it is important that the Council considers not only the level of reserves available to support it, but the wider control environment which will help to manage and minimise those risks. This includes:

- a. the approach to financial planning and monitoring with budget holders
- b. a strong accountability framework which sets out clear roles and responsibilities in terms of financial management
- c. regular and accurate reporting to Members and senior officers
- d. performance reporting
- e. internal audit function assessing controls and processes.

13.2 These processes are robust, and it is important that continued focus is given to these by the senior leadership of the Council to ensure this remains the case. These processes provide an early warning system to potential problems to enable appropriate action to be taken if necessary, in a calm and measured way.

13.3 However, it must be recognised that these steps will not eliminate risk entirely, especially for those that come externally. There are further measures that can be taken to diminish the overall financial effect of these risks, including:

- a. slowing down or stopping spending
- b. increasing income elsewhere; or
- c. moving funds around the organisation.

Forward Plan Reference Number: FP/696/05/20

Report title: Organisation Plan and Budget 2021/22 – Part 2: Budget and Plan	
Report to: Cabinet	
Report author: Councillor Christopher Whitbread, Cabinet Member for Finance and Councillor Dick Madden, Cabinet Member for Performance, Business Planning and Partnerships	
Date: 19 January 2021	For: Decision
Enquiries to: Nicole Wood, Executive Director for Finance and Technology email nicole.wood@essex.gov.uk or Margaret Lee, Executive Director for Corporate and Customer Services email Margaret.lee@essex.gov.uk	
County Divisions affected: All Essex	

1 Purpose of the Report

- 1.1 The report asks that the Cabinet make a recommendation to the Council that it adopts the Organisation Plan and Budget 2021/22 including the revenue budget, capital programme, financial strategy and capital strategy. In doing so, the report of the Section 151 (S151) Officer on the robustness of the 2021/22 Budget and adequacy of reserves, included elsewhere on this agenda, should be considered.
- 1.2 The Organisation Plan publishes the Council's achievements in 2020/21 and plans for 2021/22, highlighting those actions that the Council will focus on.
- 1.3 The report includes the Council's proposed financial strategy from 2021/22 to 2024/25, which is informed by the best information available regarding future funding and demand, whilst noting the risks and mitigations approach as outlined in the report. In the absence of a multi-year settlement for local government, expected later in 2021, there is inevitably significant uncertainty from 2022/23.
- 1.4 To note that whilst the budget proposed for approval for 2021/22 is balanced, there is not yet a balanced and sustainable budget for the medium term 2022/23 to 2024/25. Further plans and saving opportunities will be developed during 2021 to ensure financial sustainability.

2 Decision Areas and Recommendations

Organisation Plan and Revenue Budget: Cabinet is asked to make the following recommendations to Full Council:

- 2.1 That the Organisation Plan be approved in the form appended to this report (Appendix A).

- 2.2 The net cost of services to be set at **£1,030.7million (m)** for 2021/22 – Appendix A (page 37).
- 2.3 The net revenue budget requirement to be set at **£893m** (net cost of services less general government grants) for 2021/22 – Appendix A (page 41).
- 2.4 The total council tax funding requirement be set at **£719.1m** for 2021/22 – Appendix A (page 41).
- 2.5 That Essex County Council's element of the council tax be increased by 1.5% for the adult social care precept, using the flexibility set out by government to raise a precept of up to 3% for the 'adult social care precept'. Therefore the Essex County Council element of the council tax charge for a Band D property in 2021/22 will be **£1,340.91**. A full list of bands is as follows:

Council Tax Band	2020/21	2021/22
	£	£
Band A	880.74	893.94
Band B	1,027.53	1,042.93
Band C	1,174.32	1,191.92
Band D	1,321.11	1,340.91
Band E	1,614.69	1,638.89
Band F	1,908.27	1,936.87
Band G	2,201.85	2,234.85
Band H	2,642.22	2,681.82

- 2.6 Agree that, subject to the funding position prevailing next year, the Council intends to raise council tax in 2022/23 to use the remaining 1.5% adult social care precept in 2022/23.
- 2.7 That the proposed total schools budget be set at **£567.4m** for 2021/22 which will be funded by the Dedicated Schools Grant, Universal Free School Meals Grant, Pupil Premium Grant, PE and Sports Premium Grant, Sixth Form Grant and the COVID-19 Catch-up Grant. The majority of this will be passed through to maintained schools.
- 2.8 That the underlying balance on the General Balance be set at **£65.5m** as at 1 April 2021 (Appendix A, Annex 1, page 68).
- 2.9 That the capital payments guideline be set at **£290.3m** for 2021/22 and that the Executive Director for Finance and Technology, in consultation with the Cabinet

Member for Finance, be authorised to make adjustments to the phasing of payments between years (should that be necessary) as the capital programme is finalised, and to report any impact on the Prudential Indicators at the subsequent quarterly review to Cabinet in July 2021. Any requests to change the prudential borrowing indicators would be brought back before Full Council.

Cabinet are asked to agree the following:

- 2.10 That the Cabinet Member for Finance, in consultation with the Executive Director for Finance and Technology, may adjust the recommendations to Full Council upon receipt of:
- (a) the final tax base and forecast business rates receipts for 2021/22 from the billing authorities (due by 31 January 2021)
 - (b) the final settlement from Government (expected early February 2021)
- 2.11 That the report by the Executive Director for Finance and Technology (S151 officer) on the robustness of the estimates, reserves and capital strategy be noted (see the separate item on this agenda).

Capital Strategy: Cabinet are requested to make the following recommendations to Full Council:

- 2.12 That the 2021/22 to 2024/25 Prudential Indicators and limits, together with updated limits for 2020/21 as set out in Annexes 3A and 3B of the Capital Strategy (Appendix A) be approved.
- 2.13 That the Treasury Management Strategy for 2021/22 be approved, comprising:
- a. Borrowing strategy, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 79).
 - b. Treasury management investments strategy, as set out in Annex 3 and Annex 3D of the Capital Strategy (Appendix A, Annex 3, page 86).
 - c. Indicative strategy for commercial investment activities, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 89).
- 2.14 That the policy for making a prudent level of revenue provision for the repayment of debt, (the Minimum Revenue Provision policy) as set out in Annex 3C of the Capital Strategy (Appendix A, Annex 3, page 97), be approved.

Pay Policy Statement: Cabinet are requested to make the following recommendation to Full Council:

- 2.15 Recommend that the Council adopts the Pay Policy Statement for 2021/22 as set out in Appendix C.

Flexible Use of Capital Receipts Strategy 2021/22: Cabinet are requested to make the following recommendation to Full Council:

- 2.16 Recommend that the Council approves the Flexible Use of Capital Receipt Strategy for 2021/22 (Appendix E), using the short term discretion from government to use £1.3m of capital receipts to fund transformation projects that save money or reduce costs.

For Cabinet to note:

- 2.17 Note the medium term (2022/23 to 2024/25) revenue issues facing the Council as set out in the report (Appendix A, page 31); at present we do not have a balanced budget from 2022/23 and further action will be necessary to identify plans and savings to ensure financial sustainability. The position is based on the best intelligence available today including future funding, price rises and demand. However, in the absence of a government settlement beyond 2021/22 and the inherent uncertainty notably given the pressures arising as the pandemic recedes, the financial outlook is volatile.
- 2.18 Note that the recommendations in this report present a balanced budget for 2021/22. The Council's plans for 2022/23 to 2024/25 are not sufficiently firm as to allow for a balanced budget to be set. Further opportunities for improving income and funding, plus greater efficiencies, will need to be secured in the medium term which will be achieved by a focus on outcomes based commissioning and transformation.
- 2.19 Note that the above figures are based on a Band D equivalent tax base of **536,304** properties (see Appendix A, page 41).
- 2.20 Note that the Capital Strategy, which is presented as Annex 3 in Appendix A, sets out the long-term context in which capital expenditure and treasury management investment decisions are made by the Council and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. It comprises a number of distinct, but inter-related, elements as follows:
- **Capital expenditure** – this provides an overview of the governance process for approval and monitoring of capital expenditure, including the Council's policies on capitalisation, and an overview of its capital expenditure and financing plans.
 - **Capital financing and borrowing** – this provides a projection of the Council's capital financing requirement, how this will be funded and repaid, sets out the Council's borrowing strategy and explains how the Council will discharge its duty to make prudent revenue provision for the repayment of debt.
 - **Treasury management investments** – this explains the Council's approach to treasury management investment activities, including the criteria for determining how and where funds will be invested to ensure that the principal

sums are safeguarded from loss and that sufficient liquidity is maintained to ensure that funds are available when needed.

- **Other investments** – this provides an overview of the Council's intended approach to investment activities, including processes, due diligence and defines the Council's risk appetite in respect of these, including proportionality in respect of overall resources.

3 Statement of the Executive Director for Finance and Technology (S151 Officer)

- 3.1 The Executive Director for Finance and Technology is the Chief Finance Officer appointed under S151 of the Local Government Act 1972 and is also the Chief Financial Officer for regulatory and statutory purposes.
- 3.2 The report by the Executive Director for Finance and Technology (S151 officer) on the robustness of the estimates, reserves and capital strategy is set out in the separate report elsewhere on this agenda.
- 3.3 It should be noted that this report will see council tax increased by 1.5% to be spent on adult social care using the social care precept.

4. Other Issues

- 4.1 An equality impact assessment has been undertaken on the budget in line with the public sector equality duty. The findings of the Equality Impact Assessment (EIA) carried out are included at Appendix B of this report.
- 4.2 The review of the fees and charges schedule is an annual process with fees and charges being agreed by officers or by the relevant Cabinet Member. The proposed fees and charges for 2021/22 budget are published on our website. These are provided for information only. Cabinet is not asked to set these fees and charges by approving this report.
www.essex.gov.uk/spending-and-council-tax/finance-and-spending-breakdowns
- 4.3 In December 2020 the Council approved the Council's first strategy on the flexible use of Capital Receipts. As things have transpired the capital receipts which were authorised to be spent on the transformation project to replace our corporate systems will not all be required in 2020/21. It is therefore proposed to extend the flexibility into 2021/22, using the remaining £1.3m of capital receipts allocated in the previous strategy. A new strategy is required in order to do this, and is set out at Appendix E.

5. Relevance to the Council's Organisation Strategy and Plan

- 5.1 The Organisation Plan for 2021/22 covers the action the Council will take next year to contribute to our Organisation Strategy, alongside the Budget. The Organisation Plan is set out in Appendix A.

6. Internal and External Consultation

- 6.1 All Executive Directors and Directors have been involved in the preparation of the Organisation Plan and the Budget.
- 6.2 Through budget consultation meetings the Council engages with representatives from the unions.
- 6.3 A budget consultation was undertaken during September to November 2020, for 6 weeks. It was open to the public and promoted through social media, print media, business, voluntary and charity sector networks.
- 6.4 Six 'small group' workshops with Essex residents were undertaken online, allowing for deeper discussions and full conversations.
- 6.5 There were 238 responses to the consultation. The full report on the budget consultation is shown in Appendix D. The key messages from respondents to the consultation are that:
- The majority of participants (58%) felt well informed about public services.
 - Residents felt the most important issues facing Essex today are:
 - Coronavirus (36%)
 - Environment and Climate Change (25%)
 - Economy and the economic situation (20%)
 - There are 4 areas where residents have the most concern from an individual perspective
 - physical health and fitness (45%)
 - the local environment and pollution (44%)
 - climate change (41%)
 - mental health (34%)
 - Over two thirds (68%) of participants think that their household or business will be affected by the budget setting decisions taken for 2021/22
 - Residents have a clear view on the approaches that ECC should take in managing financial pressures. There is strongest support for strategies that seek to:
 - prioritise spending to protect the most vulnerable and those without choices

- help build self-reliance and reduce dependency on public services; and
- streamline services so that they can deliver the same outcomes.

The consultation suggests that participants are unlikely to support reducing or stopping services wholesale to protect others.

- Over half of residents felt ECC should consider increases in council tax under the following circumstances:
 - to protect services for the most vulnerable (68%)
 - when opportunities to streamline services have been exhausted (59%)
 - when the only alternative is to stop delivering some services (55%)
- Residents want to see key services protected in the face of financial pressure. Nearly 90% of participants identified care and support for vulnerable older people and those with mental health needs, and over half (53%) the maintenance of roads, footways and bridges as services which should be protected.

6.6 Taken together, these results suggest that Essex residents recognise the continuing financial pressures facing the Council, the impact of Coronavirus and the need to prioritise and make efficiencies. They also recognise the need to balance spending on protecting the most vulnerable and on providing good universal services that most residents use.

6.7 In response to the key messages, the Council is investing an additional £33m in portfolio budgets for 2021/22 (£38m including other operating costs). The most significant part of the budget is spent on social care services (54% of gross expenditure, excluding dedicated schools grant (DSG)). The Council is also continuing to invest in the maintenance of roads and footways, children's services and waste. This budget will not result in proposals for the Council to reduce or stop services.

6.8 This report will also be reviewed by the Corporate Scrutiny Committee prior to final presentation of the Organisation Plan to Full Council on 23 February 2021.

7. Legal Implications (Monitoring Officer)

7.1 In each financial year the Council must make its budget calculation in accordance with sections 42A and 42B of the Local Government Finance Act 1992. In particular, it must calculate the total of:

- The expenditure the authority estimates it will incur in the year in performing its functions and will charge to a revenue account for the year

- Such allowance as the authority estimates will be appropriate for contingencies in relation to expenditure to be charged to a revenue account for the year
- The financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure
- Such financial reserves as are sufficient to meet any estimated revenue deficit for previous financial years which has not already been provided for.

- 7.2 Those calculations are then used to determine the council tax requirement for the year.
- 7.3 The Council is required to set a balanced budget and in considering the budget the Council must have regard to the advice of its Chief Finance Officer appointed under section 151 of the Local Government Act 1972.
- 7.4 The Council must issue any precept or precepts in accordance with section 40 of the Local Government Finance Act 1992. The section prescribes what must be included in the issue of the precept. It must be issued before 1 March in the financial year preceding the year for which it is issued but is not invalid merely because it is issued on or after that date.
- 7.5 Under section 25 of the Local Government Act 2003, the Chief Financial Officer (section 151 officer) is required to report to the authority on the robustness of the estimates made for the purposes of the calculations required to be made by the Council. These are the estimates which the Cabinet is required to determine and submit to Full Council and are contained within this report. The Chief Finance Officer is also required to report on the level of reserves.
- 7.6 In deciding its Capital Programme for the year, the Council must have regard to the 'Prudential Code' established by and under the Local Government Act 2003. This is addressed in the report.
- 7.7 The budget makes provision on the basis that a number of changes to Council services which are under consideration may be made. The budget does not itself authorise any changes to services and does not assume that changes will be made. Any changes to services will need to be the subject of appropriate consideration by the Cabinet Member or the Cabinet following, where appropriate, consultation and a full report setting out options for change, the impact of the proposed changes on service users, including in particular the impact on different equality groups. Where a decision is made not to implement any changes then budgetary adjustments may need to be made but the Council is confident that whilst savings over the 2021/22 budget are assumed, each can be implemented in a number of ways, thus no particular changes are assumed.

- 7.8 The setting of the budget is a function reserved to the Full Council, but the Cabinet are required to make recommendations it wishes to make to Full Council on the various calculations the authority is required to make. Once the budget is agreed by Full Council, the Cabinet cannot make any decisions which conflict with that budget, although variations and in year changes may be made in accordance with the Council's Financial Regulations which have been adopted by the Council. Similarly, any decision made by the Cabinet or by an officer exercising executive functions must be made in accordance with the policies, plans and strategies agreed by Full Council, including the Council's Organisation Strategy.
- 7.9 Section 106 of the Local Government Finance Act 1992 restricts any member of the Council from voting on the budget or council tax requirement if they owe any amount of council tax to any local authority which has been outstanding for more than two months. If this applies to a member and they attend a meeting at which the council tax requirement is to be set they must declare this fact and they cannot vote. It is an offence to vote or to fail to make this declaration.
- 7.10 Section 52ZB of the Local Government Finance Act 1992 requires the Council, when setting council tax, to determine whether or not the increase is 'excessive'. An increase is excessive unless it is within parameters determined by the Secretary of State. If an increase is 'excessive' it can only be implemented if supported by a referendum.
- 7.11 The final decision on what is an 'excessive' increase for 2021/22 has not yet been made, and a decision is not expected until early February 2021. If the Council sets council tax before the finance settlement, then it would need to reconvene to determine whether or not the increase is excessive. Based on what is currently known, the recommendations in this report would not lead to an increase in Council tax which is defined as 'excessive'.
- 7.12 The draft principles for 2021/22 published by the Secretary of State in December 2020 state that for the Council any increase of 2% or more (excluding 'social care precept') would be defined by the then Secretary of State as 'excessive'. The recommendations in this report would not see any increase in the council tax other than the social care precept.
- 7.13 In addition, social care authorities are permitted to levy a 'social care precept' of up to a further 3% without the overall increase being considered 'excessive'. There is no legal requirement for the money raised to be used for adult social care services, but the Secretary of State has indicated that he will ask local authorities how they have spent the money. If an authority is unable to demonstrate usage for social care purposes, he may restrict that authority's ability to raise council tax in future years. The draft principles only cover the year 2021-22 but the covering letter states that the government intends the 3% social care premium to cover a two year period; in other words if the Council raises a 3% 'social care precept' this year, it may not be able to further increase the 'social care precept' next year. The recommendations in this report would

see the Council raising 1.5% this year and signalling an intention to raise the remaining 1.5% in 2022/23. There is, however, no guarantee that the Council will be able to do this and the Council clearly cannot bind itself as to the future budgetary position.

8. Staffing and Other Resource Implications

- 8.1 An element of reorganisation and reshaping will be required to support efficiency gains in some operational areas. Staffing implications which may arise as a result of operational plans flowing from this budget will be addressed under their specific implementation plans.

9. Equality Impact Assessment

- 9.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when the Council makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 9.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation. In addition, marital status is a relevant protected characteristic for 9.1(a).
- 9.3 The equality implications have been assessed as part of the budget setting process as detailed in Appendix B. Equality impact assessments will be carried out before any decision is taken to change any services in response to the budget or otherwise - please see paragraphs 4.1 and 7.7 of this report for further information.

10. List of Appendices

Appendix A – Essex County Council Organisation Plan 2021/22
Appendix B – Equality Impact Assessment (Organisation Plan and Budget)
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Appendix D – Budget Consultation Report
Appendix E – Flexible Use of Capital Receipts Strategy 2021/22

Essex County Council Organisation Plan 2021/22

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1. Foreword by the Leader

This Organisation Plan has been produced under the most testing circumstances that the Council and our communities have ever faced. It sets out how we have responded to the challenge of Covid-19. It reflects the fact that we have had to make some incredibly tough decisions in the short term to reflect the need to protect our communities and economy in the long term. But it also demonstrates that we are on the path to recovery and that we have a strategy and an investment plan to improve the lives of our residents and begin to mitigate some of the impacts we have all felt in the last year.

The Plan sets out the commitments we are making to improve the lives of the people of Essex – from increasing the number of apprenticeships in the county and helping the recently unemployed to start their own businesses, to delivering an additional 1500 school places and transforming the support for older people so that even more of our elderly relatives can continue to live in their own homes.

As well as older people, we are focusing on improving mental health services, and support for people with learning disabilities. We continue to build on our leading reputation as one of the best children's services authorities in the country. And as well as focusing on our people, we will continue to invest in our infrastructure and environment – fixing our roads, prioritising action to address climate change by planting a further 50,000 trees this year to aid in carbon capture and investing over £2.5m in flood defences as well as welcoming in the Summer the full report of the Essex Climate Commission.

We will do all this against a backdrop of severe financial, social and economic pressures. The challenge of Covid has been layered on top of the already existing financial stress that public services have been under for a decade. It is because the Council has focused relentlessly on reducing bureaucracy and improving productivity that we have been consistently identified as one of the ten most efficient Councils in the country, allowing us to keep Council Tax increases to a minimum whilst delivering on our strategy.

- A. Securing inclusive economic growth** – this was the right priority before the onset of Covid and it is the right priority now. Our plan sets out what we are doing to support the Essex economy: from spending our money with Essex businesses, to supporting schemes for youth unemployment to investing in our economic centres. There is nothing more important to the long-term well-being of our communities than the health of our economy.
- B. Helping People get the Best Start and Age Well** – it is our responsibility to make sure that we help and support those people in our county who are least able to help themselves – everyone has the right to live the best life they can and this year, more than any, we have seen just how important strong communities are to our well-being.
- C. Helping to create great places** – we are the guardians of the county for future generations – the decisions we make today will affect the lives of those who follow us. Our natural environment is one of our greatest assets. We must balance the need to protect that asset with the housing and economic demands of our growing population which is why we are pleased to be investing over £137.8m in our infrastructure this year.
- D. Transforming the Council** – I am proud of the Council but we will never rest on our laurels. We believe we have a responsibility to the people of Essex to constantly strive to be better, more efficient, and more effective in securing outcomes. And we believe that that drive fosters the creativity and imagination needed to confront the challenges we face.

The experience of the last twelve months has also highlighted that the Council can only be effective if it works closely with our communities and with our partners in the public sector, the private sector and the voluntary sector, as well as with Essex MPs and with national government. I want to pay tribute to our communities and to all our partners and to the excellent work we have been able to do together. We remain committed to working in partnership with you.

It has been a challenging year and the next few months promise to be no less challenging. We know how hard it has been for you and the pressures you have faced. That is why we make one simple promise – we are on your side and we will work day and night to support you, your families, and your neighbourhoods.

2. Covid-19: What has been the impact and how have we responded?

The last twelve months have been dominated by the impact of Covid on our communities. Not since the Second World War have we faced such a grave challenge to our way of life. And many of us will have lost dear friends, family members, or colleagues to this dreadful virus. But we cannot allow ourselves to be bowed down before this threat, your Council least of all. I have been proud of the work we have done with our communities to try and keep people as safe and secure as possible in the face of this challenge.

For the economy, we estimate we spend over £900m with businesses that are based in Essex, with over a third of this spend with SME's. In addition we have piloted a Business Accelerator Scheme to support people who have been made redundant as a result of this crisis to start their own businesses. We have launched our own Kickstart programme to support new jobs in the county, working with small businesses to help them access government support to take on new recruits. We set up a Covid-19 Business Information Service to provide businesses with advice on any issues they had in relation to Covid and we commissioned Let's Do Business to provide support for employers across the county to safeguard jobs. We are establishing a new £100m Economic Growth and Investment fund to promote the county and we provided £2.2m to Districts to be distributed to Essex businesses through adaptation grants. We successfully bid for and secured £26.5m of Getting Building Fund for projects across the County. We have begun work to construct an Anchor Partnership with Essex organisations – designed to help us protect and safeguard employment in the county and secure the wider well-being of the economy.

For our vulnerable people, requiring social care support, at the start of the pandemic we moved hundreds of staff onto 7-day working rotas to support hospital discharge. We created a Covid-19 Response Fund worth £12m to support the additional costs that care providers had to meet to keep people safe. We secured additional capacity for Care beds to ensure that people could be discharged from hospital into an appropriate setting. We used technology to support disabled people who could no longer access day opportunities, as well as making use of Care Phones to enable people to stay connected to their loved ones during lockdown. And for our young people, not only were we able to maintain critical children's services but we have also worked very closely with our schools to ensure they have been able to operate safely and, where appropriate, safeguard the access to education for the children of key workers and the most vulnerable.

For our Communities, we set up Operation Shield, working with the Community and Voluntary sector and our district, city and borough Councils to enable the 60,000 people who had to Shield to access the support they needed to do that effectively. We recruited 7,000 volunteers to the Essex Well-being Service to undertake 40,000 tasks on behalf of members of their local community who were unable to do those things for themselves. To help hard-pressed families we delivered 22,850 free Summer holiday activity places, ensuring that throughout the summer holidays children could participate in physical activities and get a nutritious lunch, whilst parents were supported with free childcare.

To Protect Lives, and finally I want to say how proud I am of the work that we have done through Our Public Health and Adult Social Care teams to protect lives and safeguard our people. This has been fraught with difficulty in terms of the changing nature of the pandemic, our understanding of it, and therefore the appropriate courses of action to be taken but I think Essex has demonstrated throughout our willingness to be guided by the evidence and to take action in the best interests of our communities, regardless of how difficult some of those decisions might have been. Our work included developing an Infection Control Plan - distributing more than £31m in funding to support infection control in our Care settings. We set up the Essex Contact Tracing Service to manage outbreaks in sensitive settings. To support the pathway out of the pandemic, we have been working with partners to manage the set-up of vaccination sites

and the recruitment of Vaccination Marshall Volunteers. Throughout we have tried to communicate openly and transparently with the public on the Essex position, key data, and the rationale for taking the decisions we have taken.

Over the last twelve months we have worked with singular focus on addressing the challenges of Covid. We will continue to do that over the next twelve months. There is no more fundamental responsibility for government than to save lives; and working with our partners and with central government we will do whatever it takes to protect you and your families from this dreadful virus.

Strategic Aims:

Enable inclusive economic growth

Help people in Essex prosper by increasing their skills

The challenge

Despite being a major part of the UK economy, Essex has some long-term systemic economic challenges which have been exacerbated by Covid. The number of well-qualified adults (with skills at Levels 3 and above) is increasing but remains below the national average, limiting the employment opportunities available to those Essex residents. The unemployment claimant count is now at a 30-year high due to Covid-19 with young people under 25 years old feeling the greatest impacts. Covid-19 has overturned previous success in terms of low unemployment and low numbers of young people not in employment, education and training. Working with partners, we will support those made unemployed to retrain and we will support our whole workforce to upskill to enable it to progress into more gainful and sustainable employment in growing sectors of the economy. This will also deliver the necessary skilled labour supply to enable businesses to recover, adapt, innovate and grow.

Our response to Covid-19 & other major achievements this year:

- We have created a new skills strategy to respond to the economic impact of COVID-19 and increase in unemployment.
- We piloted a Business Accelerator scheme to support people made redundant to set up their own businesses, giving them the confidence and the skills to become self-employed.
- We launched a Kickstart Essex scheme to support new jobs by enabling small and medium sized enterprises in Essex to access Government funding for taking on new recruits.
- We launched the Health and Social Care Nightingale bursary to deliver training for staff currently working in the Health and Social Care sector. The project will support 195 existing Health and Care employees who are ineligible for apprenticeships or full government funding to access qualifications.
- We have developed a local pilot with Suffolk and North East Essex (SNEE) NHS trust to enable individuals in the Clacton/Tendring area to gain access to a career in nursing.

Key areas of focus for the Council over the next year:

- Through collaboration with colleagues in Health and Care sectors e.g. NHS and Health Education England, we will develop programmes of work, such as the Tendring Health and Care Academy, that support localised need to close skills gaps, attract new talent, develop skills at higher levels and future proof services.
- We will work closely with delivery partners to increase the number of apprenticeship opportunities across the county, including those within ECC, through innovative delivery models and projects e.g. the Essex Apprenticeship Levy Transfer Service, that will address localised skills gaps and support the growth of priority employment sectors.
- We will facilitate 500 apprenticeships through a managed matching service to provide employment opportunities to young people across Essex.
- We will develop a wide range of employment based digital and face to face learning programmes to give residents access to skills and qualification opportunities for work.
- We will create a new integrated One-Stop Online Shop for Jobs, Job Matching, Training Opportunities for Essex residents.

- We will facilitate 500 Kickstart Essex placements by enabling SMEs to access the Government funding scheme.
- We will ensure that Essex residents who become unemployed can access the right information on support and finding a new job quickly by establishing a new Essex Information Advice and Guidance Portal.
- Working with the Department for Work and Pensions, we will ensure enhanced employment support is meeting the needs of Essex residents and that opportunities for a new job matching capability are delivered.
- Building on the pilot, we will deliver a business accelerator programme to support those at risk of unemployment or the recently unemployed to set up their own businesses.
- We will develop new approaches for reskilling residents in growth areas such as in the health and social care, construction and the green economy.
- We will take forward programmes to implement our new skills strategy.
- We will support organisations to identify and source appropriate training for their workforce, ensuring they have the skills and knowledge to engage and motivate Essex residents to be more physically active.
- We will launch the Active Essex Local Delivery Pilot (LDP) Coach Core apprenticeship that provides employment and training opportunities for young people from under-represented groups.

Enable inclusive economic growth

Enable Essex to attract and grow firms and support existing businesses

The challenge

Essex has a very significant small and medium size business sector, with a strong entrepreneurial culture highlighted by a sixth of workers in the county being self-employed. These firms have been hit hard by the pandemic, putting jobs and livelihoods at risk. We are working hard to support businesses affected by the pandemic, so that they can protect jobs and resume profitable trading once pandemic restrictions are lifted. As well as supporting existing businesses, we want to attract new medium sized and larger firms to locate to Essex, particularly those in rapidly emerging economic sectors. Productivity in Essex lags behind the East and South East averages but in recent years has shown signs of improvement that we want to continue to build on. In line with the government's Industrial Strategy, we will set out a number of key missions to support economic growth including through low carbon and green growth. Essex has great connectivity to London, Cambridge and through its ports and airports to Europe and the rest of the world. We are also working hard to ensure our road, rail, and bus infrastructure serves the needs of our communities and a strong and resurgent economy – bouncing back from the slowdown that Covid-19 has caused.

Our response to Covid-19 & other major achievements this year:

- We provided a dedicated Covid-19 Business Information service to support Essex businesses with any queries they had around financial support, PPE, staffing, trading standards and COVID testing - the service dealt with over 350 individual enquiries and helped businesses to access an estimated £2.5m of government grant funding.
- We commissioned Let's Do Business Group to provide a fully funded business support service for employers across Essex to help safeguard and create jobs. This offer includes up to 12 hours of support services to individual businesses.
- We have worked with business support organisations to form an Essex wide response to Covid-19 and worked in partnership to deliver a monthly Best Big Essex Business Briefing.
- We provided £2.2m funding to Districts to be distributed to Essex businesses through business adaptation grants.
- We have supported the economic recovery through:
 - The commitment to establish a new £100m fund for Economic Growth to promote the county as an area for investment, business creation and growth.
 - Establishing a new Digital Connectivity strategy, investing in broadband connectivity with further public investment of £6.6m planned over the coming financial year (and exploring the potential of accelerated 5G roll-out).

Key areas of focus for the Council over the next year:

- Supporting ongoing economic recovery will be a significant area of focus for the Council over the next year. We will be setting the strategy for and rolling out our £100m Economic Growth Investment fund to enable inward investment, new start-ups and growth, whilst seeking to ensure that our investments also generate social value for Essex Communities.
- We will develop a new Inward Investment Strategy, explore the need for a dedicated Inward Investment service and develop a new approach to Marketing Essex to attract new businesses, new residents, more visitors and more investment to our county.
- We will re-commission a Business Support Service for Essex which provides a range of support services including finance and innovation.

Appendix A Organisation Plan 2021/22

- We will develop new forums and networks to enhance our relationship with current and future businesses.
- We will deliver a Digital Connectivity Strategy for Essex to enable high-quality growth in the economy and to support the move from office-based to home working in parts of the economy.

Enable inclusive economic growth

Target economic development to areas of opportunity

The challenge

While Essex remains one of the largest economies in the country, performance is variable, and some areas of Essex have untapped potential for higher economic growth. As a result, the economic performance in some areas is not as strong as it could be. The impacts of Covid-19 have further widened economic differentials between places. Basildon and Colchester are long established economic successes. The challenge now is to increase productivity and make growth more inclusive and sustainable. Harlow is undergoing a transformation through the enterprise zone, the proposed move by Public Health England to Harlow, the relocation of the hospital and a new M11 Junction which all help with addressing inclusive growth. Tendring, despite some significant inward investment, remains one of the least economically productive areas in the country. We must continue working with District partners, the South East Local Enterprise Partnership (SELEP) and business representative groups Success Essex and Opportunity South Essex to secure external investment which can be targeted at areas of need and opportunity.

Our response to Covid-19 & other major achievements this year:

- We have worked with partners to submit Town Investment Plans for Harlow and Colchester, bidding for up to £25m each from the Government's Towns Fund.
- We have committed £5m to a new £50m Harlow Investment Fund with partners including Harlow District Council and Homes England
- We have secured £26.5m of Government funding through the Getting Building Fund for projects across Essex.
- We have made capital investments planned through Essex Housing and our own estate to replace poor condition temporary accommodation with new permanent buildings and delivering higher carbon neutral, energy efficient buildings.

Key areas of focus for the Council over the next year:

- We will develop a comprehensive anchor institutions programme to ensure spending from public and private sector organisations is focused on supporting the Essex economy.
- We will deliver the Getting Building Fund schemes within Essex to provide short-term construction jobs for residents and to provide a springboard for growth in key places.
- We will continue with our capital investments planned through Essex Housing and our own estate to help support the local construction industry and where possible create additional jobs for local residents.
- We will secure investment in key Town Centres via the Towns Fund and plan for regeneration delivery in key centres in 2022/23.
- We will maximise the economic opportunities of the North East Chelmsford, Harlow Gilston and Tendring/Colchester Borders Garden Communities while supporting additional strategic growth sites through the Planning process.

Help people get the best start and age well

Help keep vulnerable children safer and enable children & young people to fulfil their potential

The challenge

We have one of the most efficient and effective children's services in the country – described by Ofsted as outstanding. Our innovative approach has helped make it safer for children to live at home, reducing the number of children who live in care; but it remains a priority to improve outcomes for the most vulnerable children, young people and families in Essex. Like many other areas, Essex faces new challenges in the community that include dealing with sexual exploitation and gangs. The pandemic and lockdown restrictions have also had serious impacts on children and their families as well as impacting on how ECC and partners deliver services. School closures during lockdown have meant that many pupils have missed out on months of classroom-based education at a critical time in their development and education. We must continue to work with our schools to drive up the standard of education our children receive, so that every child has the chance to attend a good or outstanding school and achieve the best educational outcomes as possible. Covid-19 is also likely to have a disproportionate impact on the employment and housing opportunities for young people who are leaving our care to live independently. Going forward the challenge will be to continue to deliver good outcomes for children and their families, as demand on our services continues to increase.

Our response to Covid-19 & other major achievements this year:

- We took a leading role acting as a single point of contact for all schools and education settings across the county during the pandemic working alongside a range of partners including Southend-on-Sea and Thurrock Councils, Teaching Unions, and professional coordinating groups providing advice, guidance and joined-up messaging for schools during the pandemic.
- Up to 450 schools across the county were supported to stay open during lockdown for the children of key workers and other vulnerable children.
- We have worked with schools to enable their gradual reopening in June, enabling over 27,000 children and young people to return to in person learning in schools and colleges before full reopening in September.
- We have maintained the operation of an effective home to school transport service in very challenging circumstances due to the continual changes to pupil numbers linked to COVID.
- Faced with an unprecedented challenge to how we normally work we were able put in place a new operating model to maintain the provision of critical children's services during the pandemic including hosting Covid-safe face-to-face contact at our Family centres for children in care and their families, in the most pressing circumstances, such as the last contact, before adoption. Our Family Centres also provided a base for the delivery of food parcels, and children's activity packs (Boredom Boxes) for families who were struggling financially during lockdown.
- We also protected the viability of companies providing care placements by making £90,000 available to suppliers to maintain care placements to meet anticipated needs.
- Over the last year we have brought in further measures to support young people leaving our care including a 100% Council Tax exemption scheme for all care leavers up to the age of 21. During the pandemic we have also offered additional support to care leavers including financial support, increased contact (virtual or face to face) to provide extra support where needed and have ensured they have access to digital devices to help prevent isolation.
- We also reached out to all care leavers aged 21-24 who no longer receive services from us to offer help and support during the pandemic if they needed it.

Key areas of focus for the Council over the next year:

- Currently, 90% of schools in Essex are rated Good or Outstanding by Ofsted. Our ambition is to support all early years settings, schools and colleges to be rated Good or Outstanding. Delivery of this will be a key focus for our Essex Education Partnership Strategy and we will work towards the School Partnerships becoming a delivery vehicle for key priorities including our approach to supporting headteacher wellbeing.
- We will develop an overarching Education Strategy setting out how we will work with providers, parents and partners to achieve better educational outcomes for our children and young people. This will be underpinned by our Early Years, Disadvantaged, Essex Education Partnership and Special Educational Needs and Disability (SEND) strategies.
- Our Disadvantaged Strategy was launched in January setting out how we will enable schools to meet the needs of disadvantaged pupils. Over the next year we will work with schools and other education settings to help them understand the specific needs of their disadvantaged pupils and help develop plans to improve their outcomes.
- We will continue with our work to improve the SEND system for children young people and their families across Essex. Key priorities for this work are the implementation of the Inclusion framework, embedding new ways of working in our SEND Teams, rollout of Trauma Perceptive Practice in schools, and continuing our work with the Head Teacher Round Table on inclusive practice in schools.
- Through the implementation and early evaluation of our new Early Years Strategy and Early Years Charter we will enable more working parents to access childcare and early learning opportunities and support more children to be school ready.
- We will implement actions arising from our latest SEND Ofsted Inspection Written Statement of Action, focusing on Joint Commissioning, improving the Education, Health and Care Plan (EHCP) process and unpicking the over reliance on the identification of Moderate Learning Disability (MLD) as our strategy to support children with SEND
- We will undertake a programme of work reviewing the current journey in alternative education for pupils who are not in full time education, identify opportunities for improvements in provision and practice, and develop a refreshed vision for alternative education in Essex.
- It is important that we keep pace with the rising demand for school places, so that parents continue to be able to access a school of their preference. We will be investing over £27m to deliver over 1,500 additional mainstream school places in time to increase school intakes in September. We will also be investing over £5m in replacing ageing temporary classrooms with new, permanent, low carbon buildings.
- We will develop a new Family Resilience Strategy which will deepen our understanding of the issues being experienced by Essex children living in poverty and disadvantage and set out how we will work with partners across the system to address this long-standing challenge.
- We need to mitigate against expected increases in the number of children in the care system and the rising cost of external care placements. To help achieve this we will:
 - increase recruitment of foster carers into the Essex Fostering Service (our in-house service), to achieve 90% of all placements into foster care being made with Essex Fostering Service carers by 2028.
 - set up and embed the Tendring project, providing a multi-disciplinary response to help avoid the need for young people to enter the care system, keep families together as safely as possible, and deliver financial savings in the way we operate. We will share the learnings from this project across the county to help other young people and families in similar situations in the future.
- We will continue with the “Inside Out Project” pilot with DfE for children in care aged 13 and over, to help provide them with improved stability of care that will support them in achieving better long-term outcomes.
- We will commence an in-depth review of our services for children and families on Canvey Island, and develop a business case based on our findings for how we can deliver services going forward.

- We will commission innovative solutions to post-16 accommodation and residential care and will work with partners to find ways to mitigate the disproportionate economic and employment impacts on care leavers and young people with additional needs.
- Over the next year we will undertake a robust commissioning programme to improve our Short Breaks offer for disabled children and young people.
- Following the passage of the Government's Domestic Abuse Bill, we will review our services to ensure that we are in-line with Government Guidance and continue to deliver the best possible outcomes for young victims of domestic abuse.
- The Youth Offending Service will continue to work to reduce reoffending, with the goal of keeping the level of remand into custody to less than 5%. We will work positively with partners to prevent offending and we will second a manager to the Police Fire & Crime Commissioner's Violence and Vulnerability work programme to support their focus on reducing violent crime.
- We will continue to implement our response to the SEND and Ofsted inspection findings.
- We will join up funding from Active Essex/Sport England and The Essex Violence and Vulnerability board to provide targeted 1:1 and group interventions with vulnerable young people across the county through Essex Youth Service and Essex Council for Voluntary Youth Services.
- We will deliver online physical activity sessions for young people in care.
- Through the holiday activity clubs we will work with schools and education partners to provide young people who may have fallen behind in their learning the opportunity to catch up in a fun, inclusive way.

Help people get the best start and age well

Enable more vulnerable adults to live independent of social care

The challenge

Demand for care is growing, with the population of older people in Essex expected to grow by 21% over the next decade with those aged over 85 expected to grow by more than 60%. Longevity and improved health care mean that people needing social care support have a greater complexity of need than previously, and the pandemic has driven additional demand, especially for those needing mental health support or experiencing long-term effects. There are strong links between demand for social care and deprivation and there are increasing numbers of people living in deprived communities. We want people to live healthier lifestyles to help prevent the impact of ageing, reduce health inequalities - especially in deprived communities, and develop initiatives that improve mental health and well-being. The pandemic has exposed financial vulnerabilities within the residential care sector, and we must continue to work with providers during this time to ensure that the care market remains resilient to meet our needs in the future. Adult Social Care is moving actively towards a more community-based, all-age approach that is more local, more preventative and more integrated with partners – working closely with clients and carers in a strength-based way to ensure that people maintain their independence and quality of life. We will continue to work collaboratively across the complex health geography in Essex, and with the care sector and other partners.

Our response to Covid-19 & other major achievements this year:

- In response to the pandemic we moved 680 front line staff to 7-day working to support hospital discharge and also changed the way our social care teams were working to enable everyone to work from home and adapt to new technology.
- With financial support from government we created a COVID-19 Response Fund, worth £12m, to help providers access funding to reimburse up to 10% of certain costs (additional staffing, personal protective equipment etc) incurred as a result of the COVID crisis.
- We secured extra capacity in residential care homes through block purchasing an extra 600 residential beds to help meet the expected surge of discharges from hospital and worked with NHS partners to re-open a former care home to provide an additional 76 isolation beds.
- We established Care Home Hubs with health, public health and other partners to provide advice, guidance and practical support to over 400 residential care homes across Essex as they responded to the pandemic – a model and collaboration we will build on going forward.
- We worked closely with day opportunities' providers to help them to support 1,594 adults with disabilities and older people at home in different ways, for example outreach, technology and providing checks and welfare calls.
- We moved our Equipment Service to a 7-day per week basis so that anyone who needed equipment to facilitate their discharge from hospital could be supported.
- We procured and allocated over 1,700 Care Phones to vulnerable people with 102,000 video and voice calls made on these devices enabling people to stay connected to their care support and to their loved ones during lockdown and reduce loneliness and isolation.
- We established a new Intelligence Hub to bring together data and insights on pressures in hospitals, the care market and our workforce.
- We completed a diagnostic review of the arrangements currently in place to discharge older people from acute hospitals, and our approach to reablement. This work will continue through our 'Connect' programme which will transform support for older people leaving hospital.
- The Meaningful Lives Matter programme continued its work with people with Learning Disability and Autism, supporting more people into employment, improving choice and quality of accommodation, and developing alternatives to day centres including outreach options and the use of technology.

- Throughout the year we continued our planned programme of developments to provide a range of housing solutions to support the needs of older residents. We have worked with L&Q living to open Cornell Court in Saffron Waldon, enabling older people who need to care to live independently in high quality modern facilities, and broke ground on the Polly's Field housing scheme in Bocking, which will provide 99 apartments with access to extra care support. Alongside these we continued to progress eight other schemes.
- We have continued with our work to increase the provision of Supported Living schemes for Adults with Learning Disability and Autism across the county with a further four schemes in the pipeline, concepts for further complex needs schemes under development and additional capital funding of up to £7.8m over the next 4 years approved.
- We introduced a new partnership programme with Sport for Confidence and Active Essex which works with Occupational Therapists and Care Home Workers to promote the importance of physical activity in retaining people's independence.

Key areas of focus for the Council over the next year:

- Our ambition is to move to a more community-based model of social care that is more localised, more preventative and more integrated with partners. We will improve our integration with partners at local levels, building on successful models such as Care Home Hubs and the roll-out of Shared Care Records with all partners across the health sector to meet local priorities and promote joined-up services.
- Through our 'Connect' programme we will work with health partners to transform services for older people by making better connections to the right support in hospital and at home. This will ensure that reablement services are used to their full potential; focus our social care response on improved long-term outcomes for people after discharge from hospital; improve discharge pathways from acute hospitals so that people can return to their homes where possible. We will also work with Mid and South Essex Health and Care Partnership focusing on avoiding unnecessary admissions to hospital and identifying the right support, recovery and time at community hospitals.
- To help prevent, reduce and delay the need for care we will work more closely with residents and communities to improve access to early help and support.
- We will strengthen the voice of service users and further our commitment to co-producing solutions that meet the support needs of individuals, ensuring that wherever possible people have choice and control and can plan their care and support.
- The pandemic has had a serious impact on the financial viability of the care sector and we will work to support the market so that it can continue to meet the needs of residents now and in the future with stable, good quality provision.
- We will improve our support to adults with mental health problems and work with partners to address the mental health challenges that have resulted from Covid-19.
- We are committed to helping our residents find the best possible solution that enables them to regain or retain their independence and live in their own home wherever possible. Over the next year we will:
 - Increase accommodation options that promote independence including the development of Extra Care Housing for older people, Supported Living options for people with learning disability and autism, and improved accommodation options for people with mental health issues.
 - Work with partners to roll-out improved care technology.
 - Work with partner organisations to improve employment opportunities and life opportunities for those with learning disabilities and autism, and those with mental health problems.
 - Continue our work with communities to improve the support provided to family carers, recognising the vital role that they play in looking after family members and friends who require support.

Help people get the best start and age well

Improve the health of people in Essex

The challenge

Essex has a diverse economy with areas of affluence as well as areas of high deprivation. The wider determinants of health including income, employment, and education are the key drivers of health and inequalities and reducing these inequalities remains the key challenge for public health, especially in places where the gap is increasing. Life expectancy is higher than the national average but varies by geography within Essex and is lower for men as well as vulnerable and socially excluded groups partly due to deprivation. Lifestyle choices can exacerbate these inequalities. Avoidable deaths from heart disease and mental health including suicide remain key issues. Social isolation, low levels of physical activity, obesity, and diabetes are key challenges, and levels of substance misuse are increasing. The pandemic and lockdown restrictions have also impacted on residents' mental and physical health and wellbeing and we are working with health partners to promote all aspects of healthy lifestyles and wellbeing and improve long and short-term support to those with mental health needs. The impact of the pandemic on the care provider market has been severe and we have supported the challenges of managing infection control, protective equipment, and the rollout of vaccination programmes.

Our response to Covid-19 & other major achievements this year:

- We mobilised the Essex Resilience Forum (ERF) and 'Shielding the Vulnerable' Tactical Co-ordination Group (TCG) on 27 March to coordinate a pan-Essex, multi-agency approach to shield an initial cohort of 26,000 clinically extremely vulnerable Essex residents, plus an additional cohort of circa 400,000 residents at greater risk of severe illness from COVID-19.
- Working with NHS colleagues we developed an Infection Control Plan, in line with government requirements, to distribute £31m of funding from government to support providers on infection control, and provided advice and support to residential care homes via multi-agency Care Home Hubs to assist with infection control and the management of any outbreaks during the pandemic.
- With significant investment by the Council, we also set up the Essex Contact Tracing service to manage outbreaks in settings such as schools, universities, businesses, care homes and health care settings. The service works in partnership with District Environmental Health colleagues and others to provide advice, support and guidance on getting tested and follows up with every Covid-19 positive case and contacts of those cases in order to break the chain of transmission. The service is highly regarded by Public Health England and received a highly complementary report from the Government's Covid Task Force.
- We set up a purchasing and distribution system for PPE during the pandemic to source and supply over 1 million items of PPE to 361 care providers across Essex.
- To support the pathway to vaccinations we have worked with Essex Partnership University NHS Foundation Trust and West Essex CCG to recruit Vaccination Marshall Volunteers, and have undertaken research on the public perception of vaccination to help inform our response going forward.
- We worked with Provide (a community interest company) to launch the Essex Welfare Service to provide a single point of contact and enable vulnerable people in our communities to stay safe at home and get the support they needed during the coronavirus period.

- Our Essex-wide network for foodbanks and community organisations worked with local people with food insecurity to ensure that they had the support and resources needed to address food needs in Essex. We also launched the Essex foodbank fund, providing £285,000 of funding to support foodbank across the county meet the increased demand on their services.
- To ensure that residents could be kept informed of key developments and messages during the pandemic we launched a new communications and market strategy which included a new website and Facebook groups reaching over 3.8 million people.
- We created new resources using a variety of media to help people stay active whilst at home, including through our website, creating a 'Keep Essex Active' YouTube channel, and 'Better Health' campaign newspapers pull outs.
- We provided £220,000 of funding through our Tackling Inequalities fund which supported community groups to engage under-represented groups including people from disadvantaged backgrounds, ethnically diverse communities and those with disabilities the opportunities to get involved in regular physical activity to improve their physical and mental wellbeing.
- We worked directly with grassroots organisations to help them access over £600,000 of emergency Sport England Covid funding to maintain and increase physical activity levels. We also sourced funding and coordinated a countywide approach to support the leisure sector to reopen efficiently, effectively and safely.
- We were successful in securing an additional £2m from Sport England to enable the Local Delivery Pilot to extend its operation until to 2025.
- Over the last year the Local Delivery Pilot has also approved 4 investments, totalling over £500,000 aimed at increasing physical levels in older people, families and improving physical and mental health and wellbeing; and made a further 83 micro grants totalling £120,000 for projects to target low income and inactive communities.
- We were awarded £2.3m towards the Essex Pedal Power project, a new cycling project in Clacton and Jaywick Sands. Essex Pedal Power will come from the Government's Getting Building Fund, managed by the South East Local Enterprise Partnership (SELEP) and Essex Physical Activity Local Delivery Pilot (LDP). Essex Pedal Power is a community-based project, which provides residents with a free quality bike to get them more active and travel for work, school, college, shopping and leisure.
- We moved many of our Health Improvement services online including:
 - The Essex Sexual Health Service, which adapted its processes to enable safer medicine collection systems and provide direct contact for those who required it.
 - Our NHS Health Checks - offering a telephone consultation around lifestyle in advance of the biometrics (Cholesterol, Blood Pressure and BMI) being completed face to face, thus reducing contact with a health professional to a 10-minute appointment.
 - Smoking Cessation clinics - by negotiating with an online pharmacy to deliver the prescriptions to patients' homes with minimal disruption to services. This change received positive feedback from service users, many of whom felt that it was more convenient as they could arrange treatment and follow up calls with their stop smoking adviser at a time that suited them.
 - Weight management services were converted to online and supported telephone counselling to ensure people continue to receive the support they need.
- We worked with the Department for Health and Social Care to develop a pilot for community lateral flow testing focused on breaking asymptomatic chains of infection, working closely with District and Borough Councils and the voluntary and community sector.
- We created a charity to enhance funding for alcohol and drug misuse.

Key areas of focus for the Council over the next year:

- We will address the wider determinants of health by continuing to improve the quantity and quality of employment opportunities, especially in Tendring.
- We are committed to helping people stay healthy and independent for as long as possible. Over the next year our prevention agenda will include:
 - Working with partners across the county and within communities to increase physical activity levels within Essex's most deprived areas.
 - Supporting Essex businesses to improve the Health of their workforce, through the Working Well programme, to improve awareness and understanding, support the rising numbers of employees with both long term physical and mental health conditions, and support others with long term health conditions back into employment. We will also adapt the Working Well programme in order to respond to the impact of COVID-19 on workplaces and in turn our wider communities.
 - Continuing our programme of training employees as Mental Health First Aiders in workplaces across the County.
 - Continuing with our 'stop smoking service' focusing on health inequalities, in particular for those sub-groups who are likely to have been more negatively impacted by the virus. We will also build on the positive aspects of our shift to digital working and embed these changes into the service going forward.
 - Working closely with GP's and Primary Care Networks to:
 - reinstate the NHS Health Check programme to pre-pandemic levels, instigating any positive digital adaptations implemented as a result of Covid 19; and
 - through our NHS health checks programme, identify and support those at risk of Type 2 Diabetes by referring them to commissioned programmes to help them to lose weight and lead a more active lifestyle.
 - As the vaccination programme rolls out, we will develop communications programmes to help to dispel myths and misinformation and encourage uptake of the vaccine. This will include supporting Essex residents to use live links to question the scientists who have worked on the research and development of the vaccine through the UN backed initiative #TeamHalo (<https://teamhalo.org>).
- To support quality of life improvements for our residents we are developing a new integrated wellbeing specification setting out how we can bring together wellbeing and public health and relevant aspects of adult and children's social care into a single commission. This will take a much broader approach to community wellbeing than previous traditional lifestyle services, help to strengthen integration of health and social care, and engage many more people in supporting their wellbeing in the longer term. Using our Digital First Community Campaign Model we will seek to build digital, citizen-led, inclusive communities that focus on key themes including Social Isolation, Physical Activity, support to adults with a Learning Disability and their Carers, Suicide Prevention and Mental Health, Dementia Support and Obesity.
- In order to improve the quality of care to residents we will learn lessons from Covid, particularly where a move to online services has resulted in more efficient and patient-centred outcomes. We are currently reviewing a range of remote imaging and diagnostic software and systems to support the development of further virtual work.
- We will continue to commission effective substance misuse services and whilst ensuring positive outcomes we will work to launch the Essex Recovery Foundation to move to empowering the community to commission services, generate improved outcomes and put service users, their carers and families, at the heart of decision making.
- Through effective leadership and collaborative working with key partners we will deliver tangible improvements in mental health and wellbeing with the goal of reducing suicides and the impact of suicides. To achieve this, we will:
 - Work with children, young people and their families to facilitate stronger mental wellbeing and resilience.
 - Ensure that timely and effective services are available to best support people with emerging and established mental health illnesses and especially for those in crisis. This will include identifying & supporting people with undiagnosed anxiety and/or depression - which may be triggered by major life events such as suicide/death of someone close to them, unemployment etc.

- Closely monitor and respond to the current and emerging risks to mental health caused by the Covid-19 pandemic.
- Put in place mechanisms to better understand and respond to suicide risk:
 - implement improved surveillance allowing us to track suspected deaths by suicide in real-time, providing information that will help us implement targeted and timely support to prevent future suicides.
 - launch a dedicated 'suicide postvention' service in Essex providing targeted support for those family members, carers, staff and friends who have been bereaved by suicide, alleviating their distress and promoting the healthy recovery of those affected.
- Tackle underlying associated risk factors for suicide including wider determinants of health such as debt, unemployment, alcohol and substance misuse.
- Specifically target resources and support at those individuals and groups most at risk of suicide including e.g. middle-aged men and members of the LGBT community.

Help create great places to grow up, live and work

Help to secure stronger, safer and more neighbourly communities

The challenge

Communities are the best guardians of their own interests. We will support communities, and the individuals and families within them, to thrive by building community capacity, capability and connectedness. Volunteering and neighbourliness has been a strong and positive feature of the response to the Covid pandemic so far, helping to protect the most vulnerable and those dealing with social isolation and poor mental health. We will seek to build on and sustain this community spirit, working with communities themselves and with our district, health and voluntary sector partners. We recognise that communities across Essex are very diverse – mixing more affluent and less affluent places, rural and urban and more and less transient. Our approach to strengthening communities recognises this diversity and that different communities will have different assets, aspirations and needs.

Our response to Covid-19 & other major achievements this year:

- As part of Operation Shield, we worked with District and Community and Voluntary Sector (CVS) partners to establish 12 county-wide community hubs supported by DBS checked volunteers who could support shielders with essential tasks such as collecting medication and grocery shopping. Hubs were also tasked with contacting over 60,000 residents to confirm their shielding needs and carry out welfare checks.
- The Essex Welfare Service (EWS) recruited over 7,000 volunteers to support over 40,000 volunteer tasks supporting other members of their community who were shielding or self-isolating.
- In addition, almost 10,000 Hospital Discharge welfare checks were made through EWS to ensure our residents are safe and well. We created the Care Navigation Plus model with partners as part of EWS to ensure the most vulnerable in our community are supported, and since July 4,000 people have received the help they need through this model.
- We have launched a £750,000 community grant scheme, giving all elected Members of the County Council £10,000 to spend in their ward on community projects.
- We received and shared over 600 nominations for the Essex Activity Heroes celebration which recognised inspirational stories from across Essex
- We delivered holiday hunger clubs across the county providing free physical activity sessions and a nutritious lunch, targeting children eligible for free school meals and vulnerable families.
- We delivered the Summer holiday activity club programme which provided 22,850 free places on physical activity sessions across the 6 weeks of the summer holiday. These clubs provided fun physical activity and a free nutritious lunch and supported parents with free childcare.
- During the pandemic we adapted our library services through increased access to our online catalogue, and by increasing the number of e-titles available. Whilst libraries were closed, we provided a click and collect service, and made the changes needed to ensure our libraries were able to reopen to the public in a Covid-safe manner. These efforts ensured that residents and communities were able to continue to access books and other resources during this difficult time.

Key areas of focus for the Council over the next year:

- We will continue to grow our Digital First Community Campaign Model working across communities of place, identity and interest, collaborating with over 600 Facebook Community Leaders.
- We will continue to aid community and grassroots organisations to access the funds they need to survive and thrive and ensure the workforce are well equipped to return to play through learning events, advice, toolkits and resources.
- We will work with our Parishes to empower 150 Parishes to activate and support their communities to achieve better health and wellbeing, greater understanding of Climate Change and to reduce social isolation.
- We will commence a learning and investment programme to support the building of the diverse volunteering ecosystem that builds on the community spirit and activism engendered by the pandemic.
- We will grow our asset-based social isolation programme to encourage increased kindness and belonging in communities. Through this programme we will support 50,000 people across Essex in combating social isolation.
- We recognise that there are a large number of families in Essex who are working hard and not typically in receipt of Council services targeted at vulnerable people, but who nonetheless face financial insecurity and other pressures. We will be implementing a programme of work this year to provide support to these families, building on the measures we have already put in place to provide free school holiday activities, laptops to schools and colleges, and support with holiday hunger.
- We will develop the Holiday Hunger holiday programme to support some of the most vulnerable children and families and those who are eligible for free school meals across each of the school holidays.
- We will extend the summer holiday activity club offer which provides parents who are just about managing with free childcare so that they can continue to work through the school holidays.
- We will continue to support reductions in crime and the fear of crime across Essex by developing a clear and consistent system of effective interventions supporting offenders and victims, working closely with the Office of the Police, Fire and Crime Commissioner, Community Safety Partnerships and other key stakeholders including through the following partnerships:
 - Safer Essex
 - Southend Essex and Thurrock Reducing Re-offending Board
 - Southend Essex and Thurrock Sexual Assault Strategic Partnership
 - Southend Essex and Thurrock Violence and Vulnerability Board
- We will enable enhanced access to the library service as a key service for our communities, enabling digital access through our online offer for books, magazine, activities including Rhymetime, and learning.
- We will be joining the Library Consortium which will give our customers access to an additional 6 million items of stock. Customers will also be able to use the same library card in any library within The Library Consortium, increasing reading and learning opportunities for Essex residents. Work is currently underway to ensure the customer and stock information on our current database is up to date and accurate, providing a better customer experience.

Help create great places to grow up, live and work

Help secure sustainable development and protect the environment

The challenge

We have a key role to play as a custodian of both the natural and built environment for current and future generations. This stewardship requires that less waste is produced, less carbon emitted, more homes and businesses protected from flooding, and the use of green space is maximised. To help achieve our ambitions, we have set up a new, independent, cross-party Essex Climate Action Commission. The Commission will make recommendations to the Council on ways in which we can mitigate the effects of climate change, improve air quality, reduce waste across Essex and increase the amount of green infrastructure and biodiversity in the county; and on exploring how we attract investment in natural capital and low carbon growth.

The Clean Growth Strategy has set out a target for zero avoidable waste by 2050. Producing less waste in Essex is better for the environment, will reduce the cost to taxpayers of its disposal and will support our own ambitions to respond to the demands of climate change. The world of energy is changing. The push to reduce carbon emissions and the deployment of new technologies, such as battery storage, gives us the opportunity to shift our energy system to a more sustainable and flexible model. We are also focusing on managing our own Country Parks and woodlands effectively, greening our urban spaces and planting more trees, and supporting our young people to develop the skills to enjoy the outdoors, which are all beneficial for physical and mental health as well as the environment. At the same time, we need to adapt to an already changing climate, including building our resilience to flooding, coastal erosion and extreme weather events.

Our response to Covid-19 & other major achievements this year:

- The Essex Climate Action Commission has produced its interim report setting out a range of recommendations to help the Council be more ambitious in tackling climate change and supporting growth of the green economy. The Council will be publishing its response to the interim report at February Full Council.
- We have put in place a range of temporary travel measures in response to Covid-19 to support social distancing and to support active travel through safe walking and cycling.
- We have ensured that our recycling centres are able to operate safely when allowed to do so during the pandemic.
- We have kept Essex Country Parks open as a key resource during the pandemic to enable people to access green spaces and seven of our country parks have been awarded Green Flags by Keep Britain Tidy.
- We have secured multi-million-pound external grant funding to support environmental projects in Essex including projects to support businesses, households and schools.
- We have supported a successful £5.3m bid to Innovate UK to bring forward the UK's first electric vehicle charging station which opened in Braintree in December 2020. This is entirely powered by renewable energy.
- The Essex Green Infrastructure strategy has achieved a Building with Nature Accreditation of Excellent, one of only 8 local authority areas in the country to achieve this accreditation so far.
- We have secured a grant of £3.1million from the ERDF for our Modern Methods of Construction Project that will contribute towards more environmentally friendly building practices.
- We have secured grant funding to retrofit fuel poor households to reduce heat loss and improve energy efficiency.

- We have invested a further £1.7m in flood defences as part of our ongoing programme of flood defence improvements, of which £1m was grant funded.
- We have planted 25,000 trees as part of the Essex Forest Initiative.
- We have installed solar panels on Essex Outdoors Danbury and Danbury Park Community Primary School with a grant from the European Commission and are continuing a Department for Education grant funded program of solar installations on schools across Essex.
- We have developed and launched the Active Travel Toolkit to encourage schools and their local communities to get involved in ECC active travel programmes.
- We have been selected to take part in a national pilot for e-scooter use with our first locations going live this year.
- We completed the Cowdray Avenue/Ipswich Road transformational project to completely redesign and reconstruct two major junctions on one of the main traffic arteries in Colchester.
- At the Army and Navy roundabout in Chelmsford we safely removed the old life expired flyover and have developed options for its long-term replacement to create a new gateway entrance to the city of Chelmsford.
- We completed a three-year project to deliver a series of targeted sustainable transport improvements across Chelmsford city centre.
- Over the last year we have repaired more than 12,000 potholes on roads across the county.
- The broadband rollout under our Superfast Essex programme continues to bring faster internet connections to areas not reached by commercially funded networks. The programme is on track to reach some 145,000 premises by March 2021 with superfast or ultrafast connectivity, ensuring that more than 98% of all properties in Essex have access to this vital service.

Key areas of focus for the Council over the next year:

- We will maintain a strong focus on tackling fuel poverty, delivering energy efficiency advice to Essex households, installing solar panels on households and rolling out a new scheme to retrofit over 100 fuel poor households to improve insulation and energy efficiency.
- We will continue to take forward the greening of our estate through the greater use of renewables and building retrofits.
- The Essex Forest Initiative continues to grow. With the support of partners, we will plant a further 50,000 new trees to aid in carbon capture.
- We will continue to enable residents to shift away from car travel by increasing and improving our walking and cycling infrastructure in key urban areas, offer and by setting up sustainable transport corridors.
- We will develop and implement our vehicle electrification strategy including vehicle charging point trials across the county.
- We will bring our integrated waste handling contracts back in-house to better manage the changes and challenges effecting waste handling.
- We will deliver a £972,000 grant funding programme to support Circular Economy projects.
- We will support the development of Community Energy Groups, working with a first cohort of 30 groups, to deliver projects in their local communities.
- The Essex Climate Commission will be publishing its full report in summer 2021 and the Council will be considering and responding to its recommendations, with a view to reducing the county's impact on climate change and achieving the transition to net-zero carbon emissions.
- We will invest £2.6m in Flood Defences of which £1m will be grant funded from the Environment Agency as part of our ongoing commitment to flood defences in Essex.
- We will continue with the roll out and monitoring of our e-scooter pilot programme across 6 separate pilot locations in the county.
- Plans will be put in place for the next three years to reach the remaining poorly served premises in Essex with ultrafast internet connections and to support the rapid expansion of commercially funded ultrafast broadband as well as 4G and 5G mobile networks.

Help create great places to grow up, live and work

Facilitate growing communities and new homes

The challenge

Essex has a target to build at least 140,000 new homes by 2035 - a 22% increase at twice the recent rate. We are committed to ensuring that new developments are supported with appropriate infrastructure properly financed by developers, which protects and enhances the characteristics of the county, and delivers sustainable development which is net zero carbon by 2030. We are not just building new homes but building sustainable and connected communities with employment, community spaces and access to nature, enhancing community wellbeing. District Councils' Local Plans are the key to securing good growth and we will work with our Districts to support the local planning process.

Our response to Covid-19 & other major achievements this year:

- Working in close collaboration with partners, including ECC, Police and the voluntary sector we supported 348 rough sleepers into safe accommodation during lockdown, sourcing emergency accommodation where existing provision was insufficient, utilising vacant hotels and B&Bs, ensuring provision of food and other essential goods was in place, and putting floating support services to ensure that all rough sleepers were registered with a GP, could apply for benefits, and access substance misuse services if needed.
- We secured approval for the Colchester Tendring Borders Garden Community to provide for land for business, leisure, green space, schools, and 7,000 – 9,000 new homes and jobs. This includes securing planned investment of £109m in a rapid transit system and link road to bring forward transport infrastructure ahead of housing development.
- We secured final approval for the Chelmsford Garden Community to provide land for business, leisure, green space, schools and 10,000 new homes and jobs.
- We have worked with south Essex authorities to develop a pipeline of infrastructure investment required to unlock homes from Government
- We have delivered with partner authorities the Local Plans for Chelmsford and Harlow which provide the strategic blueprints for sustainable growth in these districts for the next 10-15 years.
- We have consulted on and published Essex County Council's first housing strategy, setting out the Council's role in support of new development, and helping vulnerable people to be well housed.
- We have entered into a contract for a £99m project building the A120/A133 link road and Rapid Transit system with Homes England and work has commenced on site for the new M11 J7A.
- Working with Chelmsford City Council, Sport England and Active Essex we have developed the "Live Well Developer Accreditation" to encourage developers to make the built environments they create more conducive to physical activity.

Key areas of focus for the Council over the next year:

- We are focused on ensuring that new housing developments are supported by infrastructure development. We will therefore continue bidding to government for further infrastructure funding ahead of housing developments planned for the coming year.
- Essex Housing will complete construction of phase 1 of Rocheway and will commence construction on up to 10 new schemes next year.
- We will work with District partners to support the adoption of four further Local Plans in 2021/22.

- We will continue to secure and deliver infrastructure funding and improvements through the Community Infrastructure Levy. Over the coming year, we will be taking this forward in Maldon and Castle Point.
- We are continuing to develop the Essex Design Guide as a nationally leading tool to improve the design and delivery of new housing developments. Over the coming year we will introduce an additional chapter of the guide to increase developer contributions to support skills training.
- We will engage in our role as a strategic planning authority in the first phase of the national planning process for Bradwell B Power Station.
- We will commence work on site for the Fairglens Interchange upgrade and also for the M11 J8 upgrade.
- We will deliver a £86m programme of capital investment in the maintenance of our highway network.
- We will initiate a widespread roll out of LED street lighting to reduce energy consumption and the impact upon the environment.
- We will complete delivery of Essex Active Travel Phase 2 schemes across the county.
- We will roll out the Live Well Developer Accreditation across Essex.

Transform the council to achieve more with less

Limit cost and drive growth in revenue; Develop the capability, performance and engagement of our people; Re-imagine how residents' needs can be met in a digital world

The challenge

Before the pandemic we faced a very challenging economic outlook and that challenge has been amplified in the last year. As a result we need to work harder than ever to maximise the value of every pound of taxpayers' money. We aim to be the most efficient and effective county council in the country because that is how we make sure that we are achieving the best possible outcomes for our residents. That means getting the best out of our people, assets and technology. As an employer of 6,500 people, we recognise the need to invest in and develop our workforce, so we are fit to meet the challenges of the twenty-first century. The pandemic has accelerated the move towards remote and digital working and our residents rightly expect to be able to take advantage of the simplification and streamlining of their engagement with public services that digital transformation can bring, including accessing services when and where it suits on their preferred device and with inclusive accessible interfaces. We need to harness this acceleration of digital transformation, changing how we interact with residents and businesses in an internet age, and making best use of the data assets we hold to achieve better outcomes for our residents.

Our response to Covid-19 & other major achievements this year:

- We have ensured that most financial assessments required to access services can be done via electronic self-completion or by telephone, enabling more assessments to be completed, and in a more timely way.
- We accelerated the roll out of remote working technologies to allow ECC to continue delivering services for the people of Essex during the first national lockdown, with very high user satisfaction and improved levels of resilience.
- Our new procurement framework helped us manage the financial resilience of our suppliers by ensuring the ongoing monitoring of their financial health and, where required, actions to mitigate.
- We provided public health surveillance data to support our efforts to understand the spread of the disease in Essex and support our local track and trace requirements. We also made data available to the public and partners to support transparency and their efforts to support their communities.

Key areas of focus for the Council over the next year:

- We will work with our partners to continue to ensure that Essex public services add up to more than the sum of their parts through programmes such as our Anchor Partnership which uses the employment, buying, and environmental weight of key Essex bodies to achieve core outcomes.
- We will continue to develop the work of the Essex Centre for Data and Analytics with Essex Police and Essex University, building on the successful procurement of our data sharing platform, the recruitment of our ethics committee, and the ground breaking work on knife crime and other areas delivered in 2020.
- We will develop a new organisation strategy reflecting key priorities which are informed by the needs arising from the pandemic. Over the coming year, we will continue to embed strong business planning across the organisation, in our culture and our operations.
- We will identify effective channels of contact for our customers, maximising online access and use wherever possible, in order to register life events, plan wedding ceremonies and make our high-volume customer transactions easier (including Highways; Blue Badge; Schools Admissions and Appeals).
- We will actively sponsor the Leading Greater Essex programme – bringing together 80 public sector leaders from across public and voluntary organisations in Essex to address some of our most complex challenges whilst developing their system-level knowledge and skills.

- We will continue to help our workforce to be high performing, productive and engaged, and make the council an attractive place to work that retains the best talent. To do this we will:
 - Create a new “People Plan” setting out the ways we will ensure that staff can continue to learn and develop in their careers.
 - Launch our new recruitment website and employer brand to help attract the right skills, experience and leadership to the council.
 - Continue with our entry to work schemes to provide opportunities and pathways for young people and work returnees to positively contribute in our organisation
- We are committed in our aim of becoming a learning organisation, empowering our workforce to learn, continually reflect on performance and seek opportunities for growth. We will embrace new technology to enable our workforce integrate learning into the flow of their everyday work activities.
- The Covid-19 pandemic has shown us that we can drastically change our ways of working so that work becomes a thing we do, not a place we go. We will continue to explore what our new normal looks like for our workforce, how our residents engage with us, access our services and how our services are designed.
- We’re actively seeking how we can improve our diversity across the entire council. This includes taking steps to reduce our gender pay gap and continue to attract employees that are representative of the people we serve. We will also continue to support, promote and listen to our employee communities including our BAME, women, LGTBQ+, and disability networks so together we can strengthen the inclusivity of our organisation.
- We will use our understanding of data and how our residents engage with the Council to deliver at scale, high quality, cost-effective, and user-centred services for Essex residents. To achieve these ambitions, we will be:
 - creating a vision and approach that will support the digital transformation opportunities across the organisation,
 - expanding on ideas such as our practice leaders and communities of practice,
 - working with the colleagues from across the organisation to ensure that the organisation design changes are more organic and fit for purpose.
- We will continue to improve the resilience and reliability of technology services moving to cloud based technology, ensuring our teams can operate flexibly and effectively in a rapidly changing environment, and that our customers are always able to contact us when they need to.
- We will ensure that all our charges can be made through mobile devices with ease, and that financial assessments can be completed online.
- Our new procurement policy will enable advancement of our social value agenda, notably increasing employment opportunities, through capitalising on our influence in the market.

Equalities

Our equality objectives have been set out in the Organisation Strategy 2017-21:

<p>Objective 1: We will tackle the causes of disadvantage, ensuring that all Essex residents can access good jobs and an excellent education, regardless of their backgrounds.</p>	<p>Objective 2: We'll remove the obstacles that hold Essex residents back, tackling inequalities between children and supporting older people to live independently with dignity.</p>	<p>Objective 3: We will help make it easier for people to travel across Essex, bringing communities together and connecting people to services, employment and learning opportunities.</p>	<p>Objective 4: We will employ a diverse workforce, drawing on the different values and experiences that reflect the communities we serve.</p>
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We strive to embed these in all policies, procedures, day-to-day practices and external relationships. The Equality Act 2010 compels us and others carrying out public duties to pay due regard to equality in all areas of work – advancing equality of opportunity, eliminating discrimination and fostering good relations with different groups. We were accredited as ‘excellent’ by the Local Government Association (LGA) under the Equality Framework for Local Government in 2019. The LGA recognised that the principles of equality and inclusion are firmly rooted within the corporate health of our organisation.

While everyone in Essex has been affected by either the Covid-19 pandemic itself or the restrictions imposed in response to it, it is clear that the negative impact has been more severe for some groups than others. The virus has highlighted the persistent and structural disadvantages that have faced certain groups in our communities. It is therefore even more critical that we intensify our efforts to understand and respond to the drivers of disadvantage, deprivation and inequality across the county. We will do this by continuing to work innovatively, focused on the causes as well as the symptoms and on the long-term as well as the short-term. We recognise the need for interventions to be tailored on a locality basis with community engagement as part of our approach.

The following activities support one or more equality objective. This list is not exhaustive.

In the last year we have:

- responded to the pandemic by setting up the Faith and Communities Tactical Coordination Group to provide information and advice to faith and community groups and also to inform development of future resilience / recovery / pandemic response work.
- supported the continued growth of the Essex Faith Covenant, with an increase in signatories from public services and faith-based organisations.
- worked with Provide (a community interest company) to launch Essex Welfare Service to help vulnerable people in our community who are staying at home and in need of support during the coronavirus period.
- provided £220,000 of funding through our Tackling Inequalities fund which supported community groups to engage under-represented groups including Low Socio-Economic Groups (LSEG), ethnically diverse communities and those with disabilities the opportunities to get involved in regular physical activity to improve their physical and mental wellbeing.
- as part of Operation Shield, worked with District and Community and Voluntary Sector (CVS) partners to establish 12 county-wide community hubs supported by DBS checked volunteers who could support shielders with essential tasks such as collecting medication and grocery shopping. Hubs were also tasked with contacting over 60,000 residents to confirm their shielding needs and carry out welfare checks.
- have consulted on and published Essex County Council's first housing strategy, setting out the Council's role in support of new development, and helping vulnerable people to be well housed.

Next year we will:

- develop a system wide understanding of the unfairness that exists for some people living in Essex and look into why these inequalities exist and persist, through Making Essex Fairer.
- continue to improve our equalities performance reporting framework.
- facilitate 500 apprenticeships through a managed matching service to provide employment opportunities to young people across Essex.
- continue with our work to improve the SEND system for children young people and their families across Essex. Key priorities for this work are the implementation of the Inclusion framework, embedding new ways of working in our SEND Teams, roll out of Trauma Perspective Practice in schools whilst continuing our work with the Head Teacher Round on inclusive practice in schools.
- implement actions arising from our latest SEND Ofsted Inspection Written Statement of Action, focussing on Joint Commissioning, improving the Education, Health and Care Plan (EHCP) process and unpicking the over reliance on the identification of Moderate Learning Difficulties (MLD) as our strategy to support children with SEND.
- develop a new Family Resilience Strategy which will deepen our understanding of the issues being experienced by Essex children living in poverty and disadvantage and set out how we will work with partners across the system to address this long-standing challenge.
- over the next year, undertake a robust commissioning programme to improve our Short Breaks offer for disabled children and young people.
- help our residents find the best possible solution that enables them to regain or retain their independence and live in their own home wherever possible. Over the next year we will:
 - Increase accommodation options that promote independence including the development of Extra Care Housing for older people, Supported Living options for people with learning disability and autism, and improved accommodation options for people with mental health issues.

- Work with partners to roll-out improved care technology.
- Work with partner organisations to improve employment opportunities and life opportunities for those with learning disabilities and autism, and those with mental health problems.
- Continue our work with communities to improve the support provided to family carers, recognising the vital role that they play in looking after family members and friends who require support
- improve our support to adults with mental health problems and work with partners to address the mental health challenges that have resulted from Covid-19.
- specifically target resources and support at those individuals and groups most at risk of suicide including e.g. middle-aged men and members of the LGBTQ+ community.
- grow our asset-based social isolation programme to encourage increased kindness and belonging in communities. Through this programme we will support 50,000 people across Essex in combating social isolation.
- maintain a strong focus on tackling fuel poverty, delivering energy efficiency advice to Essex households, installing solar panels on households and rolling out a new scheme to retrofit over 100 fuel poor households to improve insulation and energy efficiency.
- explore how we can improve our diversity across the entire council. This includes taking steps to reduce our gender pay gap and continue to attract employees that are representative of the people we serve. We will also continue to support, promote and listen to our employee communities including our BAME, women, LGBTQ+, and disability networks so together we can strengthen the inclusivity of our organisation.

Resources

Financial Strategy 2021/22 – 2024/25

The 2020/21 financial year has been challenging in the face of the COVID-19 pandemic. There have been significant levels of spend to support the continuation of Adult Social Care and frontline services being delivered to residents, as well as support for those hardest hit by the pandemic, working in conjunction with partner organisations. We have also seen reductions in the level of income we receive where we charge for services, as a result of lockdowns and restrictions on activities, alongside changes in residents' behaviours. At the time of writing, spending pressures and income losses in relation to the pandemic are estimated at over £160m for ECC. To support this we have received significant funding from government, however the medium to long term impact of the pandemic on the economy and demand for services is still unknown, and leaves us with a level of uncertainty in our medium term financial strategy.

We have a legal responsibility to operate within a balanced budget. With the changes and reductions in Government grant funding over recent years, coupled with increasing and more complex demand for core services such as caring for the elderly, protecting vulnerable children and supporting those families who need it, the financial situation continues to be challenging. However, it continues to provide an opportunity to question how services are currently provided and where necessary, redesign them to better meet the needs of residents and communities now and in the future.

The budget sets out the financial resources that we have available to deliver our statutory requirements, political priorities and the Organisation Plan and therefore achieve the Organisation Strategy. In 2021/22, we will spend a gross budget (including schools) of **£2,007m**, which, after taking income and specific grants into account, amounts to a net cost of services of **£1,031m**, some £38m or 4% more than originally budgeted in 2020/21, and invest **£290m** in our capital programme. This budget is underpinned by a financial strategy to ensure that we can continue to live within our means, whilst also continuing to deliver essential services to residents and keep council tax as low as possible.

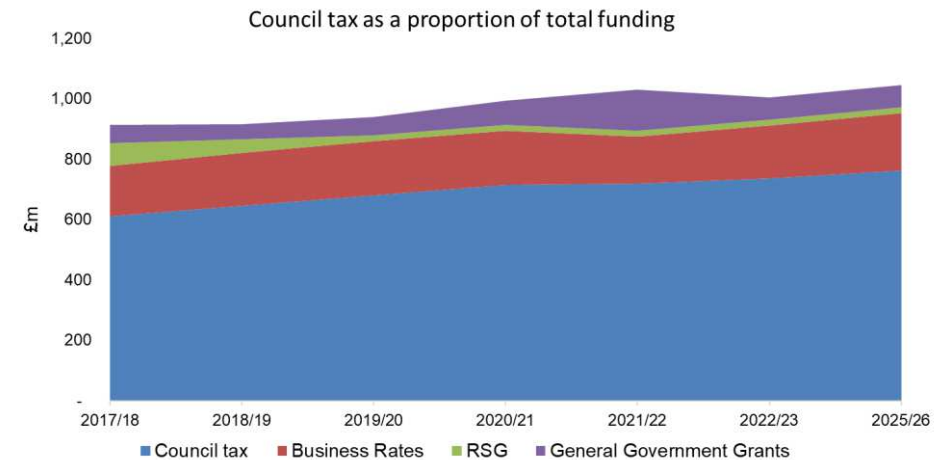
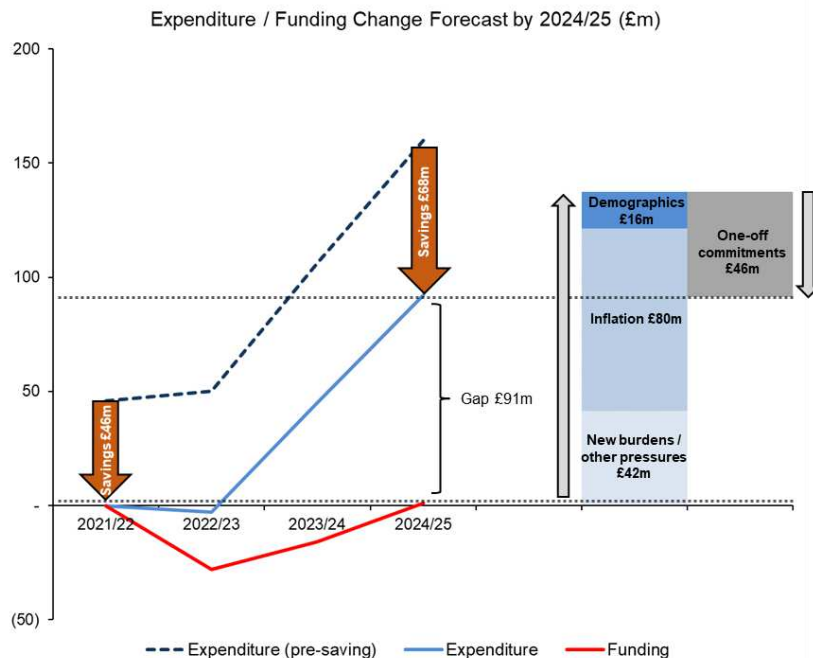
We have a strong record of sound financial management, and over the last 4 years have generated savings to taxpayers of **£282m**. A further **£46m** of new savings are forecast to be delivered by the end of 2021/22 (**4%** of net budget). The planned savings are focused around contract efficiencies, back office savings through process efficiency, service redesign and use of technology, one off opportunities and transformation of community care for Older People to deliver better outcomes. We have an outstanding track record of delivering savings, generating income and delivering value to our residents, with a constant focus on strategic outcomes and financial prudence. We are listed in the top ten most efficient Councils for the second year in a row.

The Provisional Financial Settlement from Government confirmed the announcements in the Autumn Spending Review. This includes continuation of the Revenue Support Grant (RSG) and existing social care grants, as well as a new grant for social care recognising the pressures in this area. Temporary grants for 2021/22 to support the continuing pandemic response and the pressures on expenditure, income losses and council tax support and guarantees were also announced.

Our long-term funding position is less clear. There is no funding certainty from Government beyond 2021/22, which makes it difficult to plan for the longer term. Our medium-term strategy assumes the continuation of Revenue Support Grant at the provisional 2021/22 level of **£19m**, and the continuation of the new social care grants based on the commitment within the Conservative Party manifesto.

Our budget for 2021/22 assumes the utilisation of 1.5% of the 3% Social Care precept flexibility offered by Government, and no increase in Council Tax. In line with the flexibilities, it is our intention to raise the remaining 1.5% Social Care precept in 2022/23. The precept is being used to insulate Adult Social Care from higher savings and support growth in demographics and inflation. Taking these increases into account, the council tax for a band D property will be **£1,340.91; this is an increase of 38p per household per week.**

Net expenditure of **£1,031m** is funded by Council Tax, Business Rates, RSG and General Government Grants. Income from Council Tax is the largest funding stream at **£719m** and will make up **70%** of our funding in 2021/22.



Based on latest intelligence on demand for services, inflation, and likely funding levels, we are forecasting a budget gap of £25m in 2022/23 rising to £91m in 2024/25. The most significant driver of the gap is inflation which accounts for £80m, followed by new burdens and other cost pressures (£42m), including financing of the capital programme, then demographic growth of £16m. These are partially offset by one off income in 2021/22 of £46m, including £29m of Emergency COVID-19 funding received from central government and £10m of local council tax support grant from government which is set aside to support vulnerable households following the pandemic.

Some progress has been made towards balancing the budget over the medium term. The remaining 1.5% of social care precept in 2022/23 will increase funding through council tax. We have identified further new savings of £23m in 2022/23 (although these only benefit the position by £7m after allowing for the impact in 2022/23 of one-off savings in 2021/22) and a further £9m and £7m in 2023/24 and 2024/25 respectively, and these initiatives are included in the forecast gap. However, we need to identify options for addressing the budget gap. Work will continue during 2021/22 to identify proposals to close the funding gap beyond the next year. We are fully cognisant of the challenges faced, including the funding uncertainty, and we are determined to continue to transform how we operate to tackle this enormous task. We are committed to delivery of savings and generating the income required to reach a balanced budget position but also to deliver better services for residents.



There will be a continued focus on commercialism where possible, effective contract management and working with partners to secure value for money in delivering our strategic aims and priorities. We will be redesigning services where appropriate to ensure they remain modern and fit for purpose. The capital programme will also have elements which result in cash savings or reduced costs thus reducing the burden on taxpayers.

Capital

The capital programme presented is fully developed for 2021/22 and provides the current view of the programme for 2022/23 to 2024/25.

The longer-term capital programme aspirations remain significant and we recognise that investments are essential to meet future needs, generate additional income including capital receipts and deliver revenue savings and reductions in cost. We will continue to develop a future programme of investment which is affordable within the financial envelope available and will help transform service delivery to improve the quality of life for residents.

The overall aim for the capital programme is to have a diverse portfolio of activity ensuring, where appropriate, the creation of new assets and maintaining the quality of existing infrastructure, for the benefit of our residents and businesses.

The approach to the development of the capital programme is:

- Ensuring activity is prioritised in line with the organisation strategy, with robust delivery plans in place, enabling delivery on time and at value, for example maintaining the road network and ensuring every child has a place at school.
- Utilising and leveraging the existing asset base to ensure it is fit for purpose, creating value and ensuring external funding is leveraged, especially from development, which will maximise the financial envelope available for capital projects such as funding for road improvements, new road junctions and building new schools.

Over the last three years we have invested over £154m on improving the quality of the roads and footways. As a result, we have seen significant improvements in the condition of the main road network, local roads and improvements to relieve congestion in several key locations.

Continued investment is vital to achieving the ambitions for the county which are aligned to the district's local plans, from schemes to generate economic growth to reducing congestion and unlocking land to develop homes. Following the notable achievement last year in securing Housing Infrastructure Funding (HIF) to support this ambition, schemes are now progressing through the design phase such as Beaulieu Station and Chelmsford North-East bypass that will deliver a new train station and road improvements, and the A133-A120 Link HIF and Colchester Rapid Transit System (RTS) schemes supporting delivery of the Tendring Colchester Borders Garden Community.

The success this year in securing £26.5m Get Britain Building Funding will support economic recovery and our economic growth and regeneration programme currently focusing on town and city centre modernisation through targeted infrastructure investments that unlock longer term economic potential, create new jobs and homes.

Over the next three years delivery will continue on significant packages of improvement work such as new junctions at M11 Junction 7a, M11 Junction 8 and at the A127 / A130 Fairglens Interchange. We will continue to work closely with the Department for Transport and Highways England to secure funding for our longer-term pipeline covering the next 10 to 15 years that is in the development stage, which will provide greater opportunities to leverage external funding and work with third parties to enable greater outcomes for Essex.

Continued investment into the Superfast Essex Broadband programme will ensure that 98% of all fixed addresses in the county have access to superfast broadband, with many rural installations now being delivered via full-fibre connectivity, capable of ultrafast speeds.

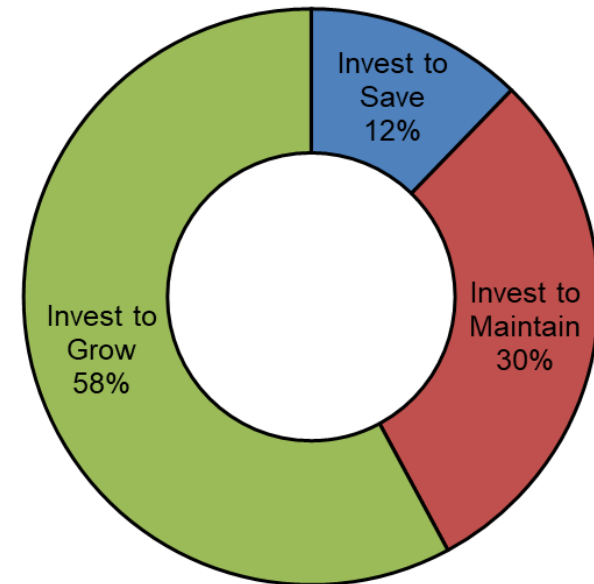
Essex Housing is our housing development arm which works with public sector partners across Essex to identify and bring forward surplus land in order to help address general, specialist and affordable housing need, generate capital receipts and deliver revenue benefits. A number of schemes have already been delivered and the ambitious programme continues in bringing forward private units which offset the costs of the affordable and specialist units to ensure the model is financially sustainable for ECC. Specialist units such as Independent Living for Older People and People with Learning Disabilities help promote the independence of some of the most vulnerable in the County, improve outcomes and reduce the costs of social care provision.

Our collaboration with Essex Schools has seen our special school places increase and we will continue with this programme of works focusing on new schools and the start of the pupil referral unit programmes. This continues to represent a step change in the provision and helps to reduce distances children with Special Educational Needs and Disabilities need to travel, keeping them closer to their family and reducing associated costs. This programme continues with a further £49m being spent over the next 4 years. On top of this there is £173m being spent on mainstream education over the next 4 years to ensure that additional pupil places are being delivered in the areas of need.

The total of the 2021/22 programme is **£290m**. This can be analysed as follows:

- **Invest to Maintain** totals £87m and includes areas where the Council is maintaining (but extending the life of) its current assets, for example, highways and the flood programme.
- **Invest to Save / Generate Return** totals £36m and includes areas where the Council is investing to generate a return or saving, for example, accommodation for older people with disabilities, LED lighting and the Essex Housing Programme.
- **Invest to Grow** totals £168m and includes areas where the Council is expanding its capacity, for example, economic growth schemes in infrastructure and highways, creating new school places to meet additional demand from demographic changes, new housing developments and enhancing skills in key growth areas.

Capital Programme 2021/22 £290m



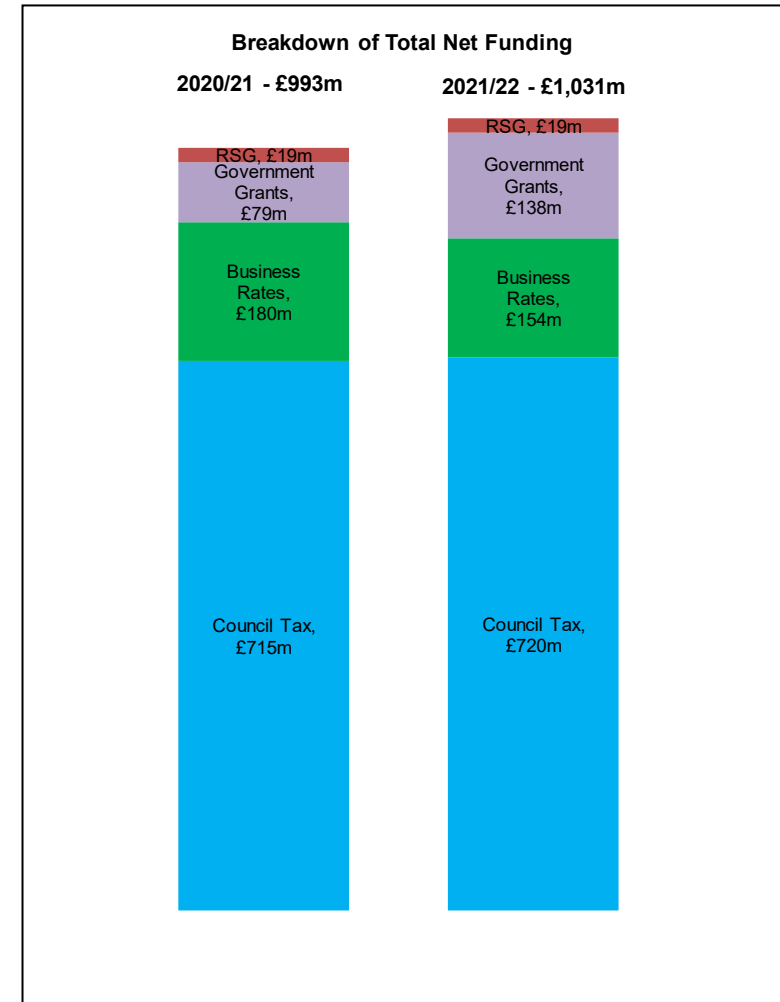
2021/22 Revenue Overview

Despite the financial challenges facing local government, the budget for 2021/22 is increasing. Gross expenditure to be incurred in the delivery of Council services in 2021/22 is **£2,007m**. After taking income and specific grants into account, the net costs of services amounts to **£1,031m**, an increase of **£38m** or 4% over 2020/21. £29m of this increase is driven by the COVID-19 emergency grant announced as part of the Provisional Financial Settlement from government. There has been an increase in the Non-Domestic Rates collection fund deficit, which is largely due to the additional reliefs awarded in 2020/21, for which the offsetting S31 Business Rates Compensation Grant is included within General Government Grants.

Budget breakdown

	2020/21 £m	2021/22 £m
Gross Expenditure	1,944.0	2,006.8
<i>Deduct:</i>		
Income	(279.1)	(269.6)
Specific Government Grants (excluding DSG)	(166.4)	(165.8)
Specific Government Grants (DSG)	(505.8)	(540.7)
Subtotal: Net Cost of Services	992.7	1,030.7
<i>Deduct:</i>		
Council Tax Requirement	(707.8)	(719.1)
Revenue Support Grant (RSG)	(18.6)	(18.7)
Non-Domestic Rates	(180.2)	(176.3)
Non-Domestic Rates Collection Fund Deficit *	0.1	21.9
General Government Grants	(79.1)	(137.7)
Council Tax Collection Fund Surplus*	(7.1)	(0.8)
Subtotal: Total Funding	(992.7)	(1,030.7)
Balanced budget	0.0	0.0

*Estimate of the variation of actual council tax and non-domestic rates revenue 2020/21 compared to that budgeted (technical adjustment).



Income

Within the budget, income of **£270m** is expected in 2021/22, a reduction of **£9.5m** when compared to 2020/21. The breakdown of income streams by portfolio is shown on page 39.

Over **44%** of income shown in the table is derived from fees and charges; of this the majority is raised from means tested charges for adult social care. Fees and charges are subject to an annual review.

There has been an £11.3m reduction in the fees and charges budget, which primarily relates to charges levied to adult social care clients (£6.6m) due to the number of excess deaths associated with COVID-19 and reductions in income forecast in green spaces.

A significant proportion (**82%**) of the income recharges relate to the Better Care Fund.

	2020/21 £m	2021/22 £m
Fees and Charges	(131.2)	(119.9)
Contributions from Other Bodies	(53.8)	(50.5)
Interest Receivable	(1.3)	(0.8)
Rents and Lettings	(5.8)	(6.0)
Sales	(2.3)	(0.7)
Other Income:		
Appropriations Income*	(7.5)	(20.0)
Dividends	-	(0.9)
Income Recharge	(59.1)	(53.4)
Other Recharges	(18.0)	(17.4)
Capital Grants	-	-
TOTAL	(279.1)	(269.6)

* Appropriations Income is the budgeted drawdown from reserves, such as the PFI and Waste reserve, as well as the budgeted surplus from trading accounts that is attributable to the County Fund. The increase in appropriations income mainly relates to (a) smoothing the impact of increased cost of PFI contracts in 2021/22 and (b) planned use of carry forwards as part of our savings strategy.

Specific Government Grants

The budget also includes **£707m** of specific government grants, the most significant are the Dedicated Schools Grant (**£541m**), the majority of which is passed through to schools, and Public Health grant (**£61m**), which is ring-fenced to public health activity.

Revenue Budget Summary

2019/20	2020/21	2020/21			2021/22		
Actuals	Original	Latest		Gross		Specific	Total Net
£000	Budget	Budget	Portfolio	Expenditure	Income	Grants	Expenditure
	£000	£000		£000	£000	£000	£000
122,909	129,041	130,673	Children and Families	155,662	(8,912)	(14,906)	131,844
16,571	18,317	21,754	Customer, Communities, Culture and Corporate	27,919	(9,897)	(49)	17,972
6,692	6,262	9,378	Economic Development	6,737	(777)	(0)	5,960
89,591	78,331	82,038	Education and Skills	691,196	(28,699)	(578,858)	83,639
81,071	77,582	83,158	Environment and Climate Change Action	93,480	(9,176)	(65)	84,239
15,439	17,461	16,090	Finance	10,433	(2,309)	(256)	7,869
407,305	423,018	466,718	Health and Adult Social Care	699,544	(145,476)	(112,167)	441,902
48,058	44,257	50,440	Infrastructure	67,600	(18,235)	(221)	49,144
5,860	7,551	8,062	Leader	5,659			5,659
88,686	102,872	34,509	Other Operating Costs	129,573	(21,700)		107,873
1,740	1,902	2,948	Performance, Business Planning and Partnerships	2,647			2,647
61,774	54,620	69,793	Customer, Communities, Culture and Corporate RSSS	72,977	(13,101)		59,876
17,528	18,867	21,697	Finance RSSS	31,163	(10,691)		20,471
2,226	2,292	2,719	Leader RSSS	2,231	(0)	(0)	2,231
7,959	10,295	9,470	Performance, Business Planning and Partnerships RSSS	10,014	(640)		9,374
973,409	992,669	1,009,448		2,006,835	(269,613)	(706,522)	1,030,701

Recharged Strategic Support Services (RSSS) relates to functions which support all services across the organisation and are allocated out on a recharge basis.

The latest budget figures for 2020/21 have, for some portfolios, been materially impacted by one-off expenditure pressures and income losses caused by the COVID-19 pandemic, resulting in significant increases over the original budgets set. The additional budget has been funded by emergency funding and other support made available from central government and is drawn down through "other operating costs" netting off a significant amount of the pressure. As such, the 2020/21 original budget is a more meaningful comparator to the draft budget for 2021/22.

2021/22 Capital Programme overview

The Capital Programme for 2021/22 is £290m. We will deliver our education programme, with over 1,500 places required across primary and secondary schools in 2021/22, continue delivering the new special school places for children with special educational needs and we will be investing over £5m in replacing ageing temporary classrooms with new, permanent, zero carbon buildings. We will continue with Essex Housing (our in-house development arm) which works with public sector partners across Essex to identify and bring forward surplus land in order to help address general, specialist and affordable housing need, generate capital receipts and deliver revenue benefits. There is significant investment for maintaining and improving the highway network to continue ensuring the county keeps moving. We will continue investing in the Superfast Essex Broadband programme which will ensure more of the county have access to superfast broadband and continue to deliver schemes that support economic growth and regeneration focusing on town and city centre modernisation through targeted infrastructure investment that unlock longer term economic potential and create new jobs and homes.

2019/20 Actuals	2020/21 Latest Budget		2021/22 Budget	2022/23 Aspirational	2023/24 Aspirational	2024/25 Aspirational	Four Year Total
£000	£000	Portfolio	£000	£000	£000	£000	£000
400	545	Children and Families	650	650	650	650	2,600
6,854	5,398	Customer, Communities, Culture and Corporate	5,590	5,195	5,100	5,100	20,985
10,511	19,891	Economic Development	47,147	74,158	40,571	9,273	171,149
47,540	40,972	Education and Skills	63,594	77,621	60,989	63,970	266,174
3,447	3,012	Environment and Climate Change Action	4,005	5,281	6,470	5,990	21,746
654	208	Health and Adult Social Care	1,160	3,701	2,200	2,200	9,261
108,597	129,429	Infrastructure	134,825	141,505	111,279	108,520	496,128
5,508	11,972	Leader	33,004	100,031	145,189	76,555	354,778
183,511	211,427	ECC Capital Programme	289,975	408,142	372,448	272,257	1,342,821
(379)	840	Schools Cash Balance					
3,174	1,061	Devolved Formula Capital	366				366
2,795	1,901	Total School Balances	366				366
186,306	213,328	Capital Programme	290,341	408,142	372,448	272,257	1,343,187

2019/20	2020/21		2021/22	2022/23	2023/24	2024/25	Four Year Total
£000	£000	Financing	£000	£000	£000	£000	£000
17,935	9,581	Capital Receipts	5,000	5,000			10,000
21,774	12,999	Contributions	16,028	21,225	21,734	9,089	68,076
90,204	110,173	Grants	151,870	160,150	198,132	133,815	643,966
		Reserves	2,900	2,900	3,000		8,800
56,393	80,576	Unsupported borrowing	114,543	218,868	149,582	129,353	612,345
186,306	213,328		290,341	408,142	372,448	272,257	1,343,187

Council Tax Requirement

Under sections 42A and B of the Local Government Finance Act 1992, as inserted by the Localism Act 2011, there is a requirement to disclose the budget requirement and associated council tax requirement for the year. This is set out below.

Statutory disclosure requirement

	£
Net cost of Services	1,030,700,531
General Government Grants *	(137,669,530)
Budget requirement	893,031,001
Less funding available:	
Revenue Support Grant	18,701,052
Non-Domestic Rates	176,316,372
Non-Domestic Rates Collection Fund deficit	(21,873,187)
Council Tax Collection fund surplus	750,911
	173,895,148
Council tax requirement	719,135,853
Tax base (Band D equivalent properties)	536,304
Band D council tax	1,340.91

The Band D council tax charge is **£1,340.91**. The provisional council tax charge by band is set out in the table below.

	2020/21	2021/22
Council Tax Band	£	£
Band A	880.74	893.94
Band B	1,027.53	1,042.93
Band C	1,174.32	1,191.92
Band D	1,321.11	1,340.91
Band E	1,614.69	1,638.89
Band F	1,908.27	1,936.87
Band G	2,201.85	2,234.85
Band H	2,642.22	2,681.82

* General Government Grants includes PFI grants £23m, Social Care Support Grant £38m, COVID-19 grant £28.8m and Business Rates Compensation Grant £33m

Annex 1: Revenue and capital budgets

Enable inclusive economic growth

Economic Development portfolio (Cllr Tony Ball)

Revenue Budget

2019/20	2020/21	2020/21			2021/22		
Actuals	Original	Latest			Gross	Income	Total Net
£000	Budget	Budget			Expenditure	£000	Grants Expenditure
	£000	£000			£000		£000
2,505	3,034	5,573	Economic Regeneration		2,690	(63)	2,627
847	995	1,007	Environmental Planning		1,342	(324)	1,018
546	0	162	Housing		(0)	(0)	(0)
767	434	464	Housing Growth and Strategic Sites		445	0	445
362	336	636	Inward Investment		336		336
879	804	875	Skills		830	0	830
610	597	598	Strategic Spatial Planning		880	(275)	606
177	63	63	Tourism		214	(115)	99
6,692	6,262	9,378	Total Economic Development		6,737	(777)	5,960

Enable inclusive economic growth

Economic Development portfolio (Cllr Tony Ball)

Capital Programme

2019/20 Actuals	2020/21 Latest Budget		2021/22 Budget	2022/23 Aspirational	2023/24 Aspirational	2024/25 Aspirational
£000	£000		£000	£000	£000	£000
		Employment Space	186			
		Harlow Town Regeneration		3,000	5,028	2,412
		University of Essex Parkside Phase 3	2,000	3,000		
	171	Jaywick Market & Commercial Space	1,801			
		Enterprise Centre for Horizon 120 Business Park	7,000			
	104	Remodelling of buildings at Harlow College to provide new 'T'-levels	1,396			
		Tindal Square, Chelmsford	750			
	586	Nexus	1,014			
	2,047	Swan Modular Housing Factory	2,483			
	326	Labworth Car Park, Canvey Island	374			
		Harlow Development Fund	5,000			
		Harlow Library GBBF	1,153			
	672	Jaywick Bikes GBBF	1,734			
		Colchester Towns Fund & Regeneration		2,500		
	150	Clacton Town Centre FHSF		7,724	4,274	855
	4,055	Sub-total Economic Development	24,891	16,224	9,302	3,267

Enable inclusive economic growth

Economic Development portfolio (Cllr Tony Ball)

Capital Programme (cont'd)

2019/20 Actuals	2020/21 Latest Budget		2021/22 Budget	2022/23 Aspirational	2023/24 Aspirational	2024/25 Aspirational
£000	£000		£000	£000	£000	£000
487	3,624	Essex County Hospital	6,269	9,513	7,233	3,159
	483	Essex Housing Programme	1,238	3,843	932	4
150	247	Harlowbury	235	6,677	4,220	2
117	356	Loughton Library	515	10,658	722	1
111	48	Maldon Friary	2,006	2,949	2	0
904	33	Moulsham Lodge	33			
145	117	Purford Green	2,865	3,062	9	
237	2,970	Rocheway	1,246			
164	64	Shernbroke Hostel	2,136	2,903	4	
242	986	St Peters College	1,927	10,024	11,057	2,813
31	53	Westfield	10	8	12	
53	167	Shenfield Library	630	2,403	4	
47	173	Primrose Meadow	3,147	5,895	7,074	27
7,823	6,514	Schemes completing in 2020/21 or earlier				
10,511	19,891	Total Economic Development	47,147	74,158	40,571	9,273

Enable inclusive economic growth

Education and Skills portfolio (Cllr Ray Gooding)

Revenue Budget

2019/20	2020/21	2020/21			2021/22	
Actuals	Original	Latest			Gross	Total Net
£000	Budget	Budget			Expenditure	Income
	£000	£000			£000	£000
						Specific
						Grants
						£000
						£000
			Education and Life Learning DSG			
(2,136)	(401)	(401)	Early Years Block		84,859	(0)
(1,958)	(73)	9,533	i Schools and Central Services Block		330,974	0
4,544	(2,589)	(11,997)	High Needs Block		148,525	0
						(152,014)
						(3,489)
			Education and Life Learning Non DSG			
51,573	46,890	47,429	Access To Education		61,840	(12,805)
(1,143)	(1,094)	(332)	Adult Community Learning		9,809	(2,742)
1,937	2,202	2,238	Early Years		1,772	(155)
3,542	1,819	3,637	ii Schools		13,089	(7,743)
30,287	28,679	28,954	Passenger Transport		32,313	(856)
2,064	2,355	2,389	Special Educational Needs		7,258	(3,988)
882	542	588	Strategic Management		758	(410)
						0
						3,269
						347
89,591	78,331	82,038	Total Education and Skills		691,196	(28,699)
						(578,858)
						83,639

i Includes borrowing costs for some capital projects in schools

ii Includes Youth Services

Enable inclusive economic growth

Education and Skills portfolio (Cllr Ray Gooding)

Capital Programme

2019/20 Actuals	2020/21 Latest Budget		2021/22 Budget	2022/23 Aspirational	2023/24 Aspirational	2024/25 Aspirational
£000	£000		£000	£000	£000	£000
24,110	27,475	Basic Need Schemes	35,218	40,701	42,811	53,770
366	1,015	Early Years	1,585			
221	300	Schools Feasibilities	250	300	300	300
15,148	1,969	Special Schools including Pupil Referral Unit	14,006	26,568	7,978	
1,482	370	Temporary Accommodation and Relocatable Replacement	6,134	3,652	3,500	3,500
6,222	9,843	Schools Capitalised Building Maintenance	6,400	6,400	6,400	6,400
(8)		Schemes completing in 2020/21 or earlier				
47,540	40,972	Total Education and Skills	63,594	77,621	60,989	63,970

Enable inclusive economic growth

Infrastructure portfolio (Cllr Kevin Bentley)

Revenue Budget

2019/20	2020/21	2020/21			2021/22	
Actuals	Original	Latest			Gross	Total Net
£000	Budget	Budget			Expenditure	Income
	£000	£000			£000	£000
404	22	382	Superfast Broadband		33	
			Highways And Transportation			
3,167	(0)	(0)	Additional pothole works		0	0
1,596	1,245	1,522	Bridges		1,312	(48)
462	204	715	Congestion		8,325	(7,889)
1,138	(2,423)	177	Highways Management and Administration		1,122	(3,280)
12,297	13,810	12,206	i Ongoing Operator Payments for A130 PFI		18,413	
1,995	510	510	Localism		548	
689	613	1,830	Park and Ride		2,886	(2,148)
1,332	1,798	1,763	Public Rights Of Way		1,994	(185)
484	727	662	Road Safety		907	(11)
513	612	612	Highways Asset Management		504	(221)
14,937	13,984	16,673	Roads And Footways		14,279	(155)
6,749	8,101	7,903	Street Lighting		8,062	(694)
(2,817)	(109)	216	Traffic Management Act		3,663	(3,569)
2,895	3,206	3,206	Winter Service		3,283	
110	(0)	60	International Trade		256	(256)
2,108	1,956	2,004	Transport Strategy		2,011	(0)
48,058	44,257	50,440	Total Infrastructure		67,600	(18,235)
						(221)
						49,144

i PFI = Private Finance Initiative - a means of funding large scale capital projects

Enable inclusive economic growth
Infrastructure portfolio (Cllr Kevin Bentley)
Capital Programme

2019/20 Actuals	2020/21 Latest Budget		2021/22 Budget	2022/23 Aspirational	2023/24 Aspirational	2024/25 Aspirational
£000	£000		£000	£000	£000	£000
650	150	A120 Millennium Way Slips	120	687	7,105	3,692
1,676	5,000	A127 Fairglen Interchange	5,000	13,398	2,000	
511	650	A127 Corridor Improvements	1,985	9,256	8,878	4,439
107	10	A134 Colchester St Botolphs Access to Canvey Island		6,000 200	2,903 100	
	481	Active Travel	7,606			
963	2,650	Advanced Scheme Design	5,000	4,000	4,000	4,000
1,022	1,350	Army and Navy, Chelmsford	3,092	6,444	7,999	21,142
1,612	8,956	Broadband Delivery UK Essex Superfast Programme	6,618			
9,306	8,900	Bridges	9,520	9,450	9,450	9,450
152	120	Bus and Passenger Transport Infrastructure	500			
280	150	Bus Lane Camera Enforcement Cambridge Road Junction	150 500	150 3,500	150	150
5,379	5,905	Chelmsford Growth Area	1,100			
21,658	34,323	Sub-total Infrastructure	41,191	53,085	42,585	42,873

Enable inclusive economic growth
Infrastructure portfolio (Cllr Kevin Bentley)
Capital Programme (cont'd)

2019/20 Actuals	2020/21 Latest Budget		2021/22 Budget	2022/23 Aspirational	2023/24 Aspirational	2024/25 Aspirational
£000	£000		£000	£000	£000	£000
3,569	2,044	Colchester Integrated Transport Plan (Borough Wide)	50			
1,018	400	Cycling Infrastructure	857	750	2,000	2,000
9,788	8,700	Footway Maintenance	8,000	7,200	7,200	7,200
1,120	1,236	LED Rollout	5,000	7,000	7,000	5,270
4,270	4,276	Local Highways Panels	4,022	4,000	4,000	4,000
4,674	19,450	M11 Junction 7A and Gilden Way Upgrading	21,216	13,686		
439	100	M11 Junction 8	3,327	7,814	605	
168	281	Passenger Transport	300	1,603	1,604	891
460	400	Public Rights Of Way	400	360	360	360
38,002	39,807	Road Maintenance	40,750	36,675	36,675	36,675
2,735	2,000	Safety Barrier Replacement	2,000	2,000	2,000	2,000
2,954	2,500	Street Lighting Replacement	3,000	3,000	3,000	3,000
2,181	2,250	Surface Water Alleviation	2,500	2,250	2,250	2,250
2,016	2,404	Traffic Signal Refurbishment	2,211	2,082	2,000	2,000
13,545	9,258	Schemes completing in 2020/21 or earlier				
108,597	129,429	Total Infrastructure	134,825	141,505	111,279	108,520

Help people get the best start and age well
Children and Families portfolio (Cllr Louise McKinlay)
Revenue Budget

2019/20	2020/21	2020/21			2021/22		
Actuals	Original	Latest			Gross	Income	Total Net
£000	Budget	Budget			Expenditure	£000	Expenditure
	£000	£000			£000		£000
			Childrens Services				
10,772	12,467	12,467	Childrens Adoption and Special Guardianship Orders		15,386	(2,105)	12,206
13,602	14,727	15,157	Childrens Family Support		12,506	(81)	12,425
29,849	28,671	29,740	Childrens Fieldwork		33,997	(1,272)	28,954
51,144	54,211	54,408	Children Looked After		67,867	1	59,504
5,589	7,312	7,275	Childrens Strategic Management and Development		7,459	(105)	7,131
315	344	344	Domestic Violence		949	(606)	344
7,378	7,073	7,073	Early Years and Childcare		11,214	(4,141)	7,073
1,920	1,964	1,964	Emotional Wellbeing and Mental Health Service		2,135	(171)	1,964
2,340	2,272	2,244	Youth Offending Service		4,150	(432)	2,244
122,909	129,041	130,673	Total Children and Families		155,662	(8,912)	131,844

Help people get the best start and age well
Children and Families portfolio (Cllr Louise McKinlay)
Capital Programme

2019/20 Actuals	2020/21 Latest Budget		2021/22 Budget	2022/23 Aspirational	2023/24 Aspirational	2024/25 Aspirational
£000	£000		£000	£000	£000	£000
234	171	Adaptations	450	450	450	450
167	259	Children With Disabilities	200	200	200	200
400	545	Total Children and Families	650	650	650	650

Help people get the best start and age well

Health and Adult Social Care portfolio (Cllr John Spence)

Revenue Budget

2019/20 Actuals				2020/21 Original budget				2021/22			
Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000	Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000	Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
Access Assessment and Care Management											
8,390	(64)		8,326	9,005	(3)		9,002	Countywide Teams	8,865	3	8,868
7,085	(148)		6,938	7,979	(161)		7,818	Mid Teams	8,357	(170)	8,187
6,957	(100)		6,857	8,152	(86)		8,066	North East Teams	8,269	(83)	8,186
8,291	(434)		7,858	8,915	(464)		8,451	South Teams	9,244	(414)	8,831
5,353	(97)		5,256	5,771	(95)		5,676	West Teams	6,042	(98)	5,944
Care and Support											
211,126	(16,156)		194,970	219,435	(15,454)		203,981	Learning Disabilities	231,361	(17,823)	213,538
243,134	(113,530)	(39,983)	89,622	251,145	(123,868)	(39,097)	88,180	Older People	249,856	(113,260)	91,579
49,038	(5,261)		43,777	50,595	(4,543)		46,052	Physical and Sensory Impairment	53,448	(4,306)	49,142
174			174	139			139	Corporate and Democratic Core	142		142
560		(328)	232	420		(328)	92	Health Watch	420	(328)	92
227			227	252			252	Health Reform and Integration	255		255
3,946	101	(135)	3,911	3,793			3,793	Housing Related Support	4,025		4,025
22,695	(3,200)		19,495	23,599	(2,741)		20,857	Mental Health	23,217	(2,317)	20,900
Other Social Care											
267	(275)		(7)	326	(326)		0	Essex Vulnerable Adults	317	(317)	(0)
3,060	(60)	(470)	2,530	3,459	(25)	(470)	2,964	Third Sector Funding	3,426	(470)	2,956
65,416	(205)	(66,566)	(1,355)	63,923	(3,938)	(62,735)	(2,750)	Public Health	64,178	(187)	(1,750)
23,445	(5,732)	(105)	17,608	25,911	(6,323)	(114)	19,474	Service Management Costs	27,047	(6,400)	20,036
330			330	348			348	Social Fund	349		349
				0			0	Support to Carers	0		0
556			556	763	(141)		621	Sports Development	726	(105)	621
660,052	(145,160)	(107,587)	407,305	683,929	(158,167)	(102,744)	423,018	Net Cost of Services	699,544	(145,476)	(112,167)
											441,902

The Public Health grant presents a 2021/22 net expenditure budget of a £1.75m credit in the above table, due to the contribution towards support services. This grant is fully utilised, with the related costs being shown within Customer, Communities, Culture and Corporate and Finance RSSS portfolios (Recharge Strategic Support Services). The presentation is in line with accountancy regulations.

Help people get the best start and age well

Health and Adult Social Care portfolio (Cllr John Spence)

Capital Programme

2019/20 Actuals	2020/21 Latest Budget	2021/22 Budget	2022/23 Aspirational	2023/24 Aspirational	2024/25 Aspirational
£000	£000	£000	£000	£000	£000
11	8 Independent Living Older People Ninefields Waltham Abbey	408	401		
648	Pollysfield	648			
10	0 Independent Living Older People Coppins Court	4			
	Supported Living Accommodation	100	3,300	2,200	2,200
(15)	200 Schemes completing in 2020/21 or earlier				
654	208 Total Health and Adult Social Care	1,160	3,701	2,200	2,200

Help create great places to grow up, live and work

Customer, Communities, Culture and Corporate portfolio (Cllr Susan Barker)

Revenue Budget

2019/20	2020/21	2020/21			2021/22	
Actuals	Original	Latest		Gross	Income	Total Net
£000	Budget	Budget		Expenditure		Expenditure
	£000	£000		£000	£000	£000
691	629	689	Communities	679		635
352	(0)	156	Community Initiatives Fund	0	(0)	(0)
2,523	2,564	4,804	Coroners	3,596	(797)	2,799
236	1,698	1,871	Customer Services and Member Enquiries	1,890	(266)	1,624
(557)	(485)	(483)	Deputyship Service	897	(1,373)	(475)
442	549	550	Emergency Planning	609	(33)	575
967	910	1,084	Heritage and Cultural Services	1,259	(460)	793
12,961	12,521	13,185	Libraries	13,950	(1,655)	12,295
(2,415)	(1,501)	(1,501)	Registrars	2,565	(4,314)	(1,748)
1,006	1,051	1,120	Trading Standards	1,407	(316)	1,092
364	382	384	Travellers	1,066	(683)	383
16,571	18,317	21,858	Customer, Communities, Culture and Corporate	27,919	(9,897)	17,972
8,092	8,123	8,813	Business Support	8,464		8,464
1,638	(2,357)	3,583	Customer Services	454		454
759	691	810	Democratic Services	1,115	(220)	895
6,817	5,394	7,127	Human Resources	9,069	(2,307)	6,762
25,280	22,514	28,717	Information Services	23,772	(1,027)	22,745
4,431	4,904	4,817	Legal Services	6,199	(1,291)	4,908
14,393	14,908	15,424	Property	22,994	(7,816)	15,179
364	442	456	Risk Management	910	(440)	470
61,774	54,620	69,747	Customer, Communities, Culture and Corporate RSSS	72,977	(13,101)	59,876
78,345	72,937	91,605	Total Customer, Communities, Culture and Corporate	100,896	(22,998)	77,849

Community Initiatives Fund expenditure is funded via draw down from reserves and does not form part of the base budget.

Help create great places to grow up, live and work

Customer, Communities, Culture and Corporate portfolio (Cllr Susan Barker)

Capital Programme

2019/20 Actuals	2020/21 Latest Budget		2021/22 Budget	2022/23 Aspirational	2023/24 Aspirational	2024/25 Aspirational
£000	£000		£000	£000	£000	£000
		Changing Places	300	100	100	100
122	122	Next Generation Networks	122	95		
4,682	5,200	Capitalised Building Maintenance (Non School estate)	5,000	5,000	5,000	5,000
17	76	Social Care Case Management	168			
2,033		Schemes completing in 2020/21 or earlier				
6,854	5,398	Total Customer, Communities, Culture and Corporate	5,590	5,195	5,100	5,100

Help create great places to grow up, live and work

Environment and Climate Change Action portfolio (Cllr Simon Walsh)

Revenue Budget

2019/20	2020/21	2020/21			2021/22	
Actuals	Original	Latest		Gross	Income	Total Net
£000	Budget	Budget		Expenditure	£000	Grants Expenditure
	£000	£000		£000	£000	£000
1,240	1,245	1,366	Development Management	1,479	(122)	1,357
57	(0)	(0)	Environmental Strategy	0		0
20			Historic Environment	0		0
			Leisure			
52	95	95	i Contributions To Other Bodies	101		101
648	(203)	1,776	Country Parks	3,170	(2,291)	814
21	107	207	Cressing Temple	236	(86)	150
(2)	150	255	Management and Support Services	250		250
125	(722)	2,372	Outdoor Education	3,480	(3,561)	(81)
175	178	178	Rural Issues	175		175
			Waste Management			
12,278	11,194	11,194	Civic Amenity Service	10,909		10,909
1,232	2,951	2,951	Courtauld Road Waste Treatment	3,665		3,665
101	94	94	Exceptional Waste	96		96
356	276	276	Landfill Aftercare	430	(7)	423
22,570	23,391	23,391	Recycling Initiatives	25,238		25,238
770	499	499	Tipping Away Payments	969		969
(2,575)	(3,141)	(3,141)	Trade Waste Income		(3,170)	(3,170)
42,243	40,495	40,495	Waste Disposal	42,283		42,283
(5)	(137)	(137)	Waste Management and Support Services	(126)	61	(65)
1,765	1,110	1,112	Waste Strategy	1,124		1,124
81,071	77,582	82,983	Total Environment and Climate Change Action	93,480	(9,176)	(65)

Help create great places to grow up, live and work

Environment and Climate Change Action portfolio (Cllr Simon Walsh)

Capital Programme

2019/20 Actuals	2020/21 Latest Budget		2021/22 Budget	2022/23 Aspirational	2023/24 Aspirational	2024/25 Aspirational
£000	£000		£000	£000	£000	£000
2,816	1,686	Flood Management	2,550	3,500	4,000	4,500
315	87	Country Parks	10	750	1,500	1,490
	539	Country Parks Maintenance	60	60		
		LoCase II (public estate)	187	563	465	
	18	ERO Heating upgrade	523			
146	321	Energy Efficient Lighting	184			
	126	ECC Estate energy storage	184			
		LECSEA	107	108		
171	96	Essex Outdoors Centres	200	300	505	
	140	Schemes completing in 2020/21 or earlier				
3,447	3,012	Total Environment and Climate Change Action	4,005	5,281	6,470	5,990

Transform the council to achieve more with less

Performance, Business Planning and Partnerships (Cllr Dick Madden)

Revenue Budget

2019/20	2020/21	2020/21			2021/22	
Actuals	Original	Latest		Gross	Income	Total Net
£000	Budget	Budget		Expenditure	£000	Expenditure
	£000	£000		£000		£000
1,576	1,902	2,948	Service Design	2,647		2,647
164	(0)	(0)	Strategic Partnerships	(0)		(0)
1,740	1,902	2,948	Performance, Business Planning and Partnerships	2,647	-	2,647
3,556	4,923	3,264	Performance, Business Intelligence, Planning and Partnerships	4,275	(640)	3,635
4,403	5,372	6,206	Transformation Support Unit	5,739	0	5,739
7,959	10,295	9,470	Performance, Business Planning and Partnerships RSSS	10,014	(640)	9,374
9,699	12,198	12,418	Total Performance, Business Planning and Partnerships	12,661	(640)	12,021

Transform the council to achieve more with less

Leader portfolio (Cllr David Finch)

Revenue Budget

2019/20	2020/21	2020/21			2021/22	
Actuals	Original	Latest		Gross	Income	Total Net
£000	Budget	Budget		Expenditure	£000	Grants Expenditure
	£000	£000		£000		£000
42	0	156	EU Exit	0		0
858	932	1,108	Corporate Policy	963		963
933	1,009	1,009	Democratic Core	1,024		1,024
626	1,577	1,547	Garden Communities	434		434
281	239	389	Initiatives and Partnerships	189		189
101	(0)	59	Innovation Fund	0		0
	750	750	Locality Fund	(0)		(0)
1,763	1,788	1,788	Members Support	1,796		1,796
1,256	1,256	1,256	Olympics and Sports Development	1,254		1,254
5,860	7,551	8,062	Leader	5,659	-	5,659
1,875	1,830	1,857	Communications and Customer Relations	1,810		1,810
352	462	862	Equality And Diversity	421	(0)	(0)
2,226	2,292	2,719	Leader RSSS	2,231	(0)	(0)
8,087	9,843	10,781	Total Leader	7,890	(0)	(0)

Transform the council to achieve more with less
Leader portfolio (Cllr David Finch)
Capital Programme

2019/20 Actuals	2020/21 Latest Budget		2021/22 Budget	2022/23 Aspirational	2023/24 Aspirational	2024/25 Aspirational
£000	£000		£000	£000	£000	£000
2,016	2,649	A133/A120 Link Road	7,029	32,865	24,439	
896	1,800	Beaulieu Park Station	3,164	17,000	43,000	59,000
2,114	4,243	Chelmsford North Eastern Bypass	8,230	32,158	46,615	
	2,680	Colchester Rapid Transit	12,080	10,008	8,135	10,000
482	600	Harlow Sustainable Transport Corridors North/South (Phase 1: Gilston to Town Centre)	2,500	8,000	23,000	7,555
5,508	11,972	Total Leader	33,004	100,031	145,189	76,555

Transform the council to achieve more with less

Finance portfolio (Cllr Christopher Whitbread)

Revenue Budget

2019/20	2020/21	2020/21			2021/22	
Actuals	Original	Latest			Gross	Total Net
£000	Budget	Budget			Expenditure	Income
	£000	£000			£000	£000
			Central Services To The Public			
5,900	6,374	6,374	Council Tax Sharing Scheme		5,203	5,203
6,761	9,968	8,595	Other Services		3,084	(2,309)
			Precepts			(256)
1,674	1,721	1,721	Environmental Agency		1,757	1,757
384	384	384	Kent and Essex Sea Fisheries		390	390
721	(1,042)	(984)	Traded Strategy		0	0
	56		Vehicle Lease Management			
15,439	17,461	16,090	Finance		10,433	(2,309)
						(256)
945	1,002	1,133	Capital Programme, Implementation and Delivery		1,369	(270)
(461)	(0)	56	Car Provision Scheme		2,706	(2,617)
10,293	8,929	11,169	Finance		15,175	(4,453)
2,881	4,691	4,691	Insurance		7,095	(3,274)
3,870	4,244	4,765	Procurement		4,819	(77)
17,528	18,867	21,814	Finance RSSS		31,163	(10,691)
						-
32,967	36,328	37,904	Total Finance		41,596	(13,001)
						(256)

Other Operating costs

The revenue budget in 2021/22 is **£108m**. The expenditure includes the net appropriations to reserves and restricted funds as described in the Reserves section (starting on page 67) of **£53m** and the costs of financing the capital programme of **£57m**.

The movement since 2020/21 is mainly due to changes in the appropriations and withdrawals from the reserves between the years, in line with changes in the specific liabilities, for example changes in PFI payment profiles.

2019/20	2020/21	2020/21			2021/22	
Actuals	Original	Latest		Gross	Income	Total Net
£000	Budget	Budget		Expenditure		Expenditure
	£000	£000		£000	£000	£000
27,651	30,989	30,989	Capital Financing	33,476		33,476
	0	0	Contingencies			
(334)	0	0	Dividends received		(850)	(850)
			Interest Payable			
(1,036)	(671)	(671)	Contributions - Transferred Debt		(802)	(802)
19,337	23,334	23,334	External Interest Payable	23,436		23,436
(100)	(0)	(0)	Loan Charges Grant			
			Interest Receivable			
(3,732)	(2,779)	(2,779)	External Interest Receivable	100	(981)	(881)
1,549	1,531	1,531	Interest Reallocated	(0)	173	173
43,336	52,405	52,405		57,012	(2,460)	54,552

Appendix A Organisation Plan 2021/22

2019/20	2020/21	2020/21			2021/22	
Actuals	Original	Latest			Gross	Total Net
£000	Budget	Budget			Expenditure	Expenditure
	£000	£000			£000	£000
			Approps To/(From) Reserves and Restricted Use Funds (i)			
(3,077)	(4,652)	(3,049)	A130 PFI Reserve	0	(9,255)	(9,255)
(2,387)	0	(2,458)	Adults Digital Programme			
			Adult Social Care Risk	5,000		5,000
(2,046)	0	236	Building Schools for the Future		0	0
500			Bursary for Trainee Carers			
	1,000	1,000	Capital Receipts Pump Priming	(0)		(0)
(1,681)	(76)	282	Carbon Reduction Reserve	0	(76)	(76)
(8,446)	(0)	(12,339)	Carry Forwards Reserve	(0)	(3,260)	(3,260)
(1,999)	(0)	(271)	Clacton PFI Reserve		(0)	(0)
			Collection Fund Risk Reserve	10,286		10,286
12,583			Commercial Investment in Essex Places Reserve			
(667)	350	194	Community Initiatives Fund	350	(0)	350
			COVID Equalisation	28,808		28,808
(3,022)	(0)	(501)	Debden PFI Reserve		(0)	(0)
4,000			EES Pension Risk Reserve			
	10,000	8,637	Emergency	4,000		4,000
250	5,000	4,750	Essex Climate Change Commission	(0)	(0)	(0)
37,217	0	(39,072)	Grant Equalisation Reserves		0	0
2,219		(906)	Health And Safety Reserve	2,038	(0)	2,038
	5,000	5,000	Highways	0		0
(650)	(1,151)	(1,151)	Insurance Reserve			
(162)			Partnership Reserves			
326	326	326	Property Investment	326		326
475	500	500	Quadrennial Elections Reserve	500		500
2,900		3,659	Recovery Reserve			
(13,056)	4,074	(1,268)	Reserve For Future Capital Funding	3,074		3,074
(3,383)			Schools Reserves			
3,971	2,750	2,346	Service Improvement Reserve	2,700	(0)	2,700
900			Social Distancing and Hygiene Reserve			

i Within appropriations to/from reserves, expenditure means a contribution to a reserve, and income means a withdrawal from the reserve.

Appendix A Organisation Plan 2021/22

2019/20	2020/21	2020/21			2021/22	
Actuals	Original	Latest			Gross	Total Net
£000	Budget	Budget			Expenditure	Expenditure
	£000	£000			£000	£000
			Approps To/(From) Reserves and Restricted Use Funds (cont'd) (i)			
3,785	5,000	1,335	Technology Solutions		10,000	10,000
(193)			Tendring Public Private Partnership		(0)	
(808)	(413)	(304)	Trading Activities Reserves		(304)	(304)
12,208	22,760	15,158	Transformation Reserve		5,480	5,480
8,645	(0)	(0)	Waste Reserve		(6,344)	(6,344)
48,403	50,467	(17,896)			72,561	53,322
			Reserves Closed			
(3,053)	0	0	Digital Infrastructure Reserve			
(3,053)					-	-
88,686	102,872	34,509	Total Other Operating Costs		129,573	107,873

i Within appropriations to/from reserves, expenditure means a contribution to a reserve, and income means a withdrawal from the reserve.

Trading Activities

This section sets out the budgets relating to those services that are currently set up as Trading Activities, which operate under separate Trading Accounts. For 2021/22, the Trading Activities have a target operating surplus of **£304,000**

	Revenue reserve 1 April 2021	Income	Expenditure	(Surplus) / deficit	Appropriations To County Revenue Account	To Trading Activity reserve	Revenue reserve 31 March
	£000	£000	£000	£000	£000	£000	£000
Place Services	(796)	(2,892)	2,592	(300)	(300)	(0)	(796)
Music Services Traded	(119)	(4,035)	4,031	(4)	(4)	-	(119)
Total	(915)	(6,927)	6,623	(304)	(304)	(0)	(915)

Reserves

Any organisation which is being prudently managed, whether in the commercial, charitable or public sector, will maintain a level of reserves to deal with future or unexpected pressures.

Much has been written about Local Authority reserves and much is misunderstood.

We have built specific reserves to manage known financial liabilities and possible risks – as good financial practice would dictate; these can be split into three types:

- Those reserves which are for known current and future contractual liabilities or are beyond the control of the Council. These are restricted in use and cover items such as Private Finance Initiative (PFI) contracts and Schools Balances
- Those reserves which are for more general purposes such as the Transformation Reserve, used to fund revenue investment in areas such as new ways of working and more efficient services, and
- The General Balance.

To provide greater clarity in reporting, these are presented under two headings of 'Restricted Funds' which covers the first bullet point above and 'Reserves', which covers the last two.

Among the restricted funds, there are items to cover the waste strategy and the associated PFI, and also the PFI contracts for the A130 and various schools. This approach effectively smooths what could be significant year on year increases in budget requirement and contract costs to more manageable levels.

We also use these specific cash backed reserves to generate interest receipts and minimise the cost of debt. We expect to earn **£300,000** in 2021/22 from temporarily investing surplus cash in the market, which is included in the budget, and will be used to fund services. However, it saves substantially more by using the reserves to offset what would otherwise be external borrowing costs. In 2021/22, it is estimated that this will enable us to avoid borrowing costs of **£6.5m**, thereby allowing funds to be used instead for front line service delivery.

Reserves

	Estimated closing balances						
	Balance at 1 April 2020 £000	Balance at 1 April 2021 £000	Budgeted Contributions/ Withdrawals £000	2021/22	Closing balance £000	2021/22	2022/23
				Assumed usage £000		£000	£000
General Balance	(56,439)	(65,484)	-	3,720	(61,764)	(61,764)	(61,764)
Reserves earmarked for future use							
Adults Digital Programme	(2,869)	(0)	-	-	(0)	(0)	(0)
Adult Social Care Risk	-	-	(5,000)	-	(5,000)	(5,000)	(5,000)
Bursary for trainee carers	(500)	-	-	-	-	-	-
Capital Receipts Pump Priming	(3,204)	(3,704)	-	1,500	(2,204)	(2,704)	(3,204)
Carbon Reduction and Energy Risk	(622)	(904)	76	(38)	(866)	(748)	(596)
Carry Forward	(14,804)	(11,463)	3,260	8,203	-	-	-
Collection Fund Risk	(1,412)	(3,986)	(10,286)	10,286	(3,986)	(3,986)	(3,986)
Commercial Investment in Essex Places	(12,583)	(12,583)	-	-	(12,583)	(12,583)	(12,583)
Community Initiatives Fund	(487)	(497)	(350)	350	(497)	(497)	(497)
COVID Equalisation	-	(24,595)	(28,808)	53,403	-	-	-
EES Pensions	(4,000)	(4,000)	-	-	(4,000)	(4,000)	(4,000)
Emergency	-	(7,829)	(4,000)	4,000	(7,829)	(7,829)	(7,829)
Emergency Planning	(300)	(300)	-	-	(300)	(300)	(300)
Essex Climate Change Commission	(250)	(4,000)	-	1,250	(2,750)	(250)	(250)
Essex Crime and Police	(73)	(73)	-	-	(73)	(73)	(73)
Future Capital Funding	(1,905)	(495)	(3,074)	3,074	(495)	(495)	(495)
Health and Safety	(3,100)	(1,920)	(2,038)	2,200	(1,758)	(1,758)	(1,758)
Insurance	(7,411)	(6,260)	-	-	(6,260)	(6,260)	(6,260)
Newton Reserve	(122)	(122)	-	-	(122)	(122)	(122)
Property Investment	(651)	(977)	(326)	-	(1,303)	(1,629)	(1,955)
Quadrennial Elections	(1,093)	(1,593)	(500)	2,000	(93)	(593)	(1,093)
Recovery	(2,900)	(5,745)	-	5,745	-	-	-
Service Improvement	(3,971)	(9,330)	(2,700)	6,430	(5,600)	(5,100)	(5,100)

Reserves

	Estimated closing balances						
			Budgeted Contributions/ Withdrawals	2021/22		2021/22	2022/23
	Balance at 1 April 2020 £000	Balance at 1 April 2021 £000		Assumed usage £000	Closing balance £000	£000	£000
Reserves earmarked for future use (cont'd)							
Social Distancing and Hygeine	(900)	-	-	-	-	-	-
Technology Solutions	(3,785)	(4,358)	(10,000)	13,940	(418)	-	(2,163)
Tendring PPP	(303)	(303)	-	-	(303)	(303)	(303)
Transformation	(37,401)	(39,630)	(5,480)	21,140	(23,970)	(15,990)	(9,810)

Restricted Funds

	Estimated closing balances						
				2021/22		2022/23	2023/24
	Balance at 1 April 2020 £000	Balance at 1 April 2021 £000	Budgeted Contributions/ Withdrawals £000	Assumed usage £000	Closing balance £000	£000	£000
Long Term Contractual Commitment							
PFI Reserves							
A130 PFI	(39,278)	(36,230)	9,255	-	(26,975)	(16,525)	(6,427)
Building Schools for the Future PFI	(233)	(468)	-	(159)	(627)	(790)	(957)
Clacton Secondary Schools' PFI	(532)	(261)	-	(104)	(365)	(472)	(582)
Debden School PFI	(630)	(129)	-	(513)	(642)	(1,170)	(1,714)
Waste Reserve	(112,276)	(112,276)	6,344	5,400	(100,532)	(94,188)	(87,844)
Grant Equalisation Reserve	(49,853)	0	-	-	0	0	0
Trading Activities	(828)	(915)	304	(304)	(915)	(915)	(915)
Partnerships and Third Party	(1,458)	(1,458)	-	-	(1,458)	(1,458)	(1,458)
Schools	(29,283)	(29,283)	-	-	(29,283)	(29,283)	(29,283)

Annex 2

Performance

Section to be added for version to Full Council

Annex 3

Capital and Treasury Management Strategy

CAPITAL AND TREASURY MANAGEMENT STRATEGY

This Strategy explains how decisions are made about capital expenditure, investments and treasury management. The Strategy contains several elements as follows:

Further details are provided in the following sections.

- **Capital expenditure**

In this section, the process for approving, monitoring and financing capital projects is explained.

- **Capital financing and borrowing**

This section provides a projection of the Council's Capital Financing Requirement and the external borrowing required. It also explains how the Council will discharge its duty to repay debt.

- **Treasury management investments**

This section explains how and where cash balances arising as a result of the Council's day to day activities will be invested to ensure that the funds are protected from loss and are available when needed.

- **Other investments**

This section contains an overview of the Council's other investment activities.

- **Knowledge and skills**

The final section explains the knowledge and skills available to the Council in relation to management of borrowing and investment activities.

CAPITAL EXPENDITURE

Capitalisation policies

Capital expenditure is expenditure on the acquisition or construction of land, buildings, roads and bridges, vehicles, plant and equipment and other assets that:

- Will be held for use in the delivery of services, for rental to others, or for administrative purposes; and
- Will be of continuing benefit to the Council for a period extending beyond one financial year.

Subsequent expenditure on existing assets is also classified as capital expenditure if these two criteria are met.

There may be instances where expenditure does not meet this definition but would still be treated as capital expenditure, including:

- Where the Council has no direct future control or benefit from the resulting assets, but would treat the expenditure as capital if it did control or benefit from the resulting assets; and
- Where statutory regulations require the Council to capitalise expenditure that would not otherwise have expenditure implications according to accounting rules.

The Council operates several limits for capital expenditure which means that items below these limits are charged to revenue rather than capital.

The limits are currently as follows:

De-minimis limits	£
General limit (applied where no specific limit is applicable)	10,000
Specific limits:	
▪ Schools' capital projects funded or supported by Formula Capital Grant	2,000
▪ Transport (highways) infrastructure	Nil
▪ Land	Nil

Governance

The Cabinet Member for Finance, in conjunction with the Executive Director for Finance and Technology, manages the preparation of a capital programme, on behalf of the Council, on an annual basis in accordance with the Council's capital projects governance arrangements and capitalisation criteria.

Each scheme that is added to the Capital Programme is allocated:

- A 'start date' for planning purposes;
- An overall 'scheme approval' which sets the overall budget for the scheme; and
- An 'annual payments guideline' which sets the parameters for expenditure in each of the financial years over which the scheme is expected to span.

Once the capital programme or a scheme is approved, Executive Directors are, subject to the rule in the Constitution that officers may not take a Key Decision and limits within the scheme of delegation to officers, authorised to progress with capital projects that have:

- An approved 'start' date in the current or a prior financial year (i.e. schemes with a start date in a future financial year are indicative only, and do not constitute approval to spend); and
- Adequate scheme and payments approval in the capital programme to finance these projects.

Schemes will usually only be added to, or removed from, the Capital Programme as part of the annual budget setting process. Any request outside of this process to change the capital programme by adding or removing schemes, or by allocating additional scheme and payment approvals to an approved scheme, must be approved by the Cabinet Member for Finance (up to a limit of **£5m**) or by the Cabinet (for schemes of **£5m** or more).

Executive Directors will ensure that:

- All officers responsible for committing expenditure on any approved capital project comply with all relevant guidance and follow approved certification processes;
- Budget holders are accountable for the effective management of the scheme and payment approvals allocated to them to either oversee or directly manage;
- Appropriate monitoring processes are in place to ensure that the scheme and payment approvals for a capital project are not overspent; and
- Reports are made to the relevant Cabinet Member(s) on expenditure compared with the scheme and payment approvals for the capital projects for which they are accountable.

The Executive Director for Finance and Technology will ensure that timely information is available on expenditure for each capital project, which is sufficiently detailed to enable Executive Directors and their managers to fulfil their budgetary responsibilities.

The Executive Director for Finance and Technology will also monitor performance against the Council's approved capital programme on an on-going basis and will advise upon the overall financial position. Specifically, the Executive Director for Finance and Technology will prepare financial overview reports for the Cabinet Member for Finance to present to Cabinet on a regular basis. These financial overview reports will provide a comparison of the Council's projected expenditure with the latest approved capital programme and assess the financing implications of variations in forecast under / over spends against payment approvals.

Capital Expenditure Plans

The proposal is for capital investment of **£290m** for the 2021/22 programme, with an indicative programme for the subsequent three years totalling **£1.053bn**. These planning levels represent a continued major investment in the infrastructure and economy of Essex. Further details are presented elsewhere within the Council's 2021/22 Organisation Plan.

When expenditure is classified as capital expenditure for capital financing purposes, this means that the Council can finance that expenditure from any of the following sources:

- **Capital grants and contributions** - amounts awarded to the Council in return for past or future compliance with certain stipulations.

- **Capital receipts** – amounts generated from the sale of assets and from the repayment of capital loans, grants or other financial assistance.
- **Revenue contributions** – amounts set aside from the revenue budget in the Reserve for Future Capital Funding.
- **Borrowing** - amounts that the Council does not need to fund immediately from cash resources, but instead charges to future years' revenue budgets in annual instalments.

Actual capital expenditure and financing sources for 2019/20, together with the original and updated plans for 2020/21, proposals for 2021/22 and the indicative guidelines for the subsequent three years, are summarised in **Annex 3A**, with detailed plans presented elsewhere within the Organisation Plan.

CAPITAL FINANCING REQUIREMENT AND BORROWING

Context

The Council is required by regulation to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') when assessing the affordability, prudence and sustainability of its capital investment plans.

Fundamental to the prudential framework is a requirement to set a series of prudential indicators. These prudential indicators are intended to collectively build a picture that demonstrates the impact over time of the Council's capital expenditure plans upon the revenue budget and upon borrowing and investment levels and explain the overall controls that will ensure that the activity remains affordable, prudent and sustainable.

A summary of the Prudential Indicators for the period 2019/20 through to 2024/25 is provided in **Annex 3A**. Explanatory comments are provided in the following paragraphs.

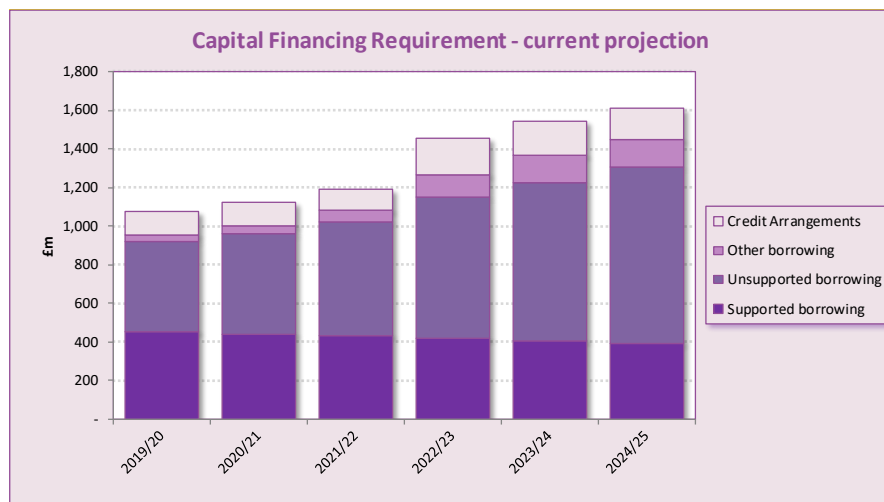
Capital Financing Requirement

When the Council finances capital expenditure from borrowing, this means that it can charge the expenditure to the revenue budget in annual instalments over a number of years into the future. It does this in accordance with its policy for the repayment of debt (see **Annex 3C**).

The actual Capital Financing Requirement (CFR) for 2019/20 provides a measure of the amount of capital expenditure that the Council has already spent that has yet to be funded from cash resources. That is, it provides a measure of the Council's indebtedness, and hence of its need to borrow for capital financing purposes.

Credit arrangements are also included in the calculation of the CFR because they have the same practical impact as borrowing; credit arrangements are those that enable the Council to acquire the use of assets on deferred payment terms – typical examples include finance leases and Private Finance Initiative schemes.

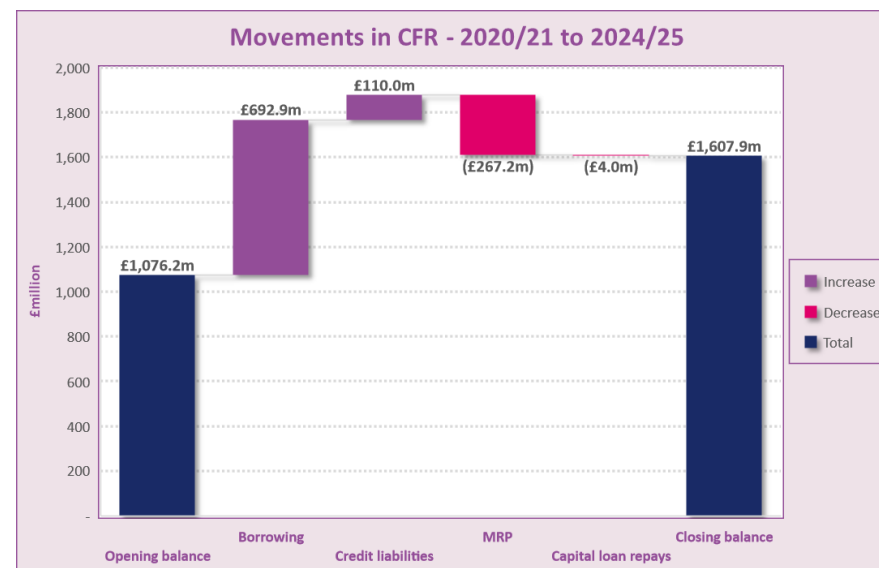
The actual CFR for 2019/20 and forward projections for the current and forthcoming years are illustrated in the graph below:



The forward projections of the CFR incorporate the Council's plans to:

- Finance further capital expenditure from borrowing and credit arrangements (*which **increases** the CFR*); and
- Make provision for the repayment of debt (*which **reduces** the CFR*).

The CFR is on an upward trajectory because the amount of capital expenditure that the Council plans to finance from borrowing over the period to 2024/25 exceeds the annual provision for the repayment of debt over the same period.



There is also substantial increase in credit arrangements in 2022/23, reflecting the estimated impact of bringing leases currently classified as operating leases onto the Council's Balance Sheet in that financial year, which is a requirement of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. This does not change the costs to the Council of these arrangements.

The estimates of the CFR assume that the Council will repay debt on the basis set out in **Annex 3C**.

External Borrowing Limits

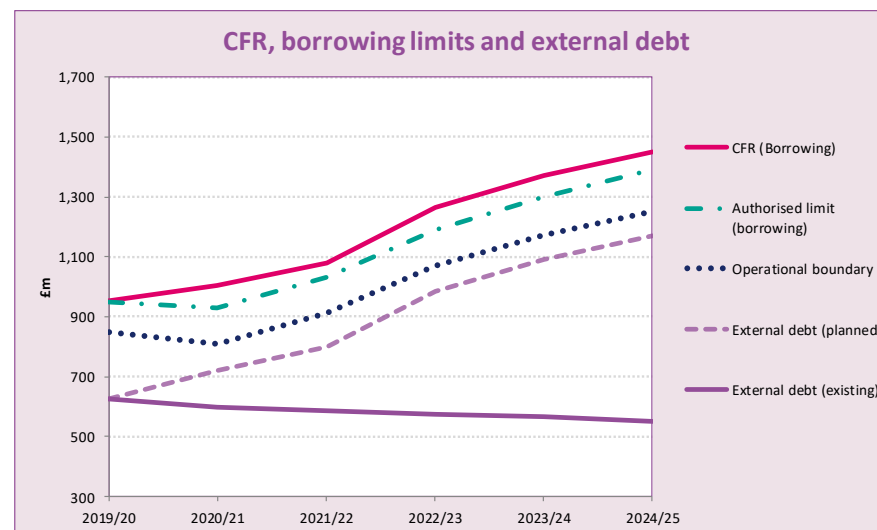
The Council is only permitted to borrow externally (including via credit arrangements) up to the level implied by its Capital Financing Requirement (CFR).

To ensure that external borrowing does not exceed the CFR, other than in the short term, limits are established for external debt, as follows:

- **Authorised limit** – this defines the maximum amount of external debt permitted by the Council, and represents the statutory limit determined under section 3 (1) of the Local Government Act 2003.
- **Operational boundary** – this is an estimate of the probable level of the Council's external debt and provides the means by which external debt is managed to ensure that the 'authorised limit' is not breached.

The proposed limits, which are set out in **Annex 3A**, make separate provision for external borrowing and other long-term liabilities, and are based upon an estimate of the most likely but not worst-case scenarios. They allow enough headroom for fluctuations in the level of cash balances and in the level of the Capital Financing Requirement.

As illustrated in the following graph, the authorised limit and operational boundary related to external borrowing are below the current estimates of the Capital Financing Requirement for borrowing.



This graph also shows the current level of external borrowing and how this is expected to increase as a result of the Council's current capital expenditure plans.

Borrowing Strategy

The Capital Financing Requirement (CFR) provides a measure of the Council's need to borrow in order to manage the cash flow implications of incurring capital expenditure that it does not immediately fund from cash resources.

Currently, long-term external borrowing amounts to **£598m**, which will equate to around **60%** of the estimated CFR for borrowing at 31 March 2021. It is however possible (and assumed, for the purposes of this Strategy) that further

external borrowing (up to **£124m**) will be undertaken before 31 March 2021; this additional borrowing would increase external borrowing to **72%** of the estimated CFR at 31 March 2021.

The Council is able to sustain external borrowing at a level below its Capital Financing Requirement because it is able to temporarily utilise its cash balances as an alternative to external borrowing. This practice, which is referred to as 'internal borrowing', does not reduce the magnitude of funds held in reserves and balances; the funds are merely being borrowed until they are required for their intended purpose.

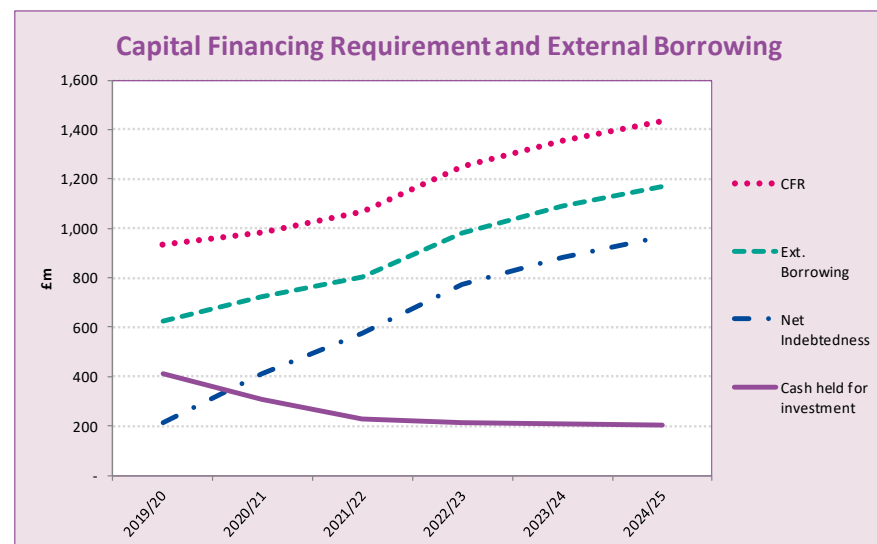
The use of internal borrowing will:

- Enable the Council to avoid external borrowing costs of up to **£6.5m** in 2021/22); and
- Partly mitigated the risks associated with investing cash in a challenging market.

However, it will be necessary to keep under review the Council's capacity to 'internally borrow', and to plan to replace internal for external borrowing as cash balances change.

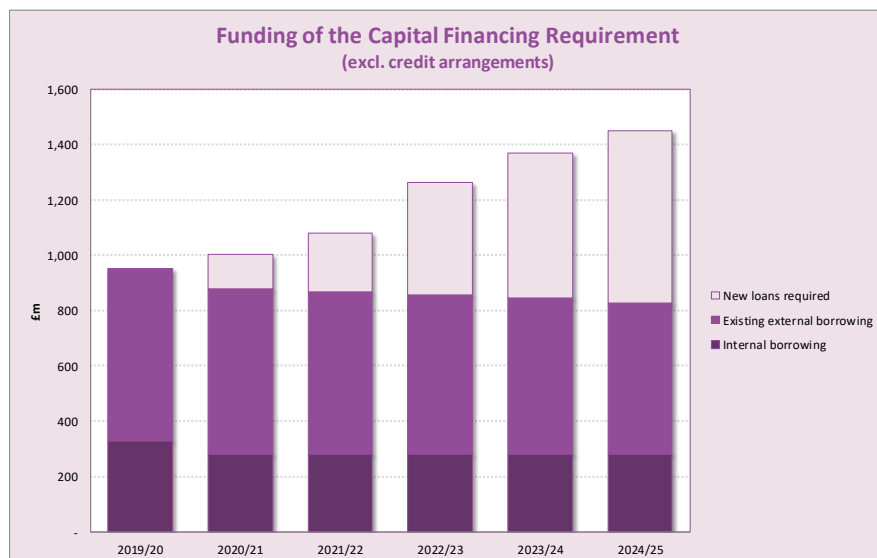
It has been assumed that long term external borrowing will be undertaken at a level to ensure that the Council's underlying cash balances held for investment are maintained at around **£200m**.

The graph below provides a graphical representation of this position – that is, it shows that the Council expects to maintain external borrowing at a level well below its Capital Financing Requirement.



The graph also shows that that net indebtedness is lower than external borrowing because the Council expects to maintain some cash balances for investment.

The following graph shows how it is anticipated to fund the Capital Financing Requirement:



That is, it shows how much will be funded from internal borrowing and how external borrowing is expected to increase.

This translates into the following levels of long-term external borrowing over the period covered by this strategy:

Current Forecast	Long term borrowing requirement				
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Existing external loans	598,360	585,723	575,296	564,735	548,929
Requirement for further borrowing					
2020/21	124,000	124,000	124,000	124,000	124,000
2021/22	-	91,000	91,000	91,000	91,000
2022/23	-	-	193,000	193,000	193,000
2023/24	-	-	-	117,000	117,000
2024/25	-	-	-	-	97,000
Total new borrowing	124,000	215,000	408,000	525,000	622,000
Total external borrowing	722,360	800,723	983,296	1,089,735	1,170,929
Internal borrowing	280,828	280,192	279,976	279,674	279,668
Total borrowing	1,003,188	1,080,915	1,263,272	1,369,409	1,450,597

Further long-term external borrowing may be undertaken, in excess of the amounts shown above, if it is not possible or desirable to sustain internal borrowing at the current forecast level.

The external borrowing requirement will be kept under review, and long-term external loans will be secured within the parameters established by the authorised limit and operational boundary for external debt (as set out within **Annex 3A**).

Opportunities to generate savings by refinancing or prematurely repaying existing long-term debt will also be kept under review. Potential savings will be considered in the light of the current treasury position and the costs associated with such actions.

Prospects for interest rates

The Council predominantly expects to satisfy its borrowing requirement from the Public Works Loan Board (PWLB).

PWLB interest rates are set with reference to gilt rates. Gilt yields and hence PWLB rates are currently at remarkably low levels and there is only expected to be minimal upward movement in these rates over the next two years. This is because it is likely to take economies, including the UK, a prolonged period to recover all the momentum lost in the sharp recession caused by the coronavirus.

Gilt yields, and therefore PWLB rates, may be subject to occasional volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment (as was the case when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

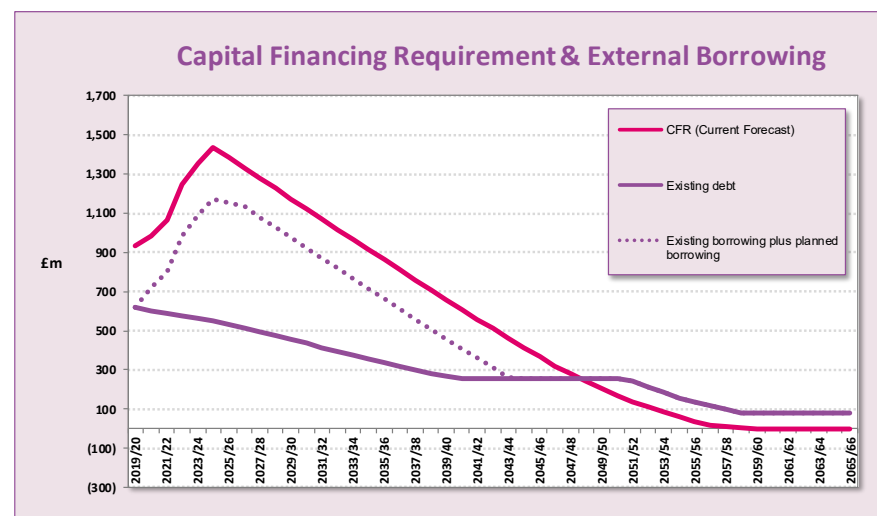
Maturity structure of borrowing

Limits are proposed, in **Annex 3C**, for the maturity structure of borrowing. The purpose of these limits is to guide decisions

about the period over which new borrowing will be secured, to ensure that the Council does not have:

- A large amount of debt maturing in any one year that it may need to refinance in that year alongside any new borrowing that may be required; and
- External loans in excess of its CFR, other than in the short term.

Although external borrowing is currently at a level well below the CFR, this only remains the case until 2048/49; in 2048/49, the CFR falls below existing loans on a sustained basis, as illustrated in the graph below:



However, no assumptions are included in the above forecast of additional capital expenditure beyond the current planning horizon. Therefore, it is probable that the longer term forecast of the CFR will exceed that shown above. However,

any new loans secured over the period covered by this Strategy will be repaid before 2048/49, to ensure that external loans do not further exceed the longer term forecast of the CFR.

Interest rate exposure

In order to manage and minimise the impact of movements in interest rates, limits are proposed within **Annex 3C** that will establish the ranges within which fixed and variable rate borrowing will be undertaken.

The Council usually secures its long-term loans at fixed rates of interest, to provide certainty over the cost of maintaining the loans over their lifetime (indeed, all the Council's current long-term borrowing is at rates of interest that were fixed at the outset, for the whole duration of the loans).

Whilst any new loans secured over the period of this strategy are likely to also be secured at fixed rates of interest, up to **30%** could, alternatively, be secured at variable rates of interest.

Performance indicators

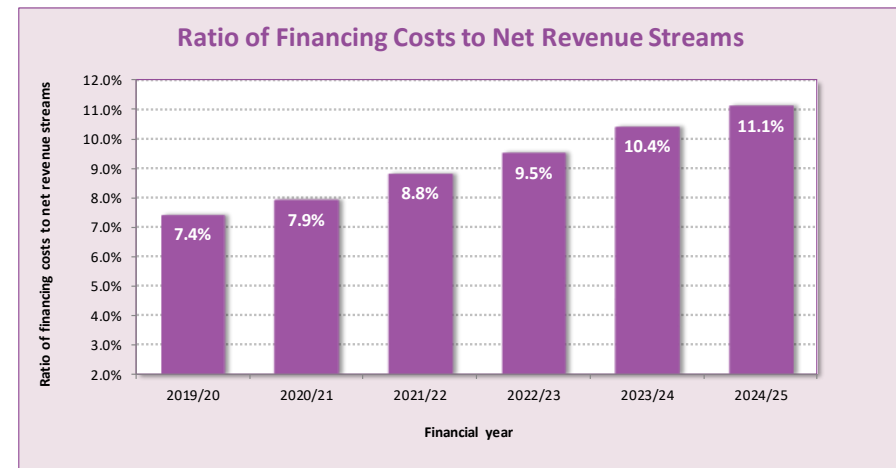
If long-term borrowing is undertaken, performance will be assessed against the average PWLB rate for the year for the applicable loan type and interest rate banding.

Short term borrowing will be assessed against the average 7 Day London Inter Bank BID Rate (**7DLIBID**) for the year.

Ratio of financing costs to net revenue streams

The trend in the 'cost of capital' is provided by the 'ratio of financing costs to net revenue streams'. This ratio provides a key indicator of affordability, as it shows the proportion of the annual revenue budget that is being consumed year on year in order to finance the costs of borrowing (i.e. interest and debt repayments, net of investment income).

The actual ratios for 2019/20 and the latest estimates for the current and forthcoming three years, are provided in **Annex 3C**. The trend in this ratio over this period is illustrated as follows:

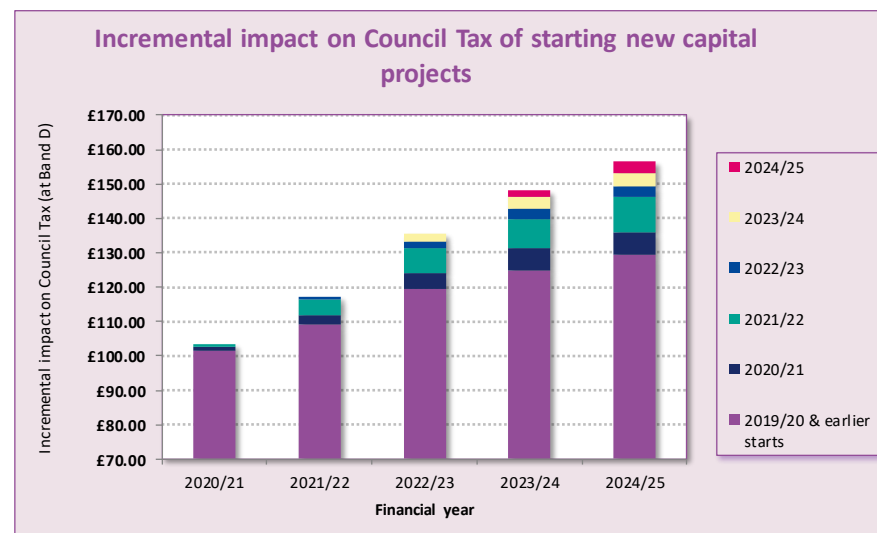


This shows that the proportion of the revenue budget that is required to fund borrowing costs is expected to increase from **7.4%** in 2019/20 to **11.1%** by 2024/25.

Incremental impact upon Council Tax

Another measure of the affordability of the capital programme proposals is their impact upon council tax. The incremental impact upon council tax (at **band D**) from continuing with capital schemes started in, and prior to, 2019/20 and the additional amounts that result from commencing new capital projects in the current and subsequent three years is set out in **Annex 3A**.

The following graph shows the amount of council tax income required to meet debt financing costs, split between the amounts that arise because of capital projects that started in 2019/20 or earlier years, and the amounts arising as a consequence of commencing additional capital projects in each year of the Council's current planning horizon:



The actual impact upon council tax may be lower than that implied in **Annex 3A** because:

- The indicator is calculated on the basis that the revenue implications of borrowing decisions will be funded entirely from council tax; the Budget Requirement is funded from a combination of financing sources, including council tax, business rates and general government grants.
- No account has been taken of the savings that may accrue from invest to save / improve schemes.

Revenue Provision for the repayment of debt policy

When the Council finances capital expenditure from borrowing, it does not immediately fund the expenditure from cash resources. Instead, the Council sets cash resources aside from the Revenue Budget each year to repay the borrowing. This practice is referred to as making minimum revenue provision (or MRP) for the repayment of debt.

The Capital Financing Requirement (CFR) provides a measure of the amount of capital expenditure which has been financed from borrowing that the Council has yet to fund from cash resources.

Statutory guidance requires MRP to be provided annually on a prudent basis, and interprets 'prudent' to mean that:

- MRP charges on government **supported** and **pre-April 2008** borrowing should (as a minimum) be made over a period commensurate with the period implicit in the determination of the original grant; and
- MRP charges on **unsupported** borrowing should be made over a period commensurate with the period the capital expenditure provides benefit.

The Secretary of State does not rule out or otherwise preclude the use of alternative methods to those listed above if another method is considered more appropriate.

In accordance with the requirement to make a prudent 'revenue provision for the repayment of debt', the Council ensures that debt is repaid over a period that is commensurate with the period over which the capital expenditure provides benefit. This is achieved by applying the methodology explained in **Annex 3C**.

The revenue budget provision for 'revenue provision' charges in 2021/22 has been compiled on a basis consistent with the policy set out in **Annex 3C**.

TREASURY MANAGEMENT INVESTMENTS

Introduction

The Council's treasury management investment activities must be undertaken in compliance both with the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (referred to as the Treasury Management Code) and with statutory guidance. The Treasury Management Code and statutory guidance require the Council to prepare an annual strategy that explains how the Council will invest its funds, giving priority to security and liquidity, and then to yield.

Economic Outlook

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March 2020 to cut the Bank Rate firstly to **0.25%**, and then to **0.10%**, it has subsequently left the Bank Rate unchanged. Although there has been some suggestion that interest rates could move into a negative position, the Governor of the Bank of England has made it clear that such a move could do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary.

As shown in **Appendix 3C**, the Bank Rate is expected to remain at its current level for some time, as the economic recovery is expected to be gradual and, therefore, prolonged.

Consequently, the Council is unlikely to achieve a material return from its traditional deposits.

Investment projections

The Council has cash backed resources which it has set aside for longer term purposes (such as funds set aside in reserves and balances), and working capital balances, that can either be invested or temporarily utilised to defer the need for external borrowing.

Forecasts of the investment balances for the forthcoming three years are set out in **Annex 3C**.

Investment strategy

When the Council has surplus cash balances, these are invested until they are next required. Usually, this means that funds are invested on a short-term basis (i.e. up to a maximum period of 365 days), but up to **£50m** may be invested for periods beyond 365 days.

In accordance with regulatory requirements, the primary objectives, when investing the Council's funds, are **security** (*protecting the capital sum invested from loss*) and **liquidity** (*ensuring the funds invested are available for expenditure when needed*). The generation of **yield** is distinct from these prudential objectives. However, this does not mean that the

Council ignores yield; once proper levels of security and liquidity are determined, yield is then considered.

The Council's funds will primarily be invested according to the Secretary of State's definition of **specified** investments. Specified investments are sterling deposits made for periods of less than one year with investment schemes of high quality and which are not defined by regulation as capital expenditure. Specified investments include deposits with the UK Government, other local authorities, money market funds and bodies of high credit quality.

Funds may also be invested according to the Secretary of State's definition of **non-specified investments**. Non specified investments are any financial investments that are not loans and do not meet the criteria to be treated as a specified investment. The inclusion of non-specified investments in the investment strategy is to allow funds (up to a maximum of **£50m**) to be invested for periods of in excess of one year.

A lending list will be compiled to include counterparties satisfying the criteria set out within **Annex 3D**. The lending limits that will be applied to counterparties satisfying these criteria are also set out within **Annex 3D**. Additional operational market information (e.g. Credit Default Swaps, negative rating watches/outlooks etc.) will also be considered before making any specific investment decisions.

The criteria for choosing counterparties (as set out within **Annex 3D**) provide a sound approach to investing in normal market circumstances. However, the Executive Director for

Finance and Technology will determine the extent to which the criteria set out within **Annex 3D** will be applied in practice.

Interest rate exposure

In order to manage and minimise the impact of movements in interest rates, limits are proposed within **Annex 3B** that will establish the ranges within which fixed and variable rate investments will be undertaken. As noted elsewhere, most of the Council's investments are made for periods of less than 365 days, for durations that ensure that the cash is available to meet expenditure when needed. Because of the relatively short-term nature of these deposits, there is little to differentiate between fixed and variable rates of interest – funds could equally be invested fully at fixed rates of interest or fully at variable rates.

Liquidity

Liquidity is defined as having adequate, but not excessive cash resources, borrowing arrangements and overdraft or standby facilities to ensure that funds are always available for the achievement of the Council's objectives. In this respect, the Council will seek to maintain liquid short-term deposits of at least **£20m** available with a week's notice.

Performance

Performance on cash invested short term, in order to maintain liquidity of funds, will be benchmarked against the Seven Day London Inter Bank Bid Rate (**7DLIBID**) rate; the aim being to

achieve investment returns that are equivalent to, or greater than, the average 7-day LIBID rate for the year.

Treasury Management advisors

The Council employs **Link Asset Services, Treasury Solutions** to provide it with treasury management advice.

The services provided by Link Asset Services, Treasury Solutions include advice on treasury matters and capital finance issues, economic and interest rate analysis and creditworthiness information. Notwithstanding this, the final decision on all treasury matters remains vested with the Council.

The services received from Link Asset Services; Treasury Solutions are subject to regular review.

Other matters

The Council currently provides treasury management support to its local trading companies (Essex Cares Ltd and, with effect from February 2021, Essex Housing LLP) and holds cash balances on behalf of the partnerships for which it is the 'accountable' body (principally the South East Local Enterprise partnership). As part of the agreement to provide treasury management support to these organisations, the Council may borrow their surplus funds, or lend to them to cover temporary shortfalls of cash. Any amounts borrowed from, or lent to, these organisations are consolidated with the Council's own cash balances daily, and the Council invests or

borrowes on the net position. The Council charges interest on amounts lent to these organisations, and pays interest on amounts borrowed, in accordance with the terms of a formal agreement between the respective parties.

Accounting arrangements were introduced from 1 April 2018 which require an increasing range of investments to be classified as 'fair value through profit and loss' (FVPL) and carried at 'fair value'. Statutory regulations allow revaluation gains and losses on investments classified as FVPL to be held in an unusable reserve, but only until **31st March 2023**; thereafter, revaluation gains and losses will be recognised in the Revenue Account as they arise. Use of FVPL investments will be considered carefully.

OTHER INVESTMENTS

Statutory guidance on local authority investments (issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003) classifies local authority investments into the following categories:

- Investments held for treasury management purposes
- Other investments

Investments held for treasury management purposes are dealt with in the 'Treasury Management Investments' section of this document. This section deals with 'other investments', where the intention is for investments to contribute to the Council's service delivery objectives and/or place making role of the Council.

Investment properties

The Council acquired three properties, at a total cost of **£33.9m** (two in 2017/18 and one in 2018/19), which are held for capital appreciation and/or to earn rental income.

These properties are measured at their fair value (which ensures the valuation reflects the market conditions at the end of each reporting period). The fair value measurements enable the Council to assess whether the underlying assets provide security for capital investment.

Shareholdings

Medtech Accelerator Ltd

The Council holds **500,000** ordinary **£1** shares in the company **Medtech Accelerator Ltd** (this represents a **20%** holding in the company). The company facilitates the early stage development of innovations in medical technology by financing projects at an early stage in order to maximise the potential for success in bringing new life enhancing technologies to patients.

If the company seeks to raise new funds in 2021, the Council's shareholding may be depleted unless, of course, it chooses to invest in the next round.

Harlow Investment Fund

The Cabinet recently agreed, in principle, to enter into an agreement to subscribe for or purchase shares in the **Harlow Investment Fund Ltd** partnership, a proposed fund seeking to invest in property to secure the growth and regeneration required in Harlow.

The Council's investment in the Fund will be capped at **£5m** (equivalent to a 10% equity holding).

Loans to local enterprises and third parties

The Council has agreed several loans towards expenditure which would, if incurred by the Council, be capital expenditure. The loans that are currently outstanding are as follows:

South East Local Enterprise Partnership loans	Year advanced	Loan amount (£000)	Loan term (years)	Interest rate (%)	Balance at 31/3/2021 (£000)
Essex University - Centre for advanced engineering					
First instalment	2017/18	1,373	5	0%	1,373
Second instalment	2018/19	627	4	0%	627
Colchester Northern Gateway					
First instalment	2019/20	1,350	3	0%	1,350
Second instalment	2020/21	650	2	0%	650
Total		4,000			4,000

Support to subsidiaries

The Council provides cash management support to its local trading companies (i.e. to **Essex Cares Ltd**, **SEAX Trading Ltd** and, from February 2021, the **Essex Housing Development LLP**).

As part of the agreement to provide cash management support to these organisations, the Council may borrow their surplus funds, or lend to them to cover temporary shortfalls of cash.

In addition to providing these overdraft facilities, the Council has also agreed to and/or will provide capital loans, for the following purposes:

- **Essex Cares Ltd**

The Council awarded a loan of **£610,000** to Essex Cares in 2014/15 for the refurbishment of the Freebournes site. The loan is repayable over 10 years; the principal sum outstanding at 31 March 2021 is **£244,000**.

- **Essex Housing Development LLP**

The Council will provide a credit facility to the LLP in relation to approved housing development projects. A separate loan agreement will be put in place for each project that will set out the repayment terms and interest charges. Each loan will be subject to Cabinet approval, following submission of robust business cases and delivery plans.

KNOWLEDGE AND SKILLS

The Council recognises the importance of ensuring that all officers involved in the treasury management function and other investment activities are fully equipped to undertake the duties and responsibilities allocated to them. The Executive Director for Finance and Technology is responsible for recommending and implementing the necessary arrangements and does this by:

- **Appointing individuals who are both capable and experienced**

All individuals involved in the delivery of the treasury management function are required to be professionally qualified accountants, who have a responsibility to undertake continuing professional development.

- **Providing training and technical guidance**

All individuals involved in the delivery of the treasury management function are provided with access to relevant technical guidance and training necessary to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills to undertake the duties and responsibilities allocated to them.

- **Appointing a treasury management and other professional advisors**

By employing external providers of treasury management services, the Executive Director for Finance and Technology ensures that the individuals involved in delivery of the

Council's treasury management activities have access to specialist skills and resources.

In addition, professional advisors are employed as required to ensure that the Council has access to the specialist skills and resources necessary to undertake other investment activities.

The Executive Director for Finance and Technology will ensure that elected members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The statement by the Executive Director for Finance and Technology is set out in Part 1 of Organisational Plan and Budget 2021/22 report.

ANNEX 3A - PRUDENTIAL INDICATORS

Summary of prudential indicators		2019-20 Actual	2020-21		2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast
			Original Estimate	Updated Estimate				
Capital expenditure & financing								
Capital Expenditure	£m	186	235	213	290	408	372	272
Capital Financing								
Borrowing	£m	56	103	80	115	219	149	129
Grants and contributions	£m	112	111	123	168	181	220	143
Capital receipts and earmarked reserves	£m	18	21	10	7	8	3	-
Total capital financing	£m	186	235	213	290	408	372	272
Capital financing requirement								
Capital financing requirement (CFR)								
Opening CFR	£m	1,057	1,104	1,076	1,123	1,192	1,456	1,543
Add								
Additional borrowing	£m	56	103	80	115	219	149	129
Additional credit liabilities (PFI / Finance leases)	£m	2	207	5	5	100	-	-
		1,115	1,414	1,161	1,243	1,511	1,605	1,672
Less								
Revenue provision for debt repayment	£m	(37)	(44)	(38)	(47)	(55)	(62)	(64)
Capital receipts applied to repay debt	£m	(2)	(5)	-	(4)	-	-	-
Capital Financing Requirement	£m	1,076	1,365	1,123	1,192	1,456	1,543	1,608

Summary of prudential indicators		2019-20 Actual	2020-21		2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast
			Original Estimate	Updated Estimate				
Analysis of the Capital Financing Requirement								
Supported borrowing and pre 2008/09 unsupported borrowing	£m	454	442	442	430	418	406	394
Unsupported borrowing								
General	£m	480	585	534	606	744	835	926
Deferred (loans, housing and investment properties)	£m	19	13	28	45	101	129	130
Sub total - borrowing	£m	953	1,040	1,004	1,081	1,263	1,370	1,450
Credit arrangements (PFI / Finance leases)	£m	123	325	119	111	193	173	158
Total	£m	1,076	1,365	1,123	1,192	1,456	1,543	1,608
Gross borrowing and the CFR								
Medium term forecast of CFR	£m	1,192	1,506	1,456	1,543	1,608	1,541	1,478
Forecast external debt (long term) and credit arrangements	£m	747	848	718	697	768	738	706
Headroom	£m	445	658	738	846	840	803	772
External debt								
Authorised limit								
Borrowing	£m	620	930	930	1,030	1,190	1,300	1,390
Other long term liabilities	£m	284	325	119	110	192	174	157
Total authorised limit	£m	904	1,255	1,049	1,140	1,382	1,474	1,547
Operational boundary								
Borrowing	£m	520	810	810	910	1,070	1,170	1,250
Other long term liabilities	£m	265	305	115	107	184	164	148
Total operational boundary	£m	785	1,115	925	1,017	1,254	1,334	1,398
Actual external debt (incl. credit arrangements)	£m	511	N/A	N/A	N/A	N/A	N/A	N/A

Summary of prudential indicators		2019-20	2020-21		2021-22	2022-23	2023-24	2024-25
		Actual	Original Estimate	Updated Estimate	Forecast	Forecast	Forecast	Forecast
Financing to net revenue streams								
Financing to Net Revenue Streams	%	7.40%	8.70%	7.90%	8.80%	9.50%	10.40%	11.10%
Incremental impact on Council Tax								
Effect of capital schemes starting in:								
2019/20 and earlier years	£	78.34	92.15	97.08	101.38	109.31	119.59	124.78
2020/21	£	1.86	0.88	0.21	1.44	2.43	4.50	6.45
2021/22	£		-	-	0.61	4.77	7.26	8.53
2022/23	£		-	-	-	0.76	1.82	3.06
2023/24	£		-	-	-	-	2.39	3.50
2024/25	£		-	-	-	-	-	1.85
Total	£	80.20	93.03	97.29	103.43	117.27	135.56	148.17

ANNEX 3B - TREASURY MANAGEMENT SUMMARY

Treasury Management Summary		2019-20 Actual	2020-21		2021-22 Estimate	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast
			Original Estimate	Latest Estimate				
Estimated debt and investments								
Investments (estimated balance at each 31st March)	£m	403	212	299	219	202	200	200
External debt (operational boundary for borrowing)	£m	520	810	810	910	1,070	1,170	1,250
Expected movement in interest rates								
Bank Rate (at each 31st March)	%	0.10%	0.75%	0.10%	0.10%	0.10%	0.10%	0.10%
PWLB (borrowing) rates								
5 year	%	2.00%	2.50%	0.85%	0.85%	0.90%	1.00%	1.10%
10 year	%	2.20%	2.70%	1.20%	1.20%	1.25%	1.30%	1.35%
25 year	%	2.70%	3.40%	1.65%	1.70%	1.75%	1.80%	1.85%
50 year	%	2.40%	3.30%	1.50%	1.55%	1.60%	1.60%	1.65%
Source: Link Asset Services (Treasury Solutions) (December 2020)								
Effect of 1% increase in interest rates								
Interest on borrowing	£000	N/A	1,897	620	1,695	3,115	4,665	5,735
Interest on investments	£000	N/A	-	(3,086)	(2,284)	(2,118)	(2,073)	(2,026)
Interest attributed to reserves & balances	£000	N/A	(2,211)	2,761	2,231	2,140	2,140	2,140
Interest attributed to other bodies	£000	N/A	1,230	36	36	36	36	36
Net total	£000	N/A	916	331	1,678	3,173	4,768	5,885
Borrowing requirement (external borrowing)	£m	106	186	124	91	193	117	97

Treasury Management Summary		2019-20 Actual	2020-21		2021-22 Estimate	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast
			Original Estimate	Latest Estimate				
Interest rate exposures								
Upper limits for exposure to fixed rates								
Net exposure	£m	620	930	930	1,030	1,190	1,300	1,390
Debt	%	100%	100%	100%	100%	100%	100%	100%
Investments	%	100%	100%	100%	100%	100%	100%	100%
Upper limits for exposure to variable rates								
Net exposure	£m	186	279	279	309	357	390	417
Debt	%	30%	30%	30%	30%	30%	30%	30%
Investments	%	100%	100%	100%	100%	100%	100%	100%
Maturity structure of borrowing (upper limit)								
Under 12 months	%	1%	40%	40%	40%	40%	40%	40%
12 months and within 24 months	%	3%	40%	40%	40%	40%	40%	40%
24 months and within 5 years	%	5%	40%	40%	40%	40%	40%	40%
5 years and within 10 years	%	15%	40%	40%	40%	40%	40%	40%
10 years and within 25 years	%	35%	78%	62%	75%	61%	60%	60%
25 years and within 40 years	%	29%	40%	41%	40%	40%	40%	40%
40 years and within 50 years	%	0%	20%	20%	20%	20%	20%	20%
50 years and above	%	12%	20%	20%	20%	20%	20%	20%
Maturity structure of borrowing (lower limit)								
All maturity periods	%	0%	0%	0%	0%	0%	0%	0%
Total sums invested for more than 364 days								
Upper limit for sums invested for more than 364 days	£m	13	50	50	50	50	50	50

ANNEX 3C – REVENUE PROVISION FOR THE REPAYMENT OF DEBT POLICY

In accordance with the requirement to make a prudent 'revenue provision for the repayment of debt', the Council ensures that debt is repaid over a period that is commensurate with the period over which the capital expenditure provides benefit. This is achieved by applying the following methodology:

Borrowing	MRP repayment basis
Pre 1st April 2008 debt	This element of the Capital Financing Requirement is being repaid on a 50-year ' Equal instalments ' basis, with commencement of the 50-year term in 2007/08.
Government supported debt (2008/09 onwards)	This element of the Capital Financing Requirement is being repaid on a 50-year ' Equal Instalments ' basis, with commencement of the 50-year term in the financial year following the capital expenditure.
Unsupported borrowing General	This element of the Capital Financing Requirement is being repaid using the Asset Life method. This spreads the unsupported borrowing over the useful life estimated at the start of the relevant asset lives (or over a shorter period where use of the standard useful life would not be supportable as prudent).

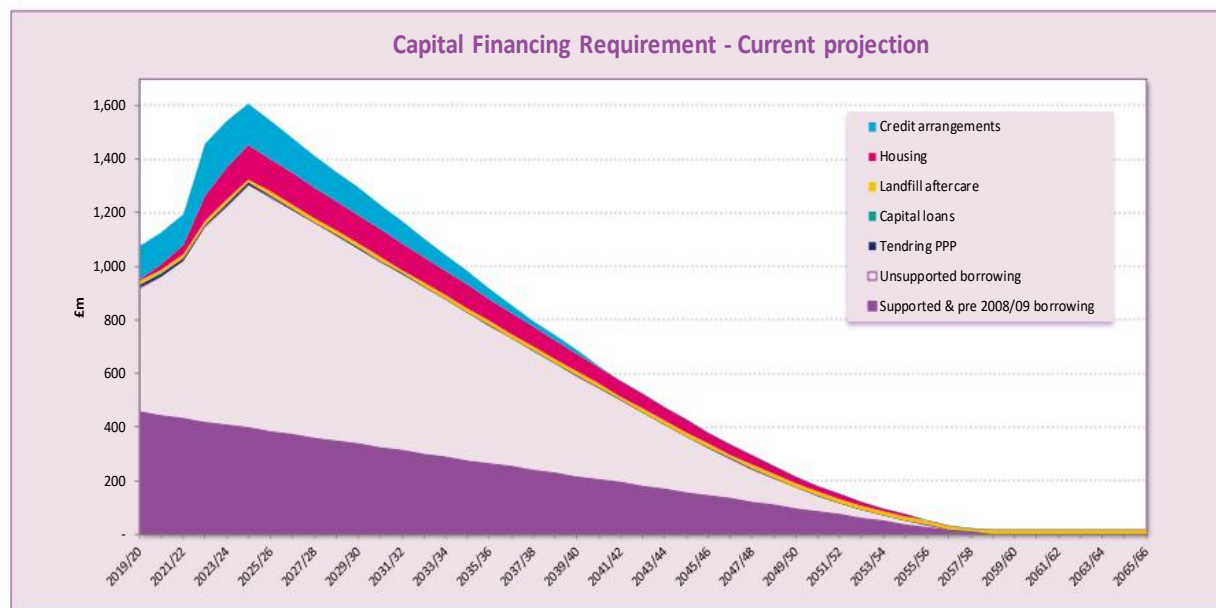
Borrowing	MRP repayment basis
Unsupported borrowing Loans awarded for capital purposes	<p>This element of the Capital Financing Requirement is being repaid using the Asset Life method, which spreads the unsupported borrowing over the estimated useful life of the assets for which the loans are awarded.</p> <p>Where the Council receives the repayment of an amount loaned, the income is classified as a capital receipt and it will be applied to repay the related Capital Financing Requirement.</p> <p>In the event that the loan repayment is sufficient to extinguish the original debt, any revenue provision made up to the point of the loan repayment may be returned to the General Fund.</p>
Unsupported borrowing Assets acquired or developed for resale	<p>Where expenditure is incurred to acquire and/or develop properties for resale, the Capital Financing Requirement will increase by the amount expended.</p> <p>Where the Council will subsequently recoup the amount expended via the sale of an asset, the income will be classified as a capital receipt.</p> <p>Where the capital receipts will be applied to reduce the Capital Financing Requirement,</p>

Borrowing	MRP repayment basis
	revenue provision will be made for the repayment of the debt liability where the fair value of the properties falls below the amount expended.
Credit arrangements	MRP is met by a charge equal to the element of rent/charge that goes to write down the balance sheet liability.

Revenue provision is chargeable in the first financial year after the relevant capital expenditure is incurred.

Where it is practical or appropriate to do so, the Council may make voluntary revenue provision, or apply capital receipts, to reduce debt over a shorter period.

On the basis of the MRP policies outlined above, and the capital programme proposals outlined elsewhere within the Capital and Treasury Management Strategy, the longer term forecast of the Capital Financing Requirement is as follows:



ANNEX 3D - COUNTERPARTY CRITERIA FOR INVESTMENTS

1. Context

In order to minimise the risk to investments, the Council stipulates the minimum acceptable credit quality of counterparties for inclusion on its lending list. Where applicable, it does this by reference to the credit ratings, watches and outlooks published by all three ratings agencies (i.e. Fitch, Standard and Poor and Moody's). Definitions of the credit ratings of the three main rating agencies are available upon request.

2. Banks and building societies

The Council will invest funds with:

- UK banks and building societies
- Non-UK banks domiciled in a country with a minimum sovereign rating of **AA-**

that have credit ratings equivalent to, or better than, the following:

Rating category	Credit rating agencies		
	Fitch	Standard & Poor's	Moody's
Short term	F1	A-1	P-1
Long term	A	A	A2

These ratings will be used to determine the pool of counterparties with whom the Council can transact for **term/call deposits** and **certificates of deposit**. This will ensure that funds are invested with high quality counterparties.

Where counterparties are rated by more than one credit rating agency, the lowest ratings will be used to determine whether they are included on the counterparty list.

The short and long-term ratings will be further applied to determine the maximum amount that will be invested with each of the counterparties in the 'pool', and for what duration.

Credit rating information is supplied by Link Asset Services, the Council's appointed treasury advisor, on all active counterparties that comply with the criteria above.

Credit ratings will be kept under review. Counterparties will be removed from the Council's lending list in the event that they receive a downgrading to their credit rating below the minimum criteria outlined above.

Counterparties placed on '**negative ratings watch**' (which indicate a likely change in the counterparty's credit rating) will remain on the Council's lending list at the discretion of the Executive Director for Finance and Technology, in consultation with the Cabinet Member for Finance.

Although non-UK banks domiciled in a country with a minimum sovereign rating of **AA-** may be included on the lending list, due regard will be given to the country exposure of the Council's investments.

In the event that the Council's own banker falls below the minimum credit rating criteria outlined above, and is not nationalised or part nationalised, the bank will be used for transactional purposes only, and not as an active outlet for investments.

3. Financial institutions nationalised (or part nationalised) by the UK Government

UK banks that do not fully meet the credit rating criteria outlined in the previous paragraph, but which have been nationalised or part nationalised, will remain on the counterparty list whilst they continue to be nationalised (or part nationalised).

4. Money Market Funds

Money Market Funds (MMFs) are short term, pooled investments that are placed, by a manager, in a wide range of money market instruments. The size of the investment pool of a MMF enables the manager to not only offer the flexibility of overnight and call money, but also the stability and returns of longer dated deposits.

Strict rules and criteria are set down by the official rating agencies, covering the types of investment counterparties used, the maturity distribution of the funds and investment concentrations.

There are three permitted structural options for money market funds, as follows:

- Constant Net Asset Value (CNAV)
- Low Volatility Net Asset Value (LVNAV)
- Variable Net Asset Value (VNAV)

The Council will only use **CNAV** and **LVNAV** MMFs with an **AAA** credit rating that are denominated in sterling and regulated within the EU and **VNAV** MMFs with an **AAA** credit rating and a minimum credit score of **1.25** that are denominated in sterling and regulated within the UK.

5. UK Government

No restrictions are placed on the amounts that can be invested with the UK Government for deposits of up to 364 days (i.e. with the Debt Management Office or via UK treasury bills or Gilts with less than 1 year to maturity).

Longer term deposits are restricted by the Council's upper limit for sums invested for more than 364 days.

6. Other local authorities

Other local authorities are included within the counterparty 'pool'. The amount that can be invested will be determined with regard to their size. That is:

- Upper tier local authorities comprise county councils, unitary and metropolitan authorities and London boroughs; and
- Lower tier local authorities include district / borough councils and police and fire authorities.

7. Property Funds

Property Funds are a long term, and relatively illiquid form of investment, which are expected to yield both rental income and capital gains.

They do not have a defined maturity date and the Funds may need to sell their underlying assets in order to repay the sums invested by the Council.

8. Time and monetary limits applying to investments

The time and monetary limits for counterparties satisfying the criteria outlined in the previous paragraphs will be determined with reference to the counterparties' short and long term credit ratings (or to other criteria where applicable), as outlined in the table overleaf.

Notwithstanding these limits, the Executive Director for Finance and Technology will ensure appropriate operational boundaries are in place to avoid over exposure to any country, sector or group.

Time and monetary limits

Counterparty type	Short and long term credit rating criteria						Investment Limit £m	Maximum duration (No. years)
	Fitch		Standard & Poor's		Moody's			
	Short term	Long term	Short term	Long term	Short term	Long term		
UK Banks and building societies	F1+	AA-	A-1+	AA-	P-1	Aa3	75	3 years
	F1	A	A-1	A	P-1	A2	65	1 year
UK banks and building societies (nationalised)							65	1 year
Non UK financial institutions	F1	A	A-1	A	P-1	A2	35	1 year
AAA' rated Money Market Funds (CNAV)							60	Not fixed
'AAA' rated Money Market Funds (LVNAV)							60	Not fixed
'AAA' rated / 1.25 credit score Money Market Funds (VNAV)							20	Not fixed
UK Government							No limit	1 year
UK Government							50	3 years
Local authorities - upper tier							30	3 years
Local authorities - lower tier							15	3 years
Property Funds							20	Not fixed

Notes:

Forward deals - If forward deposits are made, the forward period plus the deal period should not exceed the maximum duration specified above.

Appendix C

Essex County Council Pay Policy Statement 2021/22

1. Introduction

This is the Council's Pay Policy Statement adopted under the Localism Act 2011.

The Council seeks to be able to recruit and retain employees in a way which is externally competitive and internally fair.

2. Determination of Grade and Salary for chief officers and lowest paid employees

The Council's pay policy is influenced by a number of factors which include market information, market forces, economic climate, measures of inflation and budgetary position and political context. Pay is revisited from time to time to ensure they remain appropriate when benchmarked against external independent appropriate compensation surveys, applicable to each role.

The Essex Pay policy referred to in this Statement is relevant to the majority of Council employees. However, the scope of this Statement does not include all Terms and Conditions as some are set on a national basis. Those outside the scope include:

- Teachers who are covered by the national conditions for school teachers pay and conditions in England and Wales,
- Soulbury Committee, Adult Education, Joint National Council (JNC)
- people on National Health Service (NHS) terms and conditions.

For the main pay scales the appropriate grade for a job is established through the KornFerry HAY job evaluation methodology which provides the basis for grade determination based upon a range of established factors.

No evaluation process exists for Soulbury or Youth and Community conditions, but employees are placed within Nationally defined grading structures.

3. Salary

The Essex Pay scheme operated by the Council consists of local grades A to J for the main scales and grades SCC to SCH for specialist social care roles. The Chief Executive is on a negotiated rate outside these grades. Each job is assigned the appropriate grade and salary (known as the 'rate for the job'). Details of these grades can be found on the Council's website.

The details of the salary package for the Chief Executive, and all members of the Corporate Leadership Team are published and updated on the Council's web site.

The definition of the lowest paid employee used by the Council is for those undertaking an approved apprenticeship programme and where the apprenticeship pay rate of the

national minimum wage applies as described by law. For all other employees on Essex Main Pay, salaries will be no less than the National Living Wage, or 85% of the rate for the job, whichever is the highest.

All employees who are new to, or secure a new job within the organisation are appointed at a salary in accordance with Essex Pay / Essex Pay Social Care guidance agreed by the Chief Executive. Employees will be provided with an appropriate progress plan in accordance with the Essex Pay Policy and subject to satisfactory progress, salary will be increased accordingly. Further consideration is given to the level of salaries of existing employees to prevent pay inequality.

Pay is reviewed annually, usually in April, as follows:

- The 'rate for the job' for each job that is on Essex Pay main grades is reviewed in line with policies by the Chief Executive.
- For Essex Social Care roles, the pay is reviewed and, where increased, a percentage increase is applied to all employees in these roles by the Chief Executive.
- For employees appointed at grades A and B of the main grades, the pay is reviewed and, where increased, the minimum, mid-point and maximum pay rates will be increased by the same percentage.

No other payments are generally made as part of salary. In exceptional circumstances, the use of an individual supplement may be required where a business case exists.

4. Appointment of Chief Officers

Generally new employees will start at either the bottom of the grade or at the mid-point for Grade A or B, or by exception at the maximum rate of pay.

The appointment of individual chief officers, including those receiving salaries in excess of £100,000, is in accordance with the pay structure and the principles outlined in the Essex Pay / Essex Pay Social Care guidance. No chief officer is appointed to a job without being approved by the Councillors who are members of the Senior Managers Employment Committee.

5. Appointment of other employees paid above £100,000

The appointment of Deputy Chief Officers are also the subject of a vote by the Senior Managers Employment Committee (SMEC), which is a committee of elected councillors.

There are a small number of senior posts which are neither Chief Officer nor Deputy Chief officer posts which may attract a salary of £100,000 and which are not subject to a decision by the SMEC.

6. Pay Progression for Chief Officers

Levels of increase and any unconsolidated payments for Chief Officers

are set by the Committee for determining the terms and conditions of employment of Chief Officers annually; considering a number of factors including market conditions, benchmarking data and affordability.

The pay of Chief officers does not currently include a performance related element. Any change to this would result in a change to the pay policy statement.

Where a Chief Officer has been appointed to a role at the minimum salary for grade, accelerated base pay towards mid-point may take place in accordance with a progression plan. Any pay increase for a Chief Officer or any pay increase for beyond the mid-point for a Deputy Chief Officer requires the approval of SMEC and will be considered on exceptional circumstances for example where performance, retention or specific market pressures may exist.

7. Other Allowances/Payments

As a general rule, all other forms of payments/allowances are applicable to all employees or specific groups of employees (such as pension contributions, childcare vouchers etc). As an exception, Chief Officers, Deputy Chief Officers and other employees at Grade C may also receive:

- Annual Allowance Payment in lieu of a lease car (other eligible employees may receive a lease car subject to eligibility criteria but they are not entitled to an allowance in lieu)
- Private Medical Health Insurance – This is not contractual but is currently applicable to Chief Officers and roles at grade C and above

8. Definition of Lowest and Highest Paid Employees

The lowest paid employees are defined as those currently on an approved apprenticeship scheme. This excludes some interns who, although employees, are subject to significant investment in terms of training and learning.

The highest paid employee is the Chief Executive. Other than the Chief Executive, the highest paid posts within the Council fall within posts evaluated at grade A.

9. Pay Ratios

The recommendation of the Hutton Report into “Fair Pay in the Public Sector”, as recognised by the Government in the Code of Recommended Practice for Local Authorities on Data Transparency, was that a pay ratio of the Chief Executive compared to the median average salary in the organisation should be published.

For the start of financial year 2021/22 that ratio is 1:7.0 This is a reduction in the differential from last year, driven by increases in pay to the wider workforce which was greater than the increase paid to the Chief Executive.

10. Publication of Pay Data

The Council will publish the number of people and job title by salary band. This is from £50,000 to £54,999 and then by pay bands of £5,000 thereafter. This will include elements made on a repeatable or predictable basis such as market premium payments.

The pay of all Chief Officers is published on the Council's website.

11. Governance

The Council's policy is to delegate authority for decision-making to the appropriate level and to detail such delegations within the Constitution.

Under the Council's Constitution, the Chief Executive is the Head of the Paid Service and has delegated authority to appoint, dismiss and determine pay for all employees except where this function is specifically delegated to Members under the constitution or by law. The Chief Executive has authorised certain other officers to appoint and dismiss certain staff.

Full Council appoints Members to a politically balanced committee called the 'Senior Management Employment Committee (SMEC)'. This committee has authority to:

- to recommend to Full Council the appointment of the Head of the Paid Service
- to appoint and dismiss Chief and Deputy Chief Officers (other than the Chief Executive, the s151 officer and the monitoring officer) this may be through the appointment of sub-committees of three Members to deal with particular appointments, dismissals or appeals or through authorising the Chief Executive or his nominee to deal with a particular appointment or dismissal;
- to consider and approve the recommendations of the Chief Executive and the Leader of the Council in respect of unconsolidated payments (if made) for the Chief Executive and Executive Directors
- to determine pay levels for Chief and Deputy Chief Officers including market supplements and retention payments (which may only be made in exceptional circumstances).

The Committee can delegate functions relating to Layer 2 employees (Directors and Heads of Service) to a Sub-Committee.

Any change of pay for Chief Officers and for Layer 1 (Executive Directors) and Layer 2 employees other than in accordance with normal progression through the grade including market supplements or other retention payments must be approved by the Committee.

The appointment or dismissal of the Head of the Paid Service, the section 151 officer or the monitoring officer is required to be approved by the full Council.

The authority must consult with the Secretary of State before dismissing its Director of Public Health.

12. Termination of Employment of Chief Officers

The Council's Policy on the termination of Chief Officers' employment is as detailed at paragraph 11 of this Statement and within the Constitution.

The Council's early retirement Policy is that requests for early payment of Pension benefits will be agreed (before the age of 60) only if there is a compelling business reason for doing so.

The Council's redundancy policy may be implemented and enacted if, a Chief Officer position is made redundant. All payments will be made in accordance with the redundancy policy and subject to any legal restrictions regarding Public Sector Exit payments.

In exceptional circumstances to avoid or settle a claim or potential dispute, the Council may agree payment of a settlement sum in line with the restrictions regarding Public Sector Exit payments. All cases must be supported by a business case and take account of all legal, financial, contractual and other responsibilities.

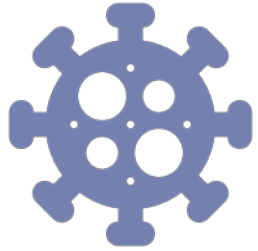


Consultation on the 2021/22 budget

Strategy, Insight and Engagement
December 2020

Budget Consultation: resident priorities

The most important issues facing Essex today



The **COVID-19** pandemic, and the impact this has on healthcare services is viewed by participants as the **most important issue facing Essex today**. Participants were also concerned about the impacts of the COVID-19 pandemic on **businesses, jobs** and the **local economy**.

Areas of greatest personal concern

When asked about their own personal situation, participants were most concerned about their **physical and mental health**. Participants also thought that ECC should be prioritising **climate change** and the **local environment** more highly.



Things that need improving in their own local area



When asked about factors that most need improving in their local areas, residents identify:

- road and pavement repairs;
- traffic congestion;
- levels of crime & ASB;
- Health services; and
- Activities and facilities for teenagers.

Things they value most about their communities

When asked about factors that they value most about their local areas, residents identify:

- parks and open spaces;
- community relations;
- shopping facilities; and
- low levels of crime and ASB.



Budget Consultation: resident views



Participants were largely **understanding** of the pressures facing ECC and empathise with decision-makers.

Many perceive that councils have been “**cut to the bone.**” They also recognise the difficulties of **balancing competing views and priorities.**



Some participants see Council Tax rises as inevitable and expected, while some strongly resent tax increases.

The majority of participants were accepting of the need for Council Tax rises, but only because they could not support service reductions or charging for services.



Despite feeling reasonably well informed, **participants crave more information** from ECC, and from local government partners in Essex, on how Council Tax is used.

They feel this would enhance transparency, and accountability.

Approach

Online survey

- Questions developed with finance colleagues and in consultation with PLT
- Hosted on ECC's consultation platform for six weeks
- Promoted via ECC's corporate communications and through digital and social media
- Responses received from c.300 residents*

Resident workshops

- Six 'small group' workshops with Essex residents undertaken online via MS Teams
- Up to six participants in each group, allowing for deeper discussions and full conversations
- Small groups session observed by both Cabinet Members and ECC research team members
- 15th October – 12th November

*We have seen a reasonably good spread of participants this year from across different areas and age groups. Nevertheless, participants are 'self-selecting' and tend to be slightly older and slightly more engaged than the average. This should be considered as we interpret the findings and draw conclusions.

This reflects the fact that, in undertaking consultation, ECC must invite and consider all responses equally – it cannot design a representative sample of residents with which to engage to the exclusion of others.

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The report therefore supplements consultation results with data from ECC's 2020 Residents Survey – a survey that is representative of the whole population.

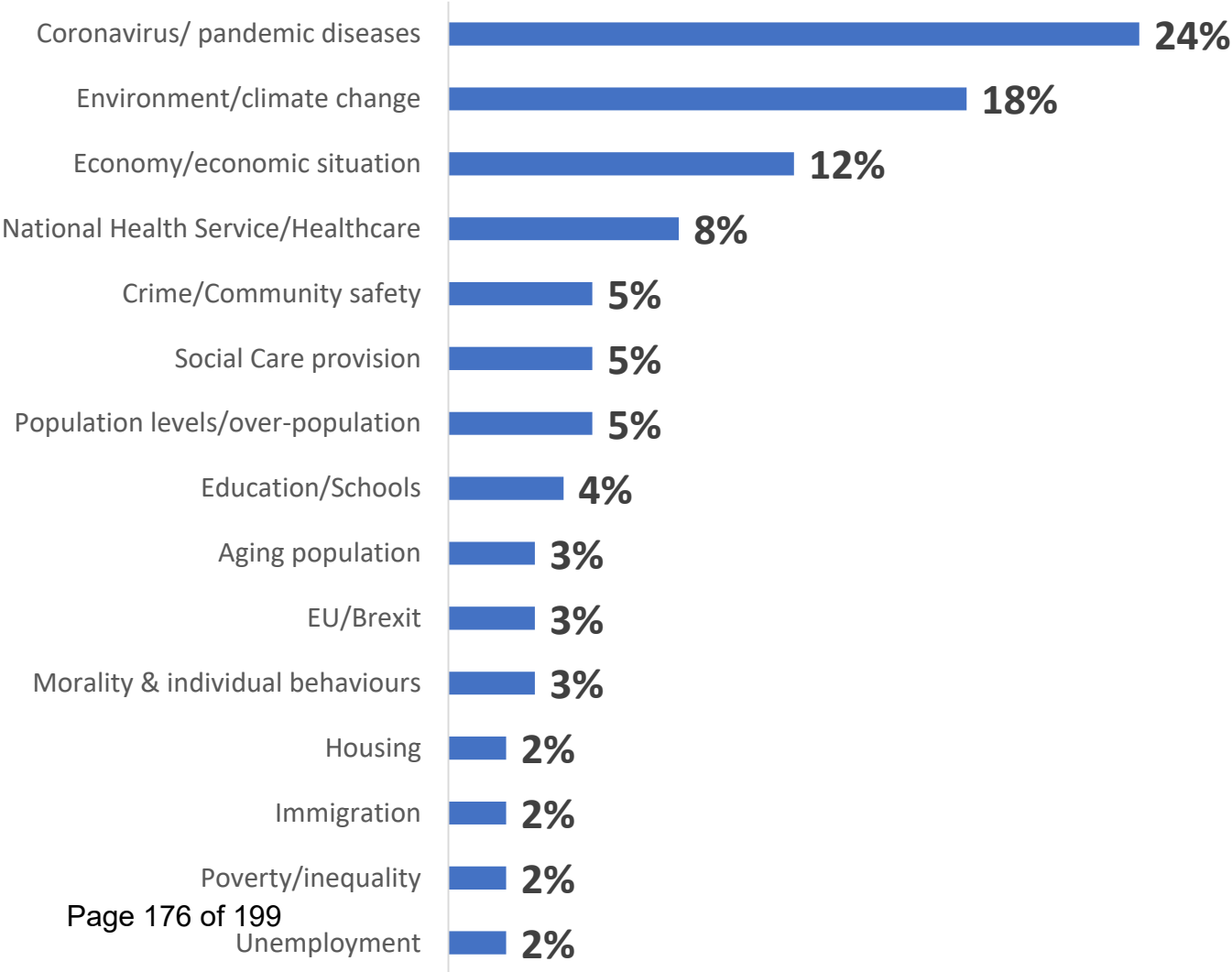


Resident priorities

Perhaps unsurprisingly, most participants identify the COVID-19 pandemic as the most important issue facing Essex today.

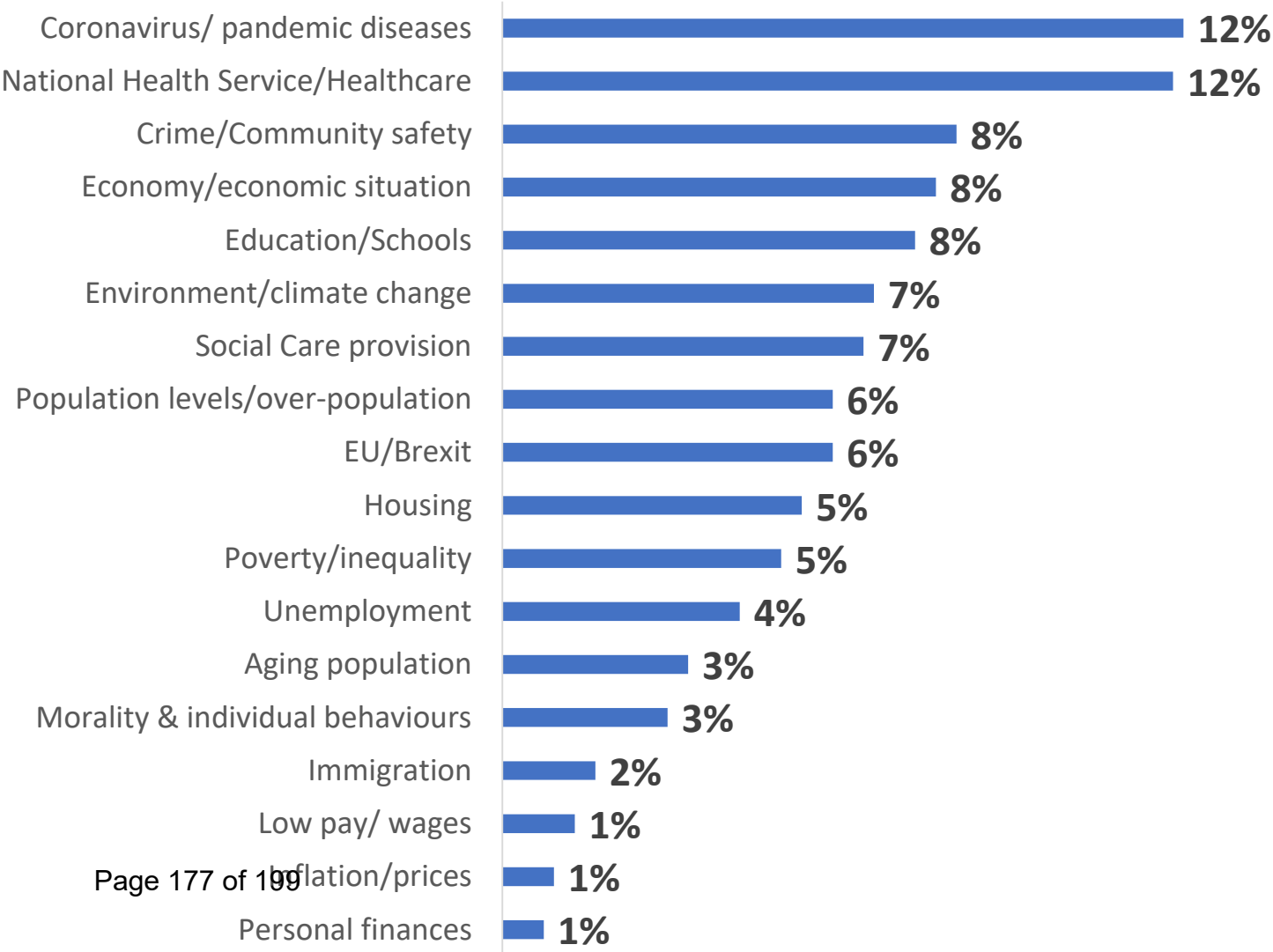
But despite the immediate pressures of the pandemic, many indicate that climate change and the local environment should be prioritised.

What is the most important issues facing Essex today?



When asked to identify other important issues facing the county, many point to the impacts of the pandemic on health services and the economy.

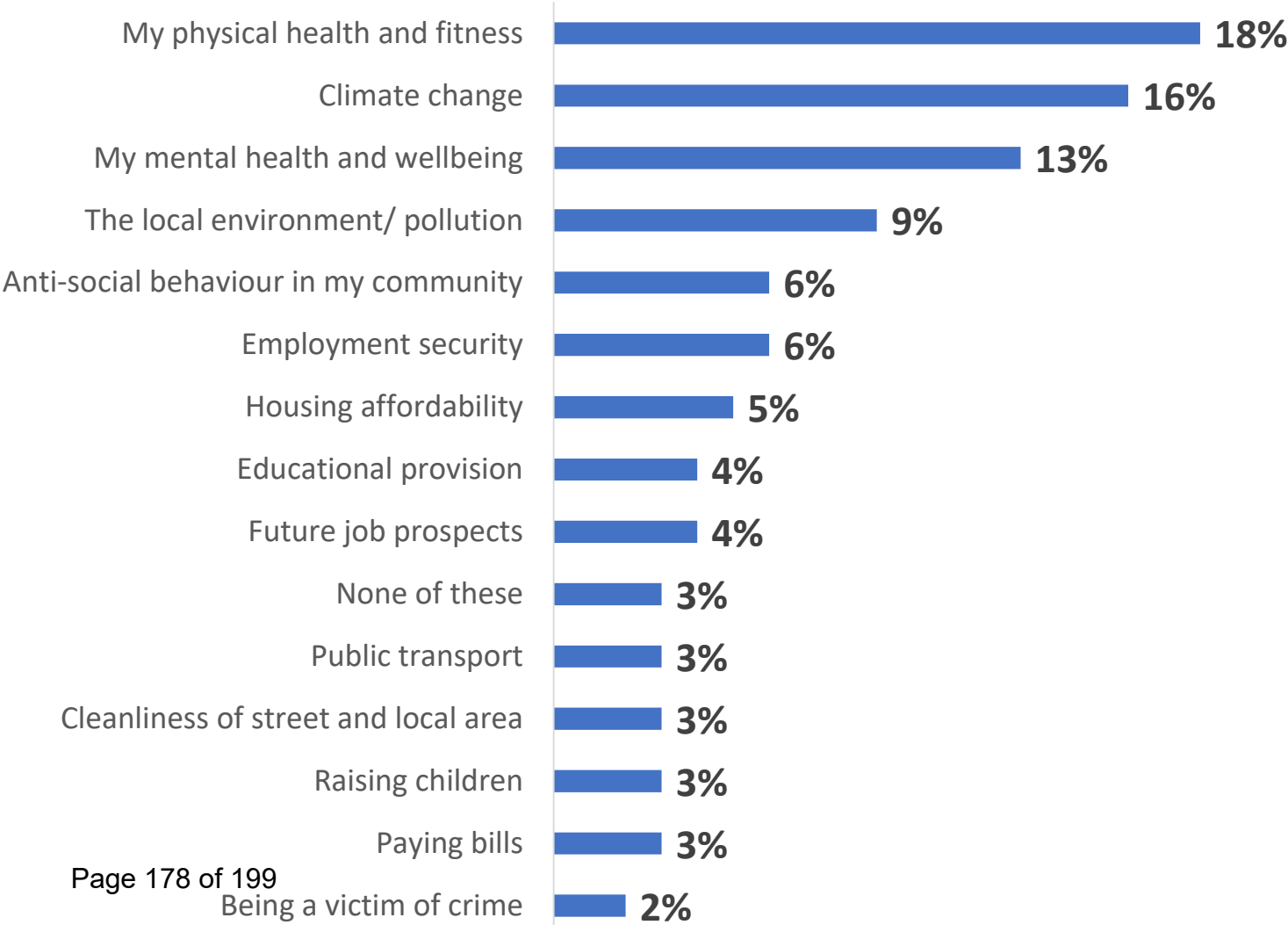
What are the other important issues facing Essex today?



These patterns are broadly mirrored when participants were asked about their own personal concerns.

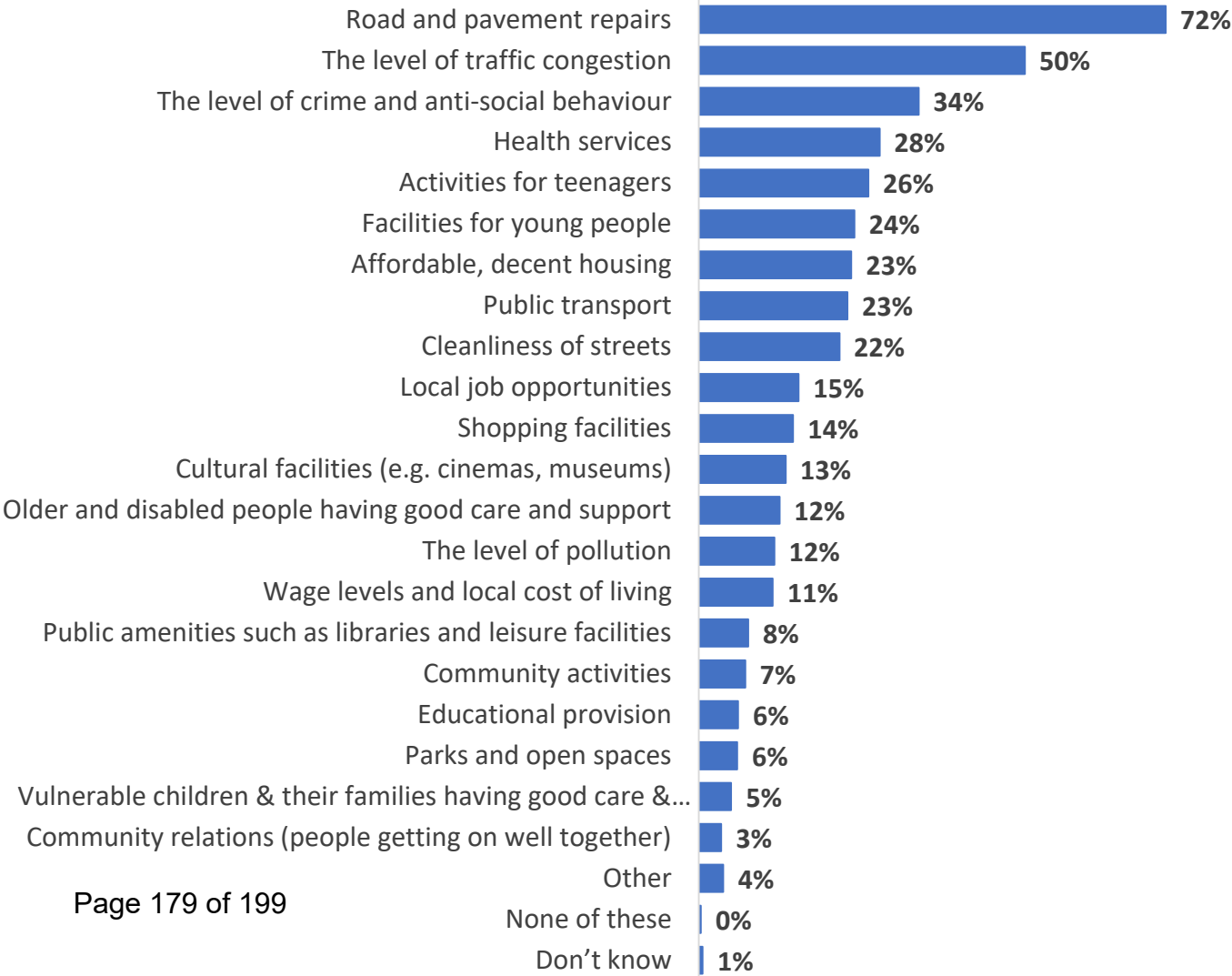
Concerns about physical and mental health, and climate change and the local environment, account for over 50% of residents' responses.

Which of the following are you most concerned about?



When asked about factors that most need improving in their local areas, 72% of residents identify road and pavement repairs and 50% identify traffic congestions as priorities.

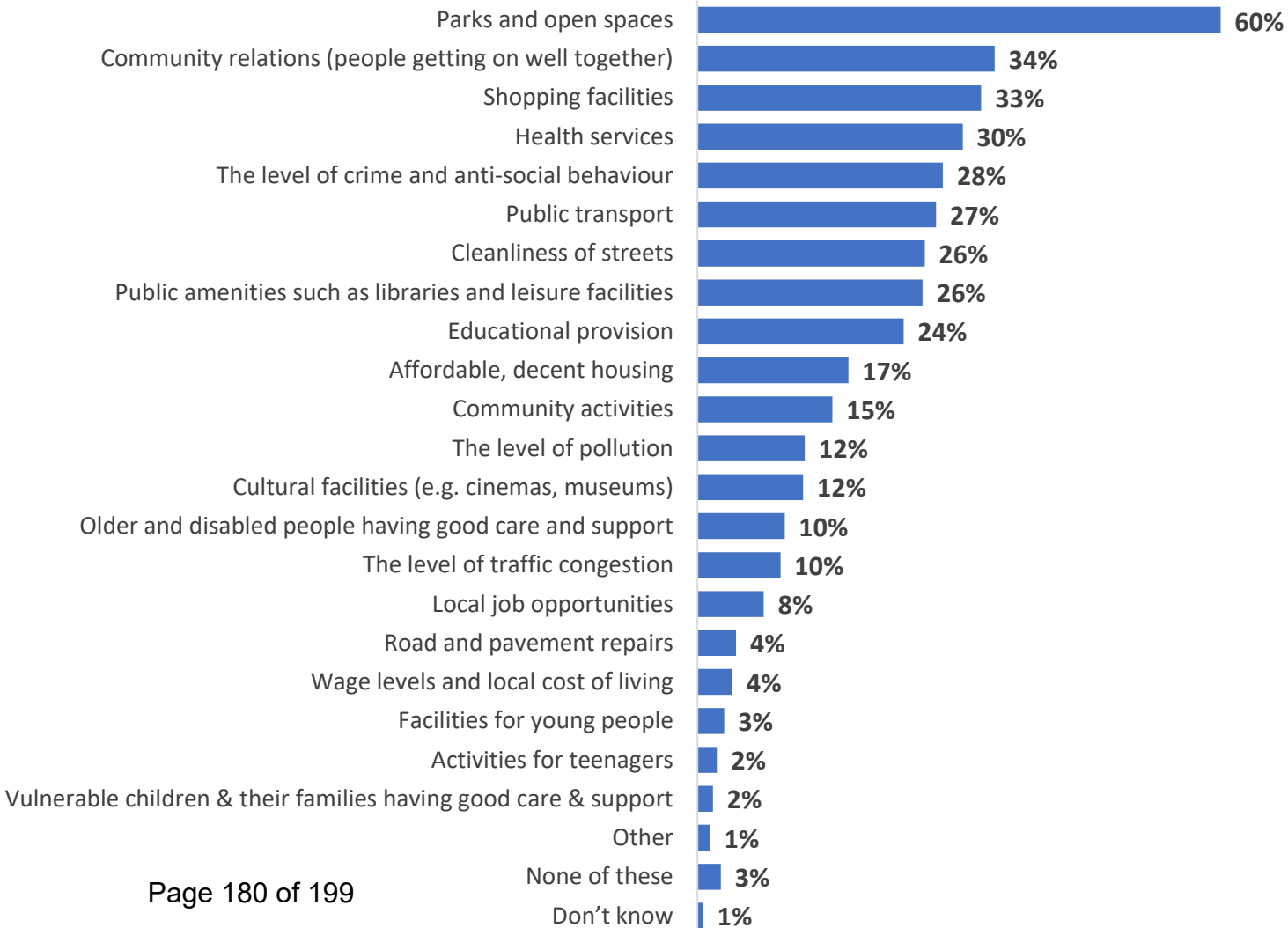
Which, if any, do you think most need improving in your local area?



When asked about what makes their local area a good place to live – the things that residents value most their areas, residents identify:

- parks and open spaces (60%)
- community relations (34%);
- shopping facilities (33%); and
- health services (30%).

What makes your local area a good place to live?



Three white curved lines, resembling a stylized 'C' or a series of arcs, are positioned on the left side of the slide. They are stacked vertically and curve from the left towards the right.

Budget setting and managing resources

Participants were largely understanding of the pressures facing ECC and empathise with decision-makers.

In small group discussions, residents were largely **understanding of the pressures facing ECC**, naming various challenges including COVID-19 and its related impacts, “balancing the books,” the social care crisis and climate change.

Some participants were also cognisant of the difficulty of **balancing the views and priorities** of Essex residents, local government and central government, and empathise with the Council.

They also suggest **that central government funding reductions have** “cut councils to the bone” and are not helping in addressing budget constraints to meet demand for delivering vital services.

This left participants feeling **disheartened** and reluctant to make difficult decisions between raising Council Tax, cutting services or charging for them.

*“I think it’s a very **difficult one for the Council** because I don’t know what their financial position will be after COVID”*
Male, Group 6

*“It’s about trying to get a balance, **give a slice to everyone**. Which is really difficult considering the loss of so much income in business rates etc. So, I think it’s a really tight spot.”*
Male, Group 5

*“I think it just comes back to the issue that the council just **doesn’t get enough money** from central government.”*
Female, Group 6

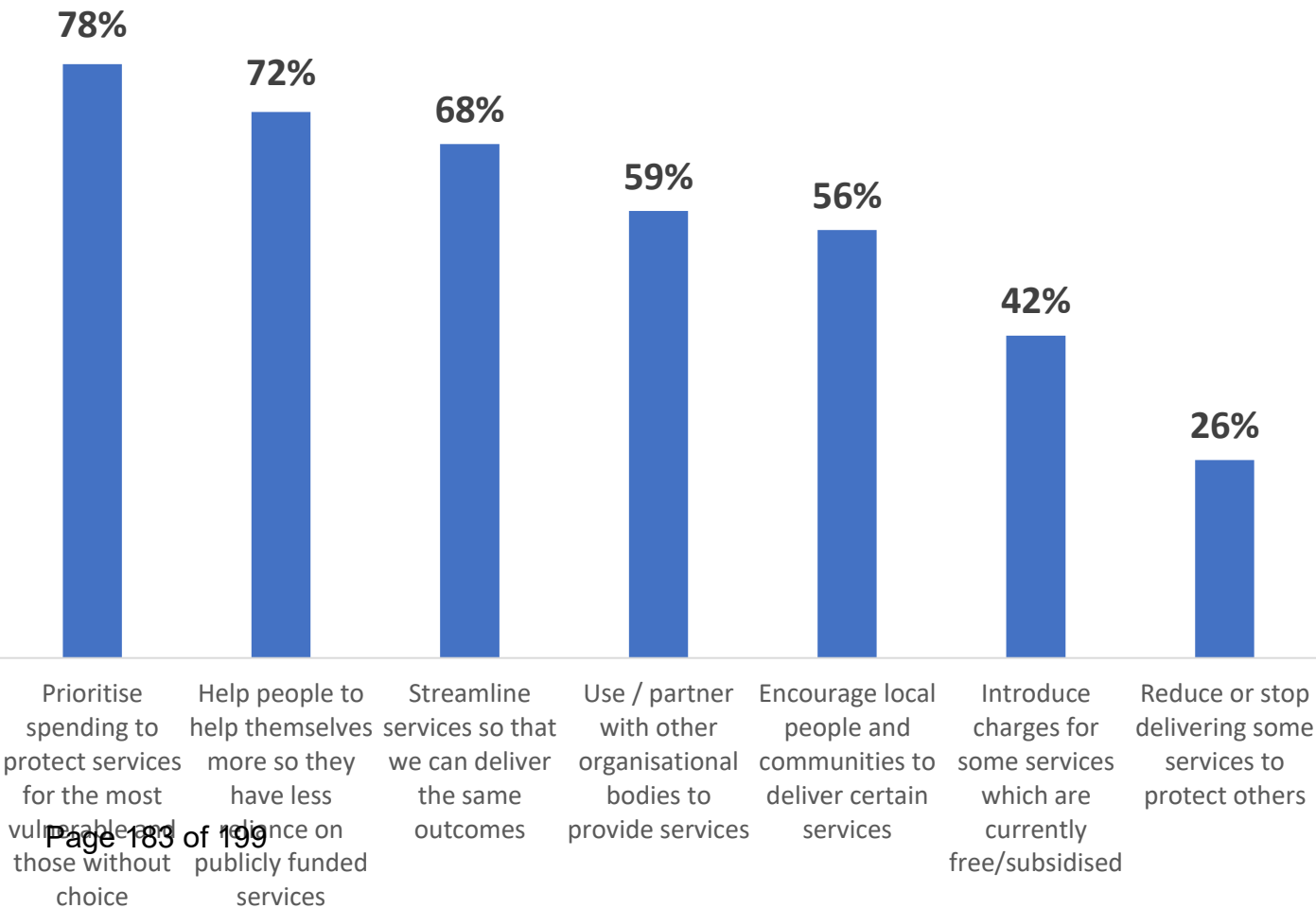
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When asked about the different options available to ECC in managing financial pressures, residents would favour a strategy that:

- Prioritises spending on services for vulnerable people
- Reduces demand by encouraging independence
- Streamlines services to secure efficiencies.

Most are sceptical about the value of means-testing and/or outsourcing provision.

When faced with financial pressures, to what extent do you agree/disagree that Essex County Council should...
(% respondents who agree/ strongly agree)



Participants considered options that ECC could employ where budget gaps remain

Service reductions

Overall participants were least keen on reducing or stopping services. The majority **struggled to identify any areas of council activity that could be reduced in scope.**

Most feel that councils have **already been “cut to the bone”** and are sceptical about the prospects for making savings through outsourcing or means-testing.

Residents recognise that some services could be reduced in scope on the basis that people could ‘live without them’ (mentioning libraries, cultural events and highways maintenance), but felt that this would **disproportionately affect quality of lives** – particularly those who are older, lonely or digitally excluded; or **create public safety issues.** They felt the scale of the savings available through reductions to these services did not justify the impact.

“It’s a balance between what is absolutely essential (for example, adult social care) to the cultural things that make life worthwhile, so you’re not just existing, you’re thriving.

Unfortunately, the bits you’re going to charge [or cut] are normally in the thriving list, libraries, cultural events and activities, the things that makes it worth living in Essex as opposed to anywhere else. And that’s the challenge.”

Participants considered options that ECC could employ where budget gaps remain

Charging for services

Participants were **not keen on charging for services** with many are unsure which services could realistically be provided on a chargeable basis.

Participants were most concerned about **those at risk of being 'squeezed out'** from using services because of their ability to pay.

There was also widespread concern amongst participants that charging for services may create financial pressure in the long run due to **unforeseen knock-on effects and perverse incentives** (e.g. charging for waste disposal leading to costly fly-tipping).

Participants were at pains to stress that all financial and non-financial **impacts should be assessed and understood before any approach to charging is adopted.**

"Making sure that you don't take things away from those who are less fortunate." – Female, Group 4

"If they dropped the prices a bit, you would actually encourage more people to avail of those services because it won't be as prohibitive." – Female, Group 4

Participants considered options that ECC could employ where budget gaps remain

Council tax increases

Some participants viewed Council Tax increases as inevitable and expected, while some strongly resented the idea of potential tax increases. Nevertheless, after considering alternatives, **most participants would accept increasing Council Tax** – mainly because they cannot see any way to cut services or charge for them.

Participants set out several **conditions that would make local tax increases more acceptable**:

- where increases are progressive and based on people's ability to pay – avoiding disproportionate increases hit those in need.
- tax increases must be **clearly and honestly communicated** to inform residents and explain how much is being raised and for what purpose; and
- increases are presented alongside an explanation of the **alternatives that have been considered**.

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*"The **least-worst option** - I don't see how you can do the other two. But if it's raised too much, it's going to **push people into poverty**." – Female, Group 2*

*Probably **the fairest**." – Male, Group 3*

*"Sometimes people start to **wonder what they're paying for**." – Male, Group 5*

*"Counter with **accountability, transparency** and good messaging." – Female, Group 4*

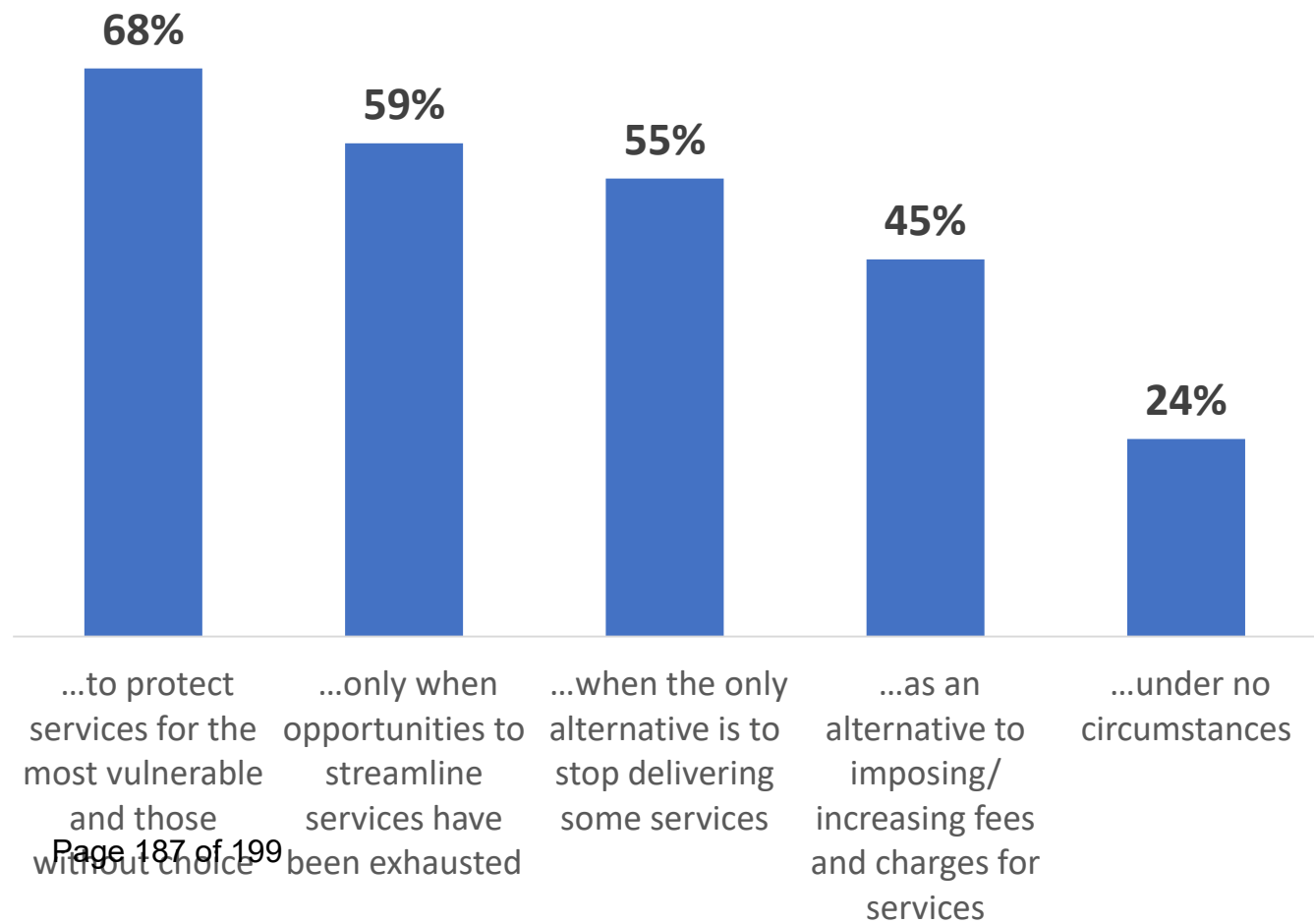
*"If there was a clear, demonstrable **impact on everybody's lives**, then I think we'd all sign up for that. [But] if you're saying that it will keep County Hall running, that's not a very good argument." – Male, Group 5*

Participants’ conditional acceptance of council tax increases is reflected in the survey results.

Nearly seven in ten participants agree that increase in council tax are justified to protect services for the vulnerable, while a majority would accept increases when efficiency opportunities had been exhausted or when the alternative was to stop some services.

Only a quarter of participants suggest that ECC should not increase council tax under any circumstances.

To what extent do you agree or disagree with the following statements?
ECC should consider increases in council tax...
(% respondents who agree/ strongly agree)

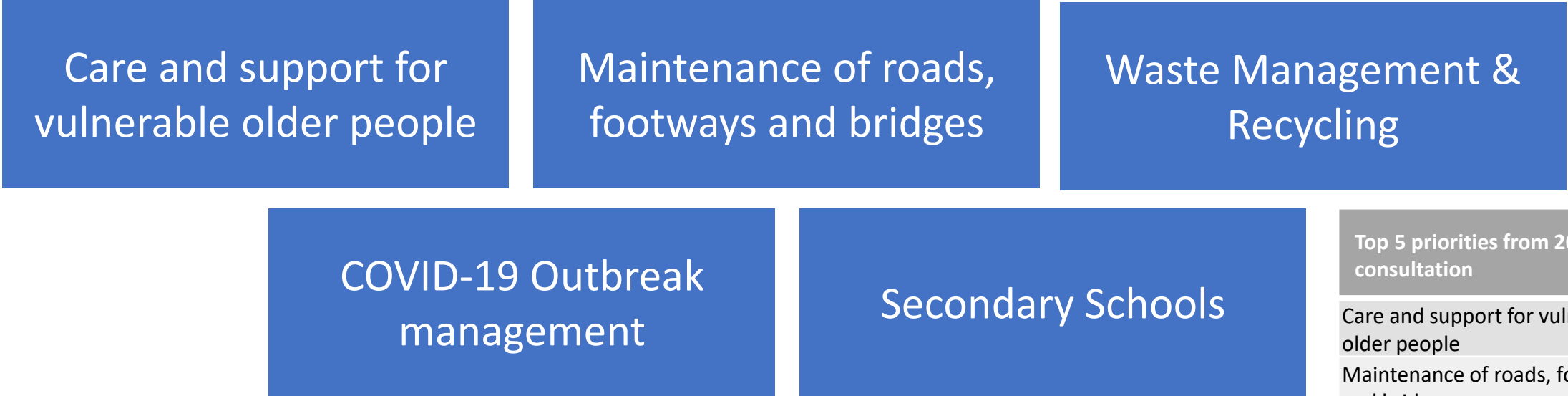




Service priorities

Top five service priorities

Which, if any, of the following should be prioritised as we set Essex County Council's budget for next year?



Top 5 priorities from 2019-20 consultation
Care and support for vulnerable older people
Maintenance of roads, footways and bridges
Children’s mental health services
Care and support for people with mental health needs
Child protection services

Lowest priority services

Which, if any, of the following should be prioritised as we set Essex County Council's budget for next year?

Youth Offending Support

Adult Education

Home to school
transport

Fostering & adoption
Services

Tourism

Bottom 5 priorities from 2019-20 consultation

Home to school transport

Tourism

Adult Education

Obesity programmes

Smoking Cessation

This information is issued by:
Essex County Council
Strategy Insight and Engagement

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The information contained in this document can be translated, and/or made available in alternative formats, on request.

Published December 2020

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Essex County Council

Flexible Use of Capital Receipts Strategy for 2021/22

Introduction

A Capital receipt as defined in regulations is any sum received in relation to disposal of an asset for which, if the authority had been acquiring the asset, expenditure on its acquisition would have been classified as 'capital'. It also includes repayments of loans, grants or other financial assistance given towards capital expenditure incurred by others.

Limitations on use require that Capital Receipts can only be spent on; Capital financing of new expenditure, repayment of debt (reduction of the CFR), or Funding costs of disposal

As part of the finance settlement for 2016/17, the government announced new flexibilities giving local authorities greater freedoms with how capital receipts received in 2016/17, 2017/18 and 2018/19 could be utilised.

This flexibility was extended in the 2018/19 finance settlement as part of the Local Government Finance Settlement for a further three years until 2021/22.

The Secretary of State has extended this flexibility on the basis that authorities are best placed to decide which projects will be most effective for their areas, with the stipulation that capital receipts are only applied to fund projects that will generate ongoing savings.

A requirement of this flexibility is that the County Council approve a Flexible Use of Capital Receipts Strategy and the business cases for their use.

There is no prescribed format for the Strategy, but the underlying principle is to support the delivery of more efficient and sustainable services by extending the use of capital receipts to finance costs of efficiency initiatives that deliver significant savings. A list of each project should be incorporated in the strategy along with the expected savings each project is expected to realise.

Rules of Qualification

Statutory Guidance on the Flexible Use of Capital Receipts is clear that capital receipts may only be used for revenue expenditure if it is qualifying expenditure

Qualifying expenditure is expenditure on any project that is;

- Designed to **generate ongoing revenue savings** in the delivery of public services
- And/or transform service delivery to **reduce costs**

- And/or transform service delivery in a way that **reduces costs or demand** for services in future years for any of the public sector delivery partners.

Set up and implementation costs of any new processes or arrangements can be classified as qualifying expenditure.

The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure. In addition, one off costs, such as banking savings against temporary increases in costs/pay cannot be classified as qualifying expenditure.

Government direction also contains the following additional caveats:

- Local authorities can only use capital receipts from the disposal of property, plant and equipment assets received in the years in which this flexibility is used.
- The direction makes it clear that local authorities cannot borrow to finance qualifying expenditure, and local authorities may not use their existing stock of capital receipts to finance the revenue costs of reform.

It is a question of fact whether or not a project qualifies for the flexibility. The Local authority is not required to meet all qualifying expenditure from capital receipts, but it cannot use the flexibility other than in accordance with a strategy approved by full Council on the recommendation of the Cabinet.

Strategy for use of Flexibility – 2021/22

Essex County Council will only use the flexibility on projects which:

- Are for qualifying expenditure
- Are supported by a robust business case demonstrating future savings or demand reduction
- Do not adversely impact on prudential indicators unless specifically justified in this strategy
- Are approved in this strategy as such a project.

Planned use of flexibility – 2021/22

A short description of each project and the expected benefits is set out in the following section, with an initial estimate of the qualifying costs and the potential future saving in the table below.

There is one project for 2021/22:

Corporate Systems Programme (CSP)

This project will move the Council from current corporate IT solution to Oracle Fusion Cloud to provide a simpler system with improved functionality, improved user

experience across all user groups (professional and end users), enhanced reporting capabilities, as well as facilitating new ways of working in the current environment.

Revenue cost avoidance is presented by not having to upgrade the existing product, and further ongoing savings are expected as a result of implementing the new solution due to additional productivity and efficiency benefits potential as well as facilitating new ways of working in the current environment.

Whilst the full ongoing benefit / savings projections are expected to be fully detailed by mid-March 2021, a commitment to savings of £600,000 has already been agreed in order to satisfy further cost avoidance of additional running costs identified when the new solution goes live.

Investment initiative	Total scheme spend (£m)	2020/21 scheme spend (£m)	2021/22 scheme spend proposed for Flexible Use of Capital Receipts	Associated Revenue savings (£m)		
				2020/21	2021/22	2022/23
Corporate Systems Programme - Tranche 1	13.6	3.6	1.3			0.6

Strategy on the use of the Flexibility for 2021/22

For 2021/22 the Council will use the flexibility to fund £1.3m qualifying transformation expenditure from the project summarised above.

Any change to this will require the approval of full council.

Impact on prudential indicators

The £1.3m will be financed using Capital Receipts currently ringfenced in the Usable Capital Receipts Reserve, which are not used to finance the capital programme in this year. Therefore, this strategy will not result in any additional requirement for external borrowing and the use of the flexibility in the manner authorised by this strategy does not impact on the prudential borrowing indicators.

Review of Previous Years' use of the Flexibility

It is a requirement that all strategies include details on projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised.

In 2020/21, the Council approved Flexible Use of Capital Receipts strategy included £4.9m of qualifying expenditure from the Corporate Systems Project (CSP) - the same project being requested in 2021/22.

The planned transformation expenditure for this project in the year 2020/21 has been revised downwards from the £4.9m referenced in the approved strategy to £3.6m. The overall cost of the project remains at £13.6m.

The unused 2020/21 Flexible Use of Capital Receipts balance of £1.3m remains ringfenced in the Usable Capital Receipts Reserve for the purpose of Flexible Use of Capital Receipts and is to be carried forward into 2021/22 for use against the same project.

Given the project is still in the design and implementation phase, planned savings are not due to be delivered until 2022/23.

Approved expenditure in the 2020/21 Flexible Use of Capital Receipts Strategy was as follows:

Investment initiative	Total scheme spend (£m)	2020/21 planned scheme spend (£m)	Associated Revenue savings (£m)		
			2020/21	2021/22	2022/23
Corporate Systems Programme - Tranche 1	13.6	4.9			0.6

Report title: Essex Legal Services		CPSC/03/21
Report to: Corporate Policy and Scrutiny Committee		
Report author: Paul Turner, Director, Legal and Assurance		
Date: 26 January 2021		For: Discussion
Enquiries to: Katie Bray, Head of Legal, e-mail: katie.bray@essex.gov.uk		
County Divisions affected: All Essex		

1. Purpose of Report

To provide Scrutiny Committee with the requested briefing on charges made by Essex Legal Services (ELS).

2. Recommendations

None – the report is for information and discussion.

3. Introduction to ELS

3.1 ELS is Essex County Council's in-house legal service. It supports the Council by advising and supporting service areas on legal issues to enable them to deliver their operations by managing risk. ELS defends the Council in disputes and legal challenges and provides legal support for innovative projects and procurements. ELS also supports the Monitoring Officer, who is the Director responsible for ELS, in ensuring that the Council has effective governance and decision-making processes in place and reviewing reports for compliance with the law.

3.2 ELS is operationally divided into the following areas:

- * Property;
- * Corporate and Commercial;
- * Highways and Environment;
- * Health and Adult Social Care (which includes the Deputyship team which is explained in section 4 of this report);
- * Children and Education;
- * Dispute resolution and Employment.

The service is supported by a practice management team that includes Finance Management and Legal Office Support.

3.3 The service includes qualified and experienced legal professionals who are supported by caseworkers and paralegals.

- 3.4 The service holds the Lexcel accreditation which is the Law Society's legal practice quality mark for client care, compliance and practice management which it uses to ensure that all workloads are progressed in accordance with a high standard of client care. This standard has been held by the service since 1999. In the recent 2020 Lexcel Assessment, the Lexcel Assessor commented that 'ELS should continue to be highly commended for the very high standards of file management which was evidenced across all fee earners – often the standard remains nothing short of the electronic equivalent of immaculate'.
- 3.5 ELS also represent external clients in the health care, local government and emergency services, charities and education sectors. It has supported these clients for a number of years and has built strong relationships with many neighbouring local authorities.
- 3.6 ELS is part of an informal partnership with many district, borough and county councils in the eastern region for the purposes of sharing best practice ideas and sharing work where specialist expertise is needed or demand cannot be met within a local authority for a number of reasons. ELS pick up a lot of this work and act for 'partners' to the extent that they have the expertise and capacity to do so.
- 3.7 In addition the service is responsible for the Council's relationship with Essex Legal Services Limited (ELSL) which is a company, wholly owned by the Council, and fully regulated by the Solicitor's Regulatory Authority. ELSL is authorised to act for clients outside of Essex and private businesses, including other local authority companies or services that were previously part of the Council (e.g. Juniper Education Limited). Three officers in ELS are Directors of ELSL and are seconded to ELSL for this purpose. All ELSL work is outsourced to ELS. ELSL mainly carries out property, employment and commercial work for other public bodies, academy trusts and Juniper Education Limited. The turnover of the company is small but it is important that the company is maintained for the time being to allow the flexibility for ELS to act for external clients and maintain its income target. There is also a regulatory debate about the extent to which local authorities can provide legal services to each other and it may be that ELSL will in the future be an alternative way of doing this.
- 3.8 Since the merger of ELS with the Corporate Law service in 2017 the service has refocussed on providing ECC with good customer service rather than as a commercial operation. That said commercial activity remains a significant part of our business.

4. Introduction to the Deputyships Team

- 4.1 The Deputyship Team administer the financial and property affairs of Essex residents who lack the mental capacity to do so themselves and where no other willing or suitable alternative applicant exists. This includes residents in residential and care and in the community (currently some 1,700 clients).

- 4.2 The appointment of the Council as a deputy is by order of the Court of Protection (COP) and ongoing monitoring of duties is carried out by the Office of the Public Guardian (OPG).
- 4.3 When the team acts as deputy it makes all decisions relating to client's financial, property and mobility affairs including making investments, claiming benefits, decisions around property and ensuring access to funds for daily living costs and one-off items. Frequently this involves stabilising and recovering the client's financial affairs which may have become neglected as the client's capacity has deteriorated. Some clients have very complex financial affairs whilst others are simple.
- 4.4 The team has to provide annual accounts to the COP for each client showing income and expenditure and justifying expenses. The team are also subject to assurance visits from the OPG.
- 4.5 The outcomes of this service are financial safeguarding for vulnerable residents and, where applicable, recovery of care fees due to the Council.
- 4.6 Clients are mainly referred to the service via Adult Social Care but direct referrals can also be made via the ECC website.
- 4.7 Clients pay an annual fee for the service which is limited by the Court of Protection

5. ELS Budget

- 5.1 Until 2017 ELS operated an internal trading model whereby ELS had to earn its entire budget from ECC or external clients. This was not always helpful to ECC or ELS since it impacted on how ELS deployed resources and on some officers willingness to seek legal advice. In 2017, when ELS merged with the Corporate Law Team, a new financial model was introduced under which ELS is provided with core funding to meet most of its costs and is free to deploy resources in the best interests of the Council. The 2020/21 budget from ECC for ELS is approximately £4.5m. The cost to run the service is approximately £5.8m. The remainder of the costs of running the service are covered by the income that the service makes.
- 5.2 The largest cost for the service is employee costs but there are a number of other costs that the service funds on behalf of ECC. This includes the cost of court applications (e.g. for childcare proceedings where the court fee is £2055), expert witness costs, the costs of medical experts and Counsel costs. The majority of these costs are incurred on childcare matters however other one-off large expenses can be incurred by other service areas when they need to respond to a court application (e.g. a judicial review) or bring criminal proceedings (e.g. Trading Standards). The approximate cost of these items varies on an annual basis but typically equates to approximately £1.7m per annum and are paid for from the ELS budget.

- 5.3 The service brings in income of approximately £1.2m per year from its work advising external clients (such as other local authorities) on matters that they cannot or do not want to resource internally. Income is also met by working on highway or planning agreements which are needed for new developments (the cost of which is paid by the developer) and property transactions where the purchaser has agreed to pay our legal costs.
- 5.4 In addition there is some work done for ECC which is not funded out of the core budget. This includes those matters that are funded from capital or which will generate a capital receipt and some work the work is funded from a reserve. This again varies annually depending on the work required but for 2020/21 is likely to be circa £700,000.
- 5.5 ELS has different charging rates for different circumstances. These fees are commercially sensitive and ELS operates in a commercial market and it would be inadvisable to release the fees to the public.
- 5.6 Work done for ECC is charged at an hourly rate which covers the cost of producing the advice. Work done for external clients is generally done at rates which include a profit element, although the hourly rates are always much lower than those which a private firm would charge. This enables ECC to support partner authorities in a mutually beneficial arrangement.
- 5.7 Sometimes ELS enters into a commercial arrangement with other local authorities where work is undertaken at a lower rate than would otherwise apply in exchange for a guaranteed volume of work and an opportunity to earn commercial rates. The rates charged are therefore flexed on a commercial basis in order for ELS to be as commercially viable as possible.

6. Deputyships Team Fees

- 6.1 The Deputyship Team can only charge prescribed fixed costs that are paid to public deputies and which are set by a practice direction issued by the Court. In summary this is £775 for the first year and £650 for each subsequent year, plus a £300 annual fee where the service user owns or rents property. At present, the projected income greater than the cost of delivering the service and the service is currently budgeted to deliver an annual surplus of circa £485,206. This follows a period of many years when the service made an operating deficit.
- 6.2 The service therefore covers all its staffing costs and other direct costs associated with running the service (e.g. resources, IT requests, recruitment costs etc.). The team also cover their indirect costs (e.g. a contribution towards support services and other corporate overheads).
- 6.4 An indirect benefit of the service offered by the team is the role the team play in managing their client's debts which involves paying off debts owed to ECC social care which may otherwise not be recovered.