

<b>Report title</b>	<b>2016/17 PROVISIONAL OUTTURN REPORT</b> <i>The purpose of this report is to present and provide commentary on the provisional outturn position for 2016/17 prior to formal closure of the accounts.</i>	
<b>Report to:</b>	Cabinet	
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<b>Date:</b>	<b>20 June 2017</b>	<b>For:</b> Decision
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<b>County Divisions affected:</b>	All Essex	

## 1. Purpose of Report

- 1.1 The purpose of this report is to present and provide commentary on the provisional outturn position for 2016/17 prior to formal closure of the accounts.
- 1.2 The report sets out an over spend on revenue of **£3.785m**, after adjusting for proposals to carry under spends forward for use in 2017/18 and other reserve movements. This is a slight improvement (**£503,000**) on the position reported at the Third Quarter stage (**£4.288m**).
- 1.3 The report also shows an over spend on capital of **£1.435m** against the final approved budget of **£224.614m**.
- 1.4 Ernst and Young, Essex County Council's external auditor, will carry out their audit of the Council's 2016/17 Statement of Accounts during the summer, and it is possible that changes may be made to the Accounts during this period which may alter the position presented within this report. The results of the external audit will be reported to the Audit Committee on 18 September 2017, at which stage that Committee is expected to approve the 2016/17 Statement of Accounts for publication. The Statement of Accounts will be published on the Council's website.

## 2. Recommendations

### 2.1 It is recommended that:

- 2.1.1 **£3.785m** is withdrawn from the General Balance to offset the underlying over spend on the Revenue Budget.
- 2.1.2 Approval is given to allocate under spends between portfolios (as set out within the 'Transfers of under / over spends between Portfolios' column of **Appendix B**).
- 2.1.3 **£6.635m** is appropriated to the Carry Forwards earmarked revenue reserve in respect of requests to utilise 2016/17 under spends in 2017/18 (as set out in the 'under spends to be carried forward into 2017/18' column of **Appendix B**).
- 2.1.4 **£6.635m** is released from the Carry Forwards Reserve in 2017/18 for the purposes detailed in **Appendix C** (utilisation of these amounts will be subject to rigorous challenge throughout 2017/18, with any under spends being either returned to the General Balance, or re-directed for another purpose).
- 2.1.5 The following amounts are appropriated to / from restricted and other revenue reserves:

	Appropriations to reserves £000	Appropriations from reserves £000	
<b>Restricted Funds</b>			
PFI - Building Schools for the Future	394	-	
PFI- Clacton Secondary Schools	5	-	
PFI- Debden School	25	-	
Waste Reserve	1,388	-	
Schools	-	(4,635)	
Trading Activities	527	(600)	
<b>Sub total - Restricted Funds</b>	<b>2,339</b>	<b>(5,235)</b>	<b>(2,896)</b>
<b>Future Capital Funding</b>	<b>1,226</b>	<b>-</b>	<b>1,226</b>
<b>Other revenue reserves</b>			
Capital Receipts Pump Priming	143	-	
Community Initiatives		(782)	
Transformation	1,840	(1,232)	
<b>Sub total - Other revenue reserves</b>	<b>1,983</b>	<b>(2,014)</b>	<b>(31)</b>
<b>Net Total</b>	<b>5,548</b>	<b>(7,249)</b>	<b>(1,701)</b>

**Note:** **Appendix G** sets out the position on the restricted and other revenue reserves as at 31<sup>st</sup> March 2017 after incorporating the above proposals.

- 2.1.6 Capital payment budgets, and associated capital financing, of **£9.790m** are re-profiled into subsequent financial years, in respect of slippage in schemes (as shown in the 'Slippage' column of **Appendix F**).
- 2.1.7 Capital payment budgets, and associated capital financing, of **£10.069m** are brought forward from 2017/18 in respect of schemes that have progressed ahead of schedule (as shown in the 'Advanced works' column of **Appendix F**).
- 2.1.8 Portfolios' 2016/17 capital payments budgets are reduced by **£19.987m** (as shown in the 'Reductions' column of **Appendix F**), with increases of **£21.144m** to other schemes (as shown in the 'Additions' column of **Appendix F**), to reflect achieved activity in 2016/17.
- 2.1.9 The financing of capital payments in 2016/17 is approved on the basis set out within **Appendix E** to this report.

### 3. Executive summary

#### 3.1 Overview

- 3.1.1 Through careful financial planning and control, at the end of 2016/17 Essex County Council's finances remain robust, investing across the County to help create more jobs for Essex people, providing care and support for people who need our help, achieving success with the increasing independence programme for working age adults and keeping council tax low to protect local taxpayers.
- 3.1.2 The following paragraphs provide an overview of the provisional outturn positions on the Revenue Budget, Trading Activity accounts, the Capital Programme, Reserves and Balances and investment and borrowing activity.

#### 3.2 Revenue

- 3.2.1 At year end, there is an over spend on revenue of **£3.785m**, after adjusting for proposals to carry forward under spends for use in 2017/18 and other reserve movements. This is driven by **£6.146m** on service expenditure and offset by additional grant funding and Business Rates of **£2.361m**. This over spend represents less than **0.5%** of the net expenditure.
- 3.2.2 There is an over spend of **£8.059m** on Adults Social Care (before carry forward requests and reserve adjustments), which is primarily due to higher than predicted activity in both Older People care and support and the Transitions service due to projected savings in the Transitions service not being delivered; and to supporting a greater number of young people than expected.
- 3.2.3 This position represents an improvement of **£503,000** on the position reported at Third Quarter stage (**£4.288m**).
- 3.2.4 This position will result in an impact in 2017/18 of **£2.7m**. This impact is being addressed through the Adult Social Care Sustainability Programme, which has been put in place to address pressures within Adult Social Care.
- 3.2.5 It is proposed that the over spend of **£3.785m** is funded by a withdrawal from the General Balance. This withdrawal brings the General Balance marginally below the level assumed when the 2017/18 budget was set (see **Appendix H**). Therefore, whilst the General Balance will be available to help mitigate the impact of reduced funding in future years, continued caution is necessary in view of future financial risks associated with public spending reforms.
- 3.2.6 Before any carry forward requests (see paragraph **3.2.7** below) and reserve movements are reflected, there was an under spend of **£5.784m** (**£1.149m** under spend including the Dedicated Schools Budget). This reflects:
- A net under spend by portfolios, excluding the Dedicated Schools Budget, of **£507,000** (**£4.128m** including the Dedicated Schools budget) related to higher

than predicted activity within Adult Social Care, offset by income from fees, charges and specific government grants and under spends due to staffing vacancies.

- A balance on the Emergency Contingency (**£3.388m**) which, due to a benign winter, was not needed to support services' expenditure in 2016/17.
- A net over spend of **£471,000** as a result of securing additional external borrowing during 2016/17 and not receiving the budgeted dividend, largely offset by additional investment returns and reduced capital financing costs.
- The receipt of higher than budgeted general government grants, collection fund surpluses and income from non domestic rates as a consequence of entering into a pooling arrangement with district councils this year (**£2.361m**).

3.2.7 Specific proposals are contained within this report to appropriate **£6.635m** into the Carry Forwards reserve for use in 2017/18 (as detailed in **Appendix C**) and to withdraw a **£1.701m** (net) from Restricted Funds, the Capital Financing reserve and various other revenue reserves (see paragraph 3.5 for further detail).

3.2.8 **Appendix A** provides a summary, by portfolio, of the provisional outturn on the Revenue Budget, and **Appendix B** summarises the mitigations proposed. Proposals for utilising the 'carry forwards' reserve in 2017/18 are summarised in **Appendix C**.

3.2.9 Commentary on the provisional outturn position for each portfolio is provided in **Section 4** of the report.

### 3.3 Trading activities

3.3.1 The Council's trading activities have collectively achieved a net surplus for the year of **£3.822m**, which is below the final approved financial target for a surplus of **£4.582m**. This is mainly due to:

- Essex Legal Services falling short of their financial target due to the need to make provision in respect of a Court of Protection decision around the rate at which service may should be charged in respect of Deputyships.
- EES for Schools incurring additional costs related to development of the target tracker software, a restructuring of the service and generating lower income from consultancy work.
- Smarte East repaying contributions made by other local authorities as part of the process of closing this trading activity.

3.3.2 The trading activities have appropriated **£5.394m** (net) into the County Revenue Account, which is **£73,000** more than budgeted.

3.3.3 As a result of trading performance during 2016/17, and appropriations into the General Fund, the trading activities have collectively reduced their revenue reserves by **£1.191m** during 2016/17.

- 3.3.4 Further comments on the trading activities' performance are provided in **Section 5** of the report and a summary of the provisional outturn position for the Council's trading activities is provided in **Appendix D**.

### 3.4 Capital

- 3.4.1 Capital delivery has improved for 2016/17, achieving 90% delivery compared to the original budget. Considerable effort has been put into delivering the capital programme over the past two years. This has seen the level of the capital programme increase alongside its successful delivery.
- 3.4.2 The original budget for the capital programme was **£251.907m**. During the year this has been revised to allow for revisions to project delivery plans. The final approved capital programme budget amounted to **£224.614m**. Actual capital expenditure amounted to **£226.049m**, resulting in an over spend of **£1.435m**.
- 3.4.3 During 2016/17 over **600** schemes were undertaken. Our residents have benefited from, and will continue to benefit from, a wide range of new investment including:
- **2,900** new pupil places created through school and academy expansions, including **11** completed school expansions and the opening of one new school, Camulos Academy.
  - **70** new units of accommodation to enable vulnerable individuals to enjoy greater independent living.
  - Permanent care for **12** children enabled or extended by carrying out adaptations to carers properties.
  - In relation to the Broadband extension programmes, BT enabled **159** cabinets, giving **19,879** premises access to Superfast speeds for the first time. These numbers include the end of contract one, and the start of contract two. Also, Gigaclear enabled **2,025** premises to their Ultrafast service.
  - Go-Live of the Transforming Corporate System (TCS).
- 3.4.4 Approval is sought to:
- Re-profile capital payment budgets of **£9.790m** from 2016/17 and into 2017/18, as a consequence of slippage in schemes;
  - Bring capital payment budgets of **£10.069m** forward in respect of schemes that have progressed ahead of schedule; and
  - Realign scheme and payment approvals to reflect actual activity in 2016/17 – this results in payment approvals for some schemes being reduced by **£19.987m**, with increases of **£21.144m** to a number of other schemes.
- 3.4.5 **Appendix E** provides a comparison of approved and forecast outturn capital payments by portfolio and **Appendix F** summarises the proposed variance plan.

Commentary on the provisional outturn position for each portfolio is provided in **Section 6** of the report.

### **3.5 Reserves and balances**

- 3.5.1** The final approved budget for 2016/17 included provision for appropriations to or from various revenue reserves and restricted funds, and assumed a contribution to the General Balance. Proposals are presented throughout this report which further impact on the Council's reserves and balances. These proposals are included in recommendations 2.1.3 and 2.1.5, and are explained in the following paragraphs.

#### **Restricted funds**

##### **3.5.2 Private Finance Initiative (PFI) Reserves**

It is proposed that the following appropriations are made into reserves held in relation to these contracts, as follows:

- Building Schools for the Future - **£394,000** contribution
- Clacton Secondary Schools - **£5,000** contribution
- Debden School - **£25,000** contribution

These appropriations are consistent with the overall PFI model and plans for each contract.

##### **3.5.3 Waste Reserve**

It is proposed that **£1.388m** is appropriated into this reserve, to be applied to meet cost pressures in 2017/18 and per the Joint Working Agreement with Southend in relation to the Waste Infrastructure Grant.

##### **3.5.4 Schools**

Approval is sought to withdraw **£4.635m** from the Schools' reserve, in line with additional spending against the 'individual schools budget' in 2016/17 (see paragraph 4.6.1 for further details). The Schools' reserve is ring-fenced for use by schools.

##### **3.5.5 Trading activities**

It is proposed that **£73,000** is appropriated into the General Fund by the Essex Legal Services trading account as part repayment of supplementary funding provided in 2015/16.

## **Capital funding**

### **3.5.6 Future Capital Funding Reserve**

It is proposed that **£1.226m** is appropriated into this reserve for the following purposes:

- **£346,000** to fund expenditure on the Transforming Corporate Systems project originally anticipated to be funded from the Revenue budget, but the actual work was 'capital' in nature (to be funded by an under spend by the Finance, Traded Services, Housing and Planning portfolio).
- **£782,000** to fund the capital cost of various community initiative projects, to be funded by a corresponding withdrawal from the Community Initiatives Reserve.
- **£98,000** to fund the capital cost of the Social Care Case Management system, to be funded by a corresponding withdrawal from the Transformation Reserve.

## **Other reserves**

### **3.5.7 Capital Receipts Pump Priming Reserve**

Approval is sought to appropriate **£143,000** into this reserve to finance future costs necessary to secure future capital receipts.

### **3.5.8 Carry Forwards**

It is proposed that **£6.635m** is appropriated into the 'carry forwards' reserve in respect of revenue budget under spends that it is proposed are carried forward for use in 2017/18.

The proposals for utilising this Reserve in 2017/18 are set out in **Appendix C** of this report and are primarily in respect of approved projects for which the spending profile has changed.

### **3.5.9 Community Initiatives Reserve**

It is proposed that **£782,000** is withdrawn from the Community Initiatives Reserve to fund the capital cost of various community initiative projects; this appropriation will be offset by a corresponding appropriation into the Reserve for Future Capital Funding.

### **3.5.10 Transformation Reserve**

It is proposed that **£608,000** is appropriated into the Transformation Reserve, comprising unspent project funding of **£1.840m**, partly offset by requests to withdraw **£1.232m** to fund redundancy costs and to fund capital costs of the Social Care Case Management System.

**3.5.11 Appendix G** shows the position on the restricted funds and revenue reserves, assuming the above proposals are accepted. These reserves represent funds set aside for specific policy purposes and contingencies, and are necessary to



ensure the Council's continued financial resilience to future financial challenges and known pressures.

**3.5.12 Appendix H** summarises the position on the General Balance at 31st March 2017. At 1 April 2017, the General Balance stands at **£55.299m**, which is **£3.917m** less than assumed when the 2017/18 budget was set. The remaining balance is sufficient to fund **22** days of operating expenditure.

### **3.6 Prudential indicators and treasury management**

**3.6.1** Activities remained within the boundaries established by the approved prudential indicators and treasury management strategy during the year.

**3.6.2** A return of **0.79%** was achieved on sums invested during the year. This compares favourably with the bank Base Rate of **0.5%**, and the London Interbank Bid (LIBID) rate, which has averaged at **0.20%** over the same period.

**3.6.3** External loans totalling **£163m** were secured in 2016/17; this was the first time it has been necessary to undertake external borrowing since 2010/11, as was planned and agreed in the 2016/17 budget. **£121m** of the external borrowing undertaken during 2016/17 was secured against the borrowing requirement anticipated for 2017/18 to secure loans at the low interest rates available.

**3.6.4** The pool rate of interest on long term loans held by the Council was **3.91%** as at 31<sup>st</sup> March 2017 (which compared with **4.26%** as at 31<sup>st</sup> March 2016).

**3.6.5** Summaries of the Prudential Indicators and investment and borrowing levels are provided in **Appendix I** and **Appendix J** respectively.

## **4. Portfolio commentary - Revenue**

Commentary on portfolios' revenue outturn positions is provided in the following paragraphs.

### **4.1 Adults Social Care - £8.059m (2.0%) over spend**

**4.1.1** The provisional outturn of **£413.032m** was **2.0%** in excess of the final approved budget of **£404.973m**:

Policy Line	Latest Budget £000	Provisional Outturn £000	Variance £000
Access Assessment and Care Management	33,632	32,905	-727
Care and Support	338,853	350,644	11,791
Other Social Care	2,161	2,014	-147
Service Management Costs	16,984	13,828	-3,156

Policy Line	Latest Budget £000	Provisional Outturn £000	Variance £000
Social Fund	1,010	1,010	-
Corporate and Democratic Core	211	215	4
Support to Carers	-	1	1
Housing Related Support	12,122	12,415	294
<b>Grand Total</b>	<b>404,973</b>	<b>413,032</b>	<b>8,059</b>

4.1.2 The main budget variances are explained in the following paragraphs.

**4.1.3 Access Assessment & Care Management - £727,000 under spend**

The variance was due to unfilled vacancies across Adult Operations teams, mainly due to the challenges the service experiences attracting suitably qualified and experienced social workers.

**4.1.4 Care and Support – £11.791m over spend**

• **Older People - £12.399m over spend**

Domiciliary Care, which was over spent by **£9.1m** (after allowing for an under spend on Reablement):

- Activity was higher than budgeted by an average of 7,726 hours per week. For 2017/18 the Council agreed to progress a Sustainable Futures approach to social work practice and will also operate a fully operational Reablement Contract to reduce demand.
- Pressures in the market resulted in an increase in more expensive spot usage. In 2017/18 the Live at Home framework and other sourcing initiatives are intended to help stabilise the market and reduce spot usage;
- Additional non-residential income of **£723,000**, a consequence of the increased activity partially offset the Domiciliary Care overspend;
- Additional **£388,000** contribution from the Better Care Fund (BCF) after it was agreed with partners that Provision of Social Care funding under spends would be used towards pressures on over 85s domiciliary care. The Council agreed to make a corresponding additional contribution to the Better Care Fund in 2017/18, and a carry forward request has therefore been made for this purpose.

Residential Care: which was over spent by **£3.524m**:

- On average there have been 378 service users per week higher than budgeted resulting in an over spend of **£8.893m**;
- Overspend on nursing placements of **£166,000**;
- Partly offset by a corresponding increase in residential income, from those liable to contribute to their own care, of **£4.650m**.
- The higher number of residential placements and resulting over spend is due, in part, to delays in delivery of initiatives, including independent living

and depression planned to reduce the number of Older People requiring residential care, in favour of domiciliary care support. This allows individuals to maintain independence and support can be provided at a lower cost.

- Residential Reablement under spent by **£718,000** as a consequence of underutilisation of the contract which partially offsets this overspend

Other Services: which was over spent by **£112,000**:

- **£674,000** under spend on Meals on Wheels – as a consequence of the cessation of the service from October 2016;
- **£431,000** under spend on Day Care as a consequence of lower than budgeted activity;
- **£383,000** under spend on Respite Care as a consequence of lower than budgeted activity;
- **£1.6m** over spend on Community Equipment – as a consequence of non-delivery of contract efficiencies

- **Physical and sensory impairment - £1.269m under spend**

The key drivers for the under spend are:

- Residential Care **£874,000** as a result of lower than budgeted activity;
- Lower activity and price in respite care **£549,000**;
- Additional income relating to due recovery of Continuing Health Care where NHS fund our packages **£809,000**;
- Offset by over spends on Domiciliary care **£638,000** as a result of increasing hours of Domiciliary care at a higher cost; and
- Pressure on Nursing Care **£306,000** as a result of higher activity earlier in the year at a higher weekly price.

- **Learning disabilities - £713,000 over spend**

The key drivers for the under spend are:

- **£3.101m** over spend on Transitions, mainly due to non-delivery of the 2016/17 savings plan (**£3.0m**), which was an increase in both client volumes and the cost of packages. The spend represents an increase when compared to 2015/16 due to price and volume, and also a change in protocol with more clients now receiving a Transitions Service, rather than entering Working Age Adults.
- Over spend on domiciliary care of **£4.5m** as a result of higher than budgeted activity.

These are offset by:

- Under spend on Personal Budgets **£4.7m** as a result of lower average weekly cost per package;

- Reduced transport costs **£618,000**.
- A recovery of Continuing Health Care **£1m** where the NHS fund our packages.
- **£487,000** under spend on the internal hostels as a result of under occupancy during the year.

#### 4.1.5 Housing related Support - **£294,000 over spend**

This over spend was primarily due to a delay in delivering the savings associated with the Recommissioning of HRS funded schemes for Young People.

#### 4.1.6 Service Management Costs - **£3.156m under spend**

This variance resulted from:

- **£964,000** under spend within Safeguarding due to the challenges faced recruiting assessors to complete assessments;
- **£940,000** under spend on Adult Operations management costs.
- Specific project budgets of **£1.3m** were under spent in 2016/17 due to slippage in delivery.

#### 4.1.7 Approval is sought to the following actions as a consequence of the provisional outturn position for 2016/17:

- Appropriate **£538,000** into the Carry Forwards Reserve for the following purposes:
  - **£388,000** of protection of social care funding to be utilised within the Better Care Fund in 2017/18; and
  - **£150,000** Quality Improvement funding to continue on-going work with care providers during 2017/18.
- Appropriate **£1.304m** into the Transformation Reserve in respect of slippage in projects, as follows:
  - **£463,000** for the Health and Social Integration project;
  - **£455,000** for the Increasing Independence project;
  - **£218,000** for the Social Care Income project;
  - **£102,000** for the Older People Programme project;
  - **£27,000** for the Care Act project; and
  - **£39,000** for the Day Opportunities Research.

These amounts will be withdrawn in 2017/18 to fund the continuation of work on these projects.

- Return a further **£40,000** to the Transformation Reserve in respect of funding previously allocated for restructuring costs that is no longer required;
- To withdraw **£56,000** from the Transformation Reserve to cover additional planned project costs.

## **4.2 Children and Families - £1.127m (1.0%) under spend**

**4.2.1** The provisional outturn of **£113.358m** was **1.0%** below the final approved budget of **£114.485m**. The main budget variances are explained in the following paragraphs.

### **4.2.2 Children in Care - £625,000 over spend**

This over spend resulted from an increase in the number of children in care with complex needs requiring placement, together with higher than expected legal fees, some of which related to judicial reviews for asylum seekers.

### **4.2.3 Children's Fieldwork - £644,000 under spend**

This under spend was mainly due to a lower number of direct payments made for children with disabilities, combined with lower spend on families who either have no recourse to public funds or supervised contact, which reflects a lower number of families needing to claim under this status, and so reducing demand on social work practice.

### **4.2.4 Children's Service Management - £1.545m under spend**

This under spend was due to:

- **Multi Systemic Therapy (MST) - £640,000 under spend**

MST is a capped fixed price contract due to end in 2019/20. Payments for this contract are front loaded, with a tariff that then reduces once 45,000 care days have been saved, which has been achieved in 2016/17 and so therefore offsets in part, the overspend reported in 2015/16. The profile of care days saved (and cost avoidance on care placements) is difficult to predict and whilst similar levels to the previous year, the under spend purely reflects a lower payment required for each care day saved.

- **Staff vacancies - £500,000 under spend**

This under spend resulted from slippage in recruitment, or difficulties in filling vacant posts.

- **Service management costs - £296,000 under spend**

This under spend resulted from a review of the recharging of service management costs between the Children and Families and the Adult Social Care portfolios.

### **4.2.5 Early Years and Childcare - £405,000 overspend**

The over spend resulted from the 4Children charity going into administration and a consequent decision to pay the sub-contractor (Action for Children) at a higher cost.

- 4.2.6 Approval is sought to appropriate **£37,000** into the Carry Forwards Reserve in respect of the costs associated with the Regional Adoption Agency project.

### 4.3 Corporate and Communities - **£2,000 under spend**

- 4.3.1 The provisional outturn of **£17.580m** was consistent with the final approved budget of **£17.582m**.

- 4.3.2 A number of budgets there were under spent, as follows:

- **Communities - £183,000 under spend**

This primarily resulted from slippage in the Community Prototypes project.

- **Coroners - £169,000 under spend**

This under spend resulted from lower than anticipated activity and vacant posts in the service.

- **Trading Standards - £135,000 under spend**

This under spend was due to staffing vacancies and operational efficiencies.

- 4.3.3 The under spends referred to above were largely offset by over spends on staffing within the Library Service, which resulted in an over spend of **£447,000**. A net withdrawal of **£120,000** from the Transformation Reserve is proposed in respect of Libraries' Community Hubs and In Person Projects.

- 4.3.4 Approval is sought to the following actions:

- Appropriate **£170,000** into the Carry Forward reserve in relation to the Community Prototypes project.
- Withdraw **£138,000** from the Transformation reserve to the Libraries budget in relation to costs for Community Hubs projects.
- Appropriate **£18,000** into the Transformation reserve in relation to unspent funds on the In Person project.

### 4.4 Digital innovation, IT and Customer Services - **£303,000 (14.7%) under spend**

- 4.4.1 The provisional outturn of **£1.761m** was **14.7%** lower than the final approved budget of **£2.064m**.

- 4.4.2 The under spend resulted from staff vacancies within Customer Services and Member Enquiries, and the recharge of salary costs of the Director of Customer Services to Information Technology Services.

- 4.4.3 Approval is sought to withdraw **£39,000** from the Transformation Reserve to fund the costs of restructuring Customer Services' management.

#### **4.5 Economic Growth, Infrastructure and Partnerships - £863,000 (12.9%) under spend**

- 4.5.1 The provisional outturn of **£5.837m** was **12.9%** lower than the final approved budget of **£6.700m**.
- 4.5.2 The under spend predominantly related to Economic Regeneration and Skills.
- 4.5.3 The Economic Regeneration under spend was due to an increased staff recharge to projects (funded from the Transformation Reserve) and to vacant senior management posts that were not recruited to in the financial year.
- 4.5.4 The Skills under spend was due to savings plans within the Apprentice Hub being implemented in 2016/17, a year ahead of schedule, and lower costs as a consequence of apprentices leaving their apprenticeships early.
- 4.5.5 Approval is sought to:
- Appropriate **£269,000** into the Carry Forwards reserve, **£256,000** of which relates to the Employment & Skills Board, with the remainder (**£13,000**) requested for the Building Heroes grant.
  - Withdraw **£109,000** from the Transformation Reserve to cover costs related to Phase 1 of the Organisation redesign.

#### **4.6 Education and Lifelong Learning**

##### **Dedicated Schools Budget - £4.635m over spend**

- 4.6.1 This over spend represented the net position against the 'individual schools budget', and was due to Free Early Years Education Entitlement and increased demand for high needs placements. Schools utilised funds they had previously set aside in the Schools Reserve, which is ring fenced for their use, to offset the over spend.
- 4.6.2 For other elements of the Dedicated Schools Grant, grant was applied in line with actual spending (with any unspent grant being carried forward as a 'receipt in advance' for use in 2017/18 or subsequent years). The balance of unapplied grant as at 31st March 2017 is **£3.341m** and is primarily earmarked for the SEND capital investment project.

##### **Non-Dedicated Schools Budget - £772,000 (1.6%) over spend**

- 4.6.3 The provisional outturn of **£48.628m** was **1.6%** higher than the final approved budget of **£47.856m**. The main budget variances were as follows:
- **Home to school and college transport - £1.764m over spend**  
The over spend primarily related to an increase in the number of pupils with SEND requiring transport.

- **Premature Retirement costs - £215,000 under spend**

This under spend arose due to fewer schools making claims for redundancy costs.

- **Special Educational Needs - £176,000 under spend**

The under spend arose from full utilisation of the SEND Reform Grant and staffing vacancies.

- **School Crossing Patrols - £136,000 under spend**

The under spend was due to staffing vacancies within the school crossing patrol service.

- **Planning and Provision Management Team - £245,000 under spend**

The under spend relates to two vacant posts and a reduction in training costs.

- **Early Years - £110,000 over spend**

This over spend was primarily due to legal costs that were slightly offset by staffing vacancies and increased income from the provision of training.

**4.6.4** Approval is sought to the following actions:

- Appropriate unspent PFI credits of **£394,000** into the Building Schools for the Future PFI Reserve;
- Appropriate unspent PFI credits of **£5,000** to the Clacton Secondary Schools PFI Reserve;
- Appropriate unspent PFI credits of **£25,000** to the Debden Park PFI Reserve;
- Appropriate **£58,000** to the carry forwards reserve to deliver the Electronic Information Business System (**£33,000**), Outstanding Teaching and Learner Assessment within Adult Community Learning (**£20,000**) and to deliver the Transport Integration Project (**£5,000**); and
- Withdraw **£74,000** from the Transformation Reserve to fund organisation redesign restructuring costs.

**4.7 Environment and Waste - £1.243m (1.6%) under spend**

**4.7.1** The provisional outturn of **£76.965m** was **1.6%** lower than the final approved budget of **£78.208m**. The main budget variances are explained in the following paragraphs.

**4.7.2 Waste Management Services - £1.389m under spend**

The under spend was due to a reduction in the volumes of waste, coupled with reduced gate fee prices and staffing vacancies.



#### **4.7.3 Leisure - £315,000 over spend**

This is due to an under recovery of income for a variety of reasons, including weather during the key summer months being poor impacting on visitor numbers using the attractions. Work is on-going to improve and widen the service offer, including marketing the attractions, to encourage new customers to our green spaces in 2017/18.

#### **4.7.4 Other - £170,000 under spend**

This under spend was predominantly due to the Planning and Environment service obtaining external funding from the Environment Agency for part of the Property Level Protection scheme, enabling the service to deliver planned activity at lower net cost.

#### **4.7.5 Approval is sought to the following actions:**

- Appropriate **£2.205m** to the Waste Reserve for further development of the long term Waste strategy and, partly offsetting this proposal, to withdraw **£816,000** from the same reserve in relation to the Waste infrastructure Credits that are shared with Southend Council as per the Joint Working Agreement.
- Appropriate **£15,000** to the Carry Forwards Reserve to enable completion of the Flood Project in 2017/18.

### **4.8 Finance, Traded Services, Housing and Planning - £539,000 (2.4%) under spend**

**4.8.1** The provisional outturn of **£22.183m** was **2.4%** lower than the final approved budget of **£22.722m**. The main reasons for the under spending are explained in the following paragraphs.

#### **4.8.2 Council Tax Sharing Scheme – £513,000 over spend**

The final outturn reflected additional payments made to District Councils, in accordance with the Council Tax Sharing Scheme, in respect of increased Council Tax collected. The Council will achieve a net gain of **£1.7m**, as a consequence of additional Council Tax income, in future years.

#### **4.8.3 Other Central Services to the Public - £1.318m under spend**

This under spend primarily resulted from National Living Wage (NLW) requirements across the Council being lower than anticipated (by **£1.5m**). An amount of money was set aside for the first year of operation of the NLW and this was held centrally, only released when the commercial ramifications from providers was known. This has been adjusted for in the 2017/18 budget.

#### **4.8.4 Environmental Planning - £278,000 under spend**

The under spend arose as a consequence of staffing vacancies and other savings.

#### **4.8.5 Heritage and Cultural Services - £222,000 over spend**

This has resulted from an under recovery of income from the provision of archive and education services.

#### **4.8.6 Strategic Spatial Planning - £143,000 under spend**

The under spend resulted from staff vacancies and delays in recruiting the additional resource required to support the delivery of new local plans.

#### **4.8.7 Traded Strategy - £204,000 over spend**

This has resulted from an under recovery of income due to a shortfall in external income against the original business plan.

#### **4.8.8 Outdoor Education - £161,000 over spend**

This is due to an under recovery of income (14%), due to lower than expected seasonal income across the centres.

#### **4.8.9 Approval is sought to:**

- Withdraw **£19,000** from the Transformation Reserve for the Heritage, Culture and Arts project.
- Appropriate **£30,000** into the Carry Forwards Reserve for the Council Tax Sharing Scheme.

### **4.9 Health - £760,000 (3.4%) under spend**

**4.9.1** The provisional outturn of **£21.761m** is **3.48%** lower than the final approved budget of **£22.521m**. The under spend is predominantly due to Adult Mental Health, but there is no evidence to suggest that the Mental Health social care needs of the Essex population have not been met as a result of this under spend.

**4.9.2** **£221,000** of the under spend on Adult Mental Health relates to day care, where the cost of packages was lower than budgeted. Throughout the year commissioners have explored alternative ways to support recovery in mental health, and these solutions, often co-produced, have resulted in more effective short term spending.

**4.9.3** A further **£351,000** of the under spend related to the Intensive Enablement contract, where two sites were not available; this missing provision was instead provided via domiciliary care.

**4.9.4** £203,000 under spend due to a delay in recruitment to the new Care and Assessment Team (CAT) focussed on early intervention. Mitigations have prevented any detriment of service provision.

- 4.9.5 Approval is sought to appropriate **£84,000** to the Transformation reserve, to return budget for the Mental Health Transformation project which is no longer required.

#### **4.10 Highways and Transport - £256,000 (0.3%) under spend**

- 4.10.1 The provisional net revenue outturn of **£76.172m** was lower than the final approved budget of **£76.428m**. The main budget variances are explained in the following paragraphs.

##### **4.10.2 Support Services - £404,000 over spend**

The over spend is due to a lower level of recharges made to other Highways policy lines for overhead support services, offset by contra under spends for roads and footways, traffic management and asset management.

##### **4.10.3 Road Safety - £340,000 overspend**

The over spend relates to a shortfall in funds anticipated from the Essex Safer roads partnership.

##### **4.10.4 Street Lighting - £680,000 over spend**

The over spend was due to a delay in LED rollout and increases in energy costs (**£1.086m**), partly offset by lower maintenance and staff related costs.

##### **4.10.5 Passenger Transport - £1.066m over spend**

The over spend is due to combination of higher local bus operator costs and lower bus fare income receipts **£1.625m**, resulting from lower number of passenger journeys, as well as a shortfall in season ticket income **£294,000**. This is partially offset by Concessionary fares contract costs **£709,000** and lower service operating costs, **£146,000**.

##### **4.10.6 Roads and Footways - £787,000 under spend**

This reflects lower excess payments due to a reduced number of insurance claims **£140,000** and a reduction in staff and operating expenditure **£647,000**.

##### **4.10.7 Asset Management Planning - £549,000 under spend**

The under spend relates to delays in staff recruitment in the asset management team and a corresponding reduction in overhead costs.

##### **4.10.8 Traffic Management Act - £1.186m under spend**

The under spend relates to an increase in permit income receipts, this is offset by additional costs across other highways policy lines (most notably Support Services).

~~4.10.1~~ Approval is sought to appropriate **£300,000** into the Carry Forwards Reserve for the following purposes:

- **£150,000** for the relocation costs of Road Safety staff and equipment to the new Heybridge Depot.
- **£150,000** for the Enforcement Pilot project to support flood alleviation of roads and footways.

#### **4.11 Leader - £881,000 (9.7%) under spend**

4.11.1 The provisional outturn of **£8.179m** is **9.7%** lower than the final approved budget of **£9.060m**.

4.11.2 This under spend was due to:

- A reduced commitment from the Innovation Fund (**£500,000**) which was set up for staff and the public to present innovative ways to tackle problems faced by the County, to provide reward and seed funding;
- An under spend on Olympic Sports & Delivery (**£139,000**), primarily as a result of a lower than expected levy payment to Lee Valley Regional Park; and
- An under spend of **£191,000** on Initiatives and Partnerships, due to the lower commitments to Essex Initiatives.

~~4.11.3~~ Approval is sought to appropriate **£196,000** into the Carry Forwards reserve for the following purposes:

- **£37,000** for Human Resources, to fund the Trialling Behavioural Insights project;
- **£100,000** for innovation fund projects agreed in 2016/17; and
- **£59,000** to enable the Active Essex team at Hadleigh Park to reduce their requirement for Council funding.

#### **4.12 Recharged Strategic Support Services**

##### **Corporate and Communities**

##### **4.12.1 Business Support – £614,000 (7.2%) under spend**

The provisional outturn of **£7.907m** was **7.2%** lower than the final approved budget of **£8.521m**. The under spend was primarily due to a high level of staffing vacancies within the service.

Approval is sought to appropriate **£10,000** to the Carry Forward reserve to fund project expenditure in 2017/18.

#### **4.12.2 Car Provision Scheme - £93,000 (186%) under spend**

The under spend mainly resulted from the receipt of a refund from a supplier.

#### **~~4.12.3~~ Human Resources - £311,000 (7.2%) under spend**

The provisional outturn of **£4.001m** was **7.2%** lower than the final approved budget of **£4.312m**.

The under spend mainly related to project funding for phase one of the new organisational redesign, and to initiatives intended to support implementation of the new structure which will be later than planned.

Approval is sought to appropriate **£317,000** into the Carry Forwards reserve for the following purposes:

- **£277,000** for culture and capability initiatives work delayed due to Organisation redesign work; and
- **£40,000** for the Wellbeing service to support additional costs in 2017/18 for external Occupational Health Physicians to cover vacancies.

## **Digital Innovation, IT and Customer Services**

### **4.12.4 Customer Services - £315,000 (14.6%) under spend**

The provisional outturn of **£1.843m** was **14.6%** lower than the final approved budget of **£2.158m**. The under spend was primarily due to vacancies and the recharge of salary costs for the Director of Customer Services to Information Services.

### **4.12.5 Information Services - £391,000 (2.1%) over spend**

The provisional outturn of **£19.008m** was **2.1%** higher than the final approved budget of **£18.617m**.

The over spend mainly related to the Digital Foundations project (**£615,000**), which is an ongoing Information Technology Service's investment programme required to look at new technologies, collaboration and transition to 'cloud', for which a draw down from the Transformation reserve is requested.

Information Technology Services (ITS) was **£133,000** under spent, mainly as a consequence of vacancy and contract savings. ITS projects showed an under spend of **£110,000** for which carry forward requests are made below.

Approval is sought to the following actions:

- Withdraw **£635,000** from the Transformation reserve for the following purposes:
  - **£616,000** for the Digital Foundations project; and
  - **£19,000** for Digital Channels.
- Appropriate **£110,000** into the Carry Forwards reserve for the following purposes:
  - **£72,000** for the Social Care Case Management system, to enable completion of this project in 2017/18;
  - **£38,000** for Superfast Broadband.

## **Finance, Traded Services, Housing and Planning**

### **4.12.6 Capital Programme Implementation and Delivery - £161,000 (11.4%) under spend**

The provisional outturn of **£1.257m** was **11.4%** lower than the final approved budget of **£1.418m**. The under spend was primarily due to a delay in asbestos surveys in schools as a result in being unable to shut down their heating systems over the Autumn and Winter periods. Works are to conclude over the summer term.

Approval is sought to appropriate **£87,000** into the Carry Forwards Reserve to fund the cost of asbestos surveys in 2017/18.

#### **4.12.7 Finance - £2.466m (17.2%) under spend**

The provisional outturn of **£11.868m** was **17.2%** lower than the final approved budget of **£14.334m**. The under spend was the net result of the following:

- Pooling of under spends of **£1.649m** identified earlier in the year to offset over spends anticipated across the Corporate and Customer Services function in 2017/18.
- Under spends on projects amounting to **£765,000**, which primarily resulted from phasing of Transforming Corporate Systems (TCS) (**£731,000**), part of which is requested to be carried forward.
- Increased recharges to projects, including external partnerships, which resulted in an under spend of **£272,000**.
- Holding vacancies, pending a potential restructure within Corporate Law, which resulted in an under spend of **£115,000**.
- An over spend of **£408,000** within Corporate Operations due to additional staffing costs and non-delivery of TCS savings.

Approval is sought to the following actions:

- Appropriate **£3.742m** into the Carry Forwards Reserve for the following purposes:
  - **£3.562m** to support the delivery of the Support Services Project savings in 2017/18;
  - **£20,000** to support the ongoing costs of Communications projects in 2017/18;
  - **£160,000** for Financial Services (for the transitioning of the Funding and Investment Team, to support and advise on a property investment vehicle and to provide finance and procurement capacity for the Service Placement Team).
- Appropriate **£387,000** into the Transformation Reserve to fund delays in the TCS project (**£384,000**) and to return **£3,000** of unused Future of Essex Support Services' project funding.
- Appropriate **£346,000** into the Reserve for Future Capital Funding to provide capital financing for future TCS capital costs; and

#### **4.12.8 Insurance Cost Recovery Account - £1.455m (28.2%) over spend**

The provisional outturn of **£6.619m** was **28.2%** higher than the final approved budget of **£5.164m**. The over spend was mainly due to higher than anticipated claim settlements in 2016/17.

#### **4.12.9 Procurement - £187,000 (3.4%) under spend**

The provisional outturn of **£5.265m** was **3.4%** lower than the final approved budget of **£5.452m**. The under spend as mainly due to staffing.

Approval is sought to appropriate **£148,000** into the Carry Forwards reserve for Support Directory, PB-19 contract, Short Term Care in the Community Contract, Passenger Transport DPS interface with TCS and to fund extended backfill of seconded posts to the Service Placement Team.

#### **Leader**

#### **~~4.12.10~~ Communications and Customer Relations - £88,000 (3.1%) over spend**

The provisional outturn of **£2.891m** was **3.1%** higher than the final approved budget of **£2.803m**. The over spend was primarily due to final costs associated with the Atrium Redesign project being higher than anticipated.

#### **~~4.12.11~~ Democratic Services - £270,000 (21.1%) under spend**

The provisional outturn of **£1.008m** was **21.1%** lower than the final approved budget of **£1.278m**. The under spend primarily resulted from the write back of a provision related to a prior year tax enquiry that was no longer required, an under spend on consultancy and the receipt of additional income from schools appeals.

#### **~~4.12.12~~ Equality and Diversity - £11,000 (7.6%) under spend**

The provisional outturn of **£134,000** was **7.6%** lower than the final approved budget of **£145,000**.

#### **~~4.12.13~~ Performance and Commissioning Support - £187,000 (3.7%) under spend**

The provisional outturn of **£4.903m** was **3.7%** lower than the final approved budget of **£5.090m**. The net under spend was primarily due to:

- Slippage in projects (**£183,000** under spend);
- Achieving efficiencies on surveys and scaling back scheduled work (**£121,000** under spend).
- Restructuring costs (**£63,000** over spend);
- A shortfall of income arising from the non-commissioning of work through contract (**£54,000** over spend).



Approval is sought to the following actions:

- Appropriate **£40,000** into the Carry Forwards Reserve for the Day Opportunities co-design work in relation to Citizen Insight (**£31,000**) and to support Census updates now delayed to the summer of 2017 (**£9,000**);
- Withdraw **£63,000** from the Transformation Reserve to fund organisation redesign costs.

#### **4.12.11 Property and Facilities Management - £664,000 (4.3%) under spend**

The provisional outturn of **£14.741m** was **4.3%** lower than the final approved budget of **£15.405m**.

The under spend mainly resulted from:

- Slippage in the Property Transformation project (**£452,000**); and
- Savings in the Capital Receipts team (**£143,000**).

Approval is sought to the following actions:

- Appropriate **£452,000** to the Carry Forwards reserve for the completion of the Property Transformation project in 2017/18; and
- Appropriate **£143,000** into the Capital Pump Priming reserve, this being the under spend by the Capital Receipts team.

#### **4.12.12 Transformation Support Unit - £16,000 (0.3%) under spent**

The provisional outturn of **£5.331m** is **0.3%** lower than the final approved budget of **£5.347m**.

Approval is sought to the following actions:

- Appropriate **£116,000** into the Carry Forwards reserve for the following purposes:
  - **£61,000** for the Digital Strategy project in 2017/18;
  - **£55,000** for general project funding required in 2017/18;
- Appropriate **£7,000** into the Transformation reserve for unrequired project funding.

### **4.13 Other Operating Costs (interest, capital financing and dividends) - £472,000 over spend (1.1%)**

**4.13.1** The net over spend of **£472,000** was the result of securing additional external borrowing during 2016/17 and not receiving the budgeted dividend, largely offset by additional investment returns and reduced capital financing costs.

## 5. Commentary for Trading Activities

### 5.1 EES for Schools

5.1.1 Although the Service generated a net surplus of **£2.237m**, this was **£1.086m** less than the approved financial target for the year of **£3.323m**. The shortfall resulted from increased expenditure on the development of the Target Tracker software **£500,000**, lower than anticipated income from Education Consultancy of **£334,000** due to fewer schools commissioning support as a consequence of funding cuts, and a provision for the Target Tracker and Sales and Marketing restructure of **£256,000**.

5.1.2 **£3.132m** of the trading activity's accumulated reserves were appropriated into the General Fund. After this appropriation, the accumulated revenue reserves stood at **£1.025m** at 31st March 2017.

### 5.2 Music Services

5.2.1 Music Services achieved a net surplus of **£2,000**. **£27,000** was appropriated to General Fund, leaving revenue reserves of **£103,000**.

### 5.3 School Staffing Insurance Scheme

5.3.1 This scheme enables schools to mitigate the cost of employing supply teachers to cover for the unexpected or prolonged absence of their teaching staff.

5.3.2 The trading activity incurred a deficit of **£60,000** in 2016/17, as a result in an increase in the level of benefits paid out for claims, coupled with more than anticipated number of claimants. The trading activity had sufficient revenue reserves to fund the additional costs. The revenue reserves stood at **£913,000** at 31<sup>st</sup> March 2017.

### 5.4 Essex Legal Services

5.4.1 Overall, Essex Legal Services, including Deputyships, achieved a net surplus of **£1.588m** in 2016/17 against a budgeted surplus of **£1.262m**.

5.4.2 Legal Services achieved a surplus of **£1.086m**, largely as a consequence of a provision of **£670,000** made in 2015/16 for a legal matter that was not subsequently required and by generating additional income from the provision of legal services.

- 5.4.3 The surplus achieved by Legal Services was partly offset by an under recovery of income of **£828,000** by Deputyships. Following advice from Counsel, as a result of an unrelated but similar Court of Protection decision around the charging of solicitor rates versus public authority rates to service users, Deputyships revised their charging rates to public authority rates.

## 5.5 Library Services

- 5.5.1 Library Services achieved a net surplus of **£30,000** against a budgeted surplus of **£73,000**.
- 5.5.2 **£480,000** of the Trading Activity's revenue reserves were appropriated into the General Fund, leaving a balance of **£34,000** in the trading activity's revenue reserves. The Service is no longer operating as a trading activity in the Council's accounts.

## 5.6 Place Services

- 5.6.1 Place Services achieved a net surplus of **£106,000** (which compares favourably with a budgeted surplus of **£52,000**) due to the receipt of income from the provision of services delivered ahead of schedule, **£44,000** of which was appropriated into the General Fund.
- 5.6.2 The trading activity's revenue reserves stood at **£398,000** as at 31<sup>st</sup> March 2017.

## 5.7 Information Services Infrastructure

- 5.7.1 The trading activity achieved a net surplus of **£37,000**. This was added to the service's revenue reserves, which stood at **£437,000** as at 31<sup>st</sup> March 2017.

## 5.8 Smarte East

- 5.8.1 The trading activity incurred a deficit of **£114,000**, largely as a consequence of repaying contributions to other authorities as the service goes through process of closure following the expiry of the framework agreement. The trading activity's revenue reserves stood at **£143,000** as at 31<sup>st</sup> March 2017.

# 6. Portfolio commentary – Capital

- 6.1 The Capital Programme is a significant priority for the Council and is fundamental to the Council achieving its aspiration to re-shape how it delivers services as well as helping to unlock revenue savings and efficiencies to secure ongoing financial sustainability. During 2016/17 the Council approved a significant capital programme of investment and delivered close to 90%.

**6.2** By the end of the year, the capital programme had been able to accelerate its delivery programme which enabled an additional **£1.435m** to be delivered on top of the approved budget of **£224.614m**. This accelerated delivery enabled several school expansions to progress ahead of schedule, and some highways maintenance projects to be brought forward from 2017/18.

**6.3** Commentary on the provisional outturn position is provided in the following paragraphs.

**6.4 Adult Social Care – £1.6m (33%) under spend**

**6.4.1** The provisional outturn of **£3.3m** was **£1.6m** less than the final approved budget of **£4.9m**. The majority of this underspend related to slippage on the following programmes:

- **Independent Living (Adults with Disabilities)** - two schemes for which delays in surveys and planning resulted in slippage of **£322,000**.
- **Independent Living (Older People)** - the Ashley House Walton scheme experienced a 4-6 week delay in utility connections which unfortunately meant that the final milestone payment of **£893,000** will fall into 2017/18. The **Coppins Court** scheme experienced planning delays causing a further **£575,000** of slippage.

This is partly offset by:

- The late purchase of Counting House Lane for the Independent Living AWD programme at **£282,000**, which is requested to be advanced; and
- **£68,000** relating to two Adult Social Care Apps, fully funded by the Department of Health.

**6.4.2** Approval is sought for the following actions:

- To add scheme and payment approvals of **£68,000** for two Adult Social Care Apps, fully funded by the Department of Health;
- To reduce scheme and payment approvals by **£14,000** in relation to the Ninefields scheme, where this amount of expenditure was reclassified as revenue.
- To re-profile payment approvals of **£1.974m** into 2017/18 in relation to slippage in the Independent Living programmes;
- To bring forward payment approvals from 2017/18 of **£324,000** for the Counting House Lane and Hostel feasibility studies.

**6.5 Children and Families – £115,000 (48%) over spend**

**6.5.1** The provisional outturn of **£125,000** was **£115,000** less than the final approved budget of **£241,000**.

- 6.5.2 The under spend related to the Adopters/Foster Carers Adaptions programme. Although twelve successful family applications were completed, the programme was subject to both demand and cost variations as individual family adaptations can cover a wide range of solutions. As the service already has scheme and payment approvals for further projects in 2017/18 it is intended to reduce the scheme and payment approvals for 2016/17 by the amount of the 2016/17 under spend (**£115,000**).

## **6.6 Corporate and Communities – £58,000 (24.2%) over spend**

- 6.6.1 The provisional outturn of **£298,000** was **24.2%** higher than the final approved budget of **£240,000**.
- 6.6.2 The over spend mainly related to the Basildon Library project. Approval is sought for a budget addition of **£133,000**.
- 6.6.3 Approval is also sought to the following actions:
- To add scheme and payment approvals of **£1,000** in relation to the Silver End library project;
  - To reduce scheme and payment approvals by **£37,000** for the Basildon Library and by **£3,000** for Libraries' registration rooms. Both of these schemes are complete and the provisional final costs were lower than anticipated.
  - To re-profile payment approvals of **£36,000** into 2017/18 in relation to slippage in the Libraries Radio Frequency Identification project.

## **6.7 Digital Innovation, IT and Customer Services - £424,000 (11.4%) under spend**

- 6.7.1 The provisional outturn of **£3.279m** was **11.4%** lower than the final approved budget of **£3.703m**.
- 6.7.2 On the basis of the provisional outturn position, approval is sought to the following actions:
- To re-profile scheme and payment approvals of **£359,000** (**£285,000** for the Digital foundations project and **£74,000** for Social Care Case Management) into 2017/18 to reflect on going works on those programmes which it was not possible to complete as previously scheduled in 2016/17;
  - To reduce the scheme and payment approvals by **£65,000** in relation to the Next Generations Network project where costs in 2016/17 were less than anticipated.

## **6.8 Economic Growth, Infrastructure and Partnerships – £957,000 (8.8%) under spend**

- 6.8.1 The provisional outturn of **£9.887m** was **8.8%** less than the final approved budget of **£10.844m**.

6.8.2 The main reason for the under spend was slippage in the Harlow Medtech project of **£500,000**.

6.8.3 On the basis of the provisional outturn position, approval is sought for the following action:

- To re-profile payment guidelines of **£1.9m** into later years in relation to slippage in schemes (i.e. **£1.111m** on Broadband UK (BDUK) is to be re-profiled into 2020/21);
- To bring forward payment approvals from 2017/18 and into 2016/17 of **£898,000** in respect of schemes that progressed ahead of schedule.

## **6.9 Education and Lifelong Learning – £2.536m (5%) over spend**

6.9.1 The provisional outturn of **£53.964m** exceeded the budget of **£51.427m** by **£2.537m**.

6.9.2 Pleasingly, this resulted from several school expansion schemes progressing ahead of schedule.

6.9.3 By successfully delivering a number of educational schemes during 2016/17, **2,900** new pupil places were created through **11** completed school expansions and the opening of one new school, Camulos Academy.

6.9.4 On the basis of the provisional outturn position, approval is sought to the following actions:

- To add scheme and payment approvals of **£4.729m** to the 2016/17 Capital Programme to realign budgets between individual capital projects;
- To reduce scheme and payment approvals by **£4.793m** to realign budgets between individual capital projects;
- To re-profile payment approvals of **£1.834m** into 2017/18 as a consequence of slippage in schemes;
- To bring forward payment approvals of **£4.439m** from 2017/18 in respect of schemes that progressed ahead of schedule.

## **6.10 Environment and Waste – £582,000 (8.7%) under spent**

6.10.1 The provisional outturn of **£6.1m** was **8.7%** lower than the final approved budget of **£6.7m**.

6.10.2 The under spend mainly related to Waste and Recycling projects, including the Leachate project where further investigation is needed into the best solution.

~~6.10.3~~ Approval is sought to the following actions:

- To add scheme and payment approvals of **£782,000** to the 2016/17 capital programme (to be funded from the Community Initiatives Reserve);

- To reduce scheme and payment approvals by **£569,000**; £275,000 is to be transferred to the Highways Transport Portfolio in respect of their successful bid to the Flood Management Community Flood Improvement Fund. The remaining £294,000 is to be removed from the programme in relation to savings achieved on project delivery.
- To re-profile payment approvals of **£818,000** from 2016/17 and into 2017/18 in respect of slippage in schemes such as the Leachate project;
- To bring forward payment approvals of **£22,000** from 2017/18 and into 2016/17 in respect of the Flood Management project which was progressed ahead of schedule.

## **6.11 Finance, Traded Services, Housing and Planning – £356,000 (10%) over spend**

**6.11.1** The provisional outturn of **£3.867m** was **10.1%** higher than the final approved budget of **£3.511m**.

**6.11.2** Approval is sought to the following actions:

- To increase the scheme and payment approvals by **£371,000** for the following purposes:
  - **£346,000** for the Transforming Corporate Systems project, where additional work was required in relation to go-live functionality. This will be funded from the Reserve for Future Capital Funding, on the basis of an additional revenue contribution to this reserve.
  - **£25,000** for Public Art (Colchester High Street Public Art).
- To re-profile payment approvals of **£34,000** from 2016/17 and into 2017/18 for the following projects:
  - **£32,000** for the Housing Project, primarily relating to Maldon Friary where further archaeological investigation is necessary before construction work can commence.
  - **£2,000** in relation to slippage in another Public Art project.
- To bring payment approvals of **£19,000** forwards from 2017/18 and into 2016/17 in relation to Norton Road, Rocheway and Moulsham Lodge.

## **6.12 Highways and Transport – £2.2m (2%) over spend**

**6.12.1** The provisional outturn of **£137.6m** is **1.6%** higher than the final approved budget of **£135.5m**.

**6.12.2** The major component being Highways and Transportation Delivery, which was **£2.2m** over spent due to over programming and bringing forward works budgeted to happen in 2017/18 in areas such as Roads and Footways Maintenance.

**6.12.3** Approval is sought to the following actions:

- To add scheme and payment approvals of **£15m** to the 2016/17 capital programme, to largely be financed from the reduction in scheme and payment approvals of **£14.4m** to realign budgets between individual capital projects in areas such as Highways Maintenance and Advanced Scheme Design;
- To re-profile payment approvals of **£2.8m** from 2016/17 and into 2017/18 in respect of slippage in schemes; and
- To bring payment approvals of **£4.2m** forward from 2017/18 to 2016/17 in respect of schemes that progressed ahead of schedule.

### **6.13 Leader – £7,000 (0.1%) over spend**

**6.13.1** The provisional outturn of **£7.541m** was **0.1%** higher than the final approved budget of **£7.534m**.

**6.13.2** Approval is sought to the following actions:

- To add scheme and payment approvals of **£55,000** to the 2016/17 capital programme in respect of the Hadleigh Farm legacy project;
- Re-profile payment approvals of **£48,000** from 2016/17 and into 2017/18 for ongoing work not complete on Property schemes; and
- To make other minor adjustments related to various Property transformation schemes (i.e. to add scheme and payment approvals of **£33,000**, offset by reductions (savings) of **£33,000**).

## **7. Policy context**

**7.1** This report provides an assessment of the financial position of the Council at the end of the 2016/17 financial year and, as such, provides a financial representation of the Corporate Plan. The budget and corporate plan were approved in February 2016.

## **8. Financial implications**

**8.1** All actions proposed within this report are within available funding and are considered by the Section 151 Officer as appropriate for dealing with the budget variances at year end.

## **9. Legal implications**

**9.1** The Council is responsible for setting the budget each year at the Budget and Council Tax meeting. Once agreed, the Executive then has to implement the policy framework within that budget. The Executive cannot change the budget set by Council other than in accordance with Financial Regulations and the Constitution.



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

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

## **11. Equality and diversity implications**

**11.1** There are no equality and diversity or other resource implications associated with this report.

## **12. Appendices**

Appendix A – Revenue Outturn Summary

Appendix B – Revenue Variance Plan

Appendix C – Overview of revenue carry forward requests

Appendix D – Trading Activities

Appendix E – Capital payments and financing summary

Appendix F – Capital Variance Plan (Summary)

Appendix G – Restricted use and other revenue reserves

Appendix H – General Balance

Appendix I - Prudential Indicators

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# Appendix A – Revenue Outturn Summary

2015/16		2016/17					
Actual		Original Budget	Final Budget	Provisional Outturn	Variance		RAG status
£000		£000	£000	£000	£000	%	
382,048	Adults Social Care	392,403	404,973	413,032	8,059	2.0%	🔴
117,394	Children and Families	115,724	114,485	113,358	(1,127)	(1.0%)	🟡
13,877	Corporate and Communities	13,415	17,582	17,580	(2)	-	🟢
6,454	Digital, Innovation, IT & Customer Services	2,491	2,064	1,761	(303)	(14.7%)	🟡
1,969	Economic Growth, Infrastructure & Partnerships	5,610	6,700	5,837	(863)	(12.9%)	🟡
	Education and Lifelong Learning						
2,357	Dedicated Schools Budget	(3,063)	189	4,824	4,635	2452.4%	🔴
49,311	Non Dedicated Schools Budget	48,958	47,856	48,628	772	1.6%	🔴
75,666	Environment and Waste	78,067	78,208	76,965	(1,243)	(1.6%)	🟡
22,305	Finance, Traded Services, Housing & Planning	25,084	22,722	22,180	(542)	(2.4%)	🟡
29,239	Health	23,549	22,521	21,761	(760)	(3.4%)	🟡
86,308	Highways and Transport	76,633	76,428	76,172	(256)	(0.3%)	🟢
4,327	Leader	6,825	9,060	8,179	(881)	(9.7%)	🟡
	Recharged Support Services						
	Corporate & Communities						
9,012	Business Support	10,103	8,521	7,907	(614)	(7.2%)	🟡
-	Car Provision Scheme	(25)	50	(43)	(93)	(186.0%)	🟡
5,491	Human Resources	4,695	4,312	4,001	(311)	(7.2%)	🟡
	Digital, Innovation, IT & Customer Services						
1,812	Customer Services	2,068	2,158	1,843	(315)	(14.6%)	🟡
22,053	Information Services	15,998	18,617	19,008	391	2.1%	🟡
	Finance, Traded Services, Housing & Planning						
1,301	Capital Programme Implementation and Delivery	1,369	1,418	1,257	(161)	(11.4%)	🟡
13,861	Finance	11,034	14,334	11,868	(2,466)	(17.2%)	🟡
4,431	Insurance Cost Recovery Account	4,829	5,164	6,619	1,455	28.2%	🔴
4,675	Procurement	4,504	5,452	5,265	(187)	(3.4%)	🟢
	Leader						
2,636	Communications and Customer Relations	2,548	2,803	2,891	88	3.1%	🟡
1,350	Democratic Services and Governance	1,393	1,278	1,008	(270)	(21.1%)	🟡
128	Equality and Diversity	154	145	134	(11)	(7.6%)	🟡
5,157	Performance and Commissioning Support	4,960	5,090	4,903	(187)	(3.7%)	🟢
22,424	Property and Facilities Management Service	19,110	15,433	14,769	(664)	(4.3%)	🟡
5,536	Transformation Support Unit	2,748	5,347	5,331	(16)	(0.3%)	🟢
891,123	Net cost of services (Portfolios)	871,184	892,910	897,038	4,128	0.5%	🔴
	Other operating costs						
-	Emergency Contingency	4,000	3,388	-	(3,388)	(100.0%)	🟡
38,788	Interest, capital financing and dividends	42,009	41,405	41,877	472	1.1%	🟡
	Appropriations to/(from) restricted funds and other revenue reserves						
(3,620)	Carry Forwards reserve	-	(9,057)	(2,422)	6,635	(73.3%)	🔴
988	Restricted funds	31	1,515	(1,381)	(2,896)	(191.2%)	🟡
3,935	Capital financing	3,699	5,676	6,902	1,226	21.6%	🔴
(18,828)	Other revenue reserves	13,903	277	246	(31)	(11.2%)	🟡
912,386	Net expenditure	934,826	936,114	942,260	6,146	0.7%	🔴
(60,663)	General government grant	(54,050)	(54,050)	(55,496)	(1,446)	2.7%	🟡
20,631	General Balance - contribution / (withdrawal)	(19,359)	(20,647)	(24,432)	(3,785)	18.3%	🟡
872,354	Budget Requirement	861,417	861,417	862,332	915	0.1%	🔴
	Financed by						
(160,774)	Revenue Support Grant	(117,938)	(117,938)	(117,938)	-	-	🟢
(160,219)	National non-domestic rates	(161,938)	(161,938)	(162,853)	(915)	0.6%	🟡
(539,138)	Council tax precept	(570,201)	(570,201)	(570,201)	-	-	🟢
(12,223)	Collection fund surpluses	(11,340)	(11,340)	(11,340)	-	-	🟢
(872,354)	Total Financing	(861,417)	(861,417)	(862,332)	(915)	0.1%	

## Key

- ◆ Over spend equal to, or greater than, £500,000 or 5% of the Budget
- Over spend of less than £500,000 or 5% of the Budget OR under spend equal to, or greater than, £500,000 or 5% of the Budget
- Under spend of less than £500,000 or 5% of the Budget

## Appendix B – Revenue Variance Plan

	Provisional Outturn Variance (Under) / Over spend	Proposed mitigating actions				Total of mitigating actions
		Transfers of under / over spends between portfolios	Under spends to be carried forward into 2017/18	Appropriations to/(from) other reserves	Underlying under / (over) spends	
	£000	£000	£000	£000	£000	£000
Adults Social Care	8,059	(193)	538	1,288	(9,692)	(8,059)
Children & Families	(1,127)	(216)	37	-	1,306	1,127
Corporate and Communities	(2)	(47)	170	(121)	-	2
Digital, Innovation, IT and Customer Services	(303)	342	-	(39)	-	303
Economic Growth, Waste and Recycling	(863)	563	269	(109)	140	863
Education and Lifelong Learning						
Dedicated Schools Budget	4,635	-	-	(4,635)	-	(4,635)
Non Dedicated Schools Budget	772	76	58	350	(1,256)	(772)
Environment and Waste	(1,243)	(160)	15	1,388	-	1,243
Finance, Traded Services, Housing & Planning	(542)	127	30	(19)	404	542
Health	(760)	676	-	84	-	760
Highways and Transport	(256)	(773)	300	-	729	256
Leader	(881)	(4)	196	-	689	881
Recharged Support Services						
Corporate and Communities						
Business Support	(614)	604	10	-	-	614
Car Provision Scheme	(93)	93	-	-	-	93
Human Resources	(311)	(6)	317	-	-	311
Digital, Innovation, IT & Customer Services						
Customer Services	(315)	315	-	-	-	315
Information Services	391	134	110	(635)	-	(391)
Finance, Traded Services, Housing & Planning						
Capital Programme Implementation and Delivery	(161)	74	87	-	-	161
Finance	(2,466)	(2,009)	3,742	733	-	2,466
Insurance Cost Recovery Account	1,455	-	-	-	(1,455)	(1,455)
Procurement	(187)	39	148	-	-	187
Leader						
Communications and Customer Relations	88	(88)	-	-	-	(88)
Democratic Services and Governance	(270)	270	-	-	-	270
Equality and Diversity	(11)	11	-	-	-	11
Performance and Commissioning Support	(187)	210	40	(63)	-	187
Property and Facilities Management Service	(664)	69	452	143	-	664
Transformation Support Unit	(16)	(107)	116	7	-	16
<b>Net cost of services (Portfolios)</b>	<b>4,128</b>	<b>-</b>	<b>6,635</b>	<b>(1,628)</b>	<b>(9,135)</b>	<b>(4,128)</b>
Other operating costs						
Interest, capital financing and dividends	472	-	-	-	(472)	(472)
Emergency contingency	(3,388)	-	-	-	3,388	3,388
Appropriations to / from restricted funds and other revenue reserves						
Restricted funds	(2,896)	-	-	2,823	73	2,896
Capital financing	1,226	-	-	(1,226)	-	(1,226)
Other revenue reserves						
Carry Forwards reserve	6,635	-	(6,635)	-	-	(6,635)
Transformation Reserve	608	-	-	(608)	-	(608)
Other reserves	(639)	-	-	639	-	639
General government grant	(1,446)	-	-	-	1,446	1,446
Financing	(915)	-	-	-	915	915
<b>Net expenditure</b>	<b>3,785</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,785)</b>	<b>(3,785)</b>
General Balance	(3,785)	-	-	-	3,785	3,785
<b>Net Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Appendix C – Overview of revenue carry forward requests

	Total £000
<b>Re-phasing of spending</b>	
Better Care Fund and Health and Social Care spend	388
Strategy and Communications	100
Infrastructure delivery	87
Communications Projects	20
Other	-
<b>Sub total - Re-phasing of spending</b>	<b>595</b>
<b>Approved Transformation projects</b>	
Social Care Case Management	72
Digital Strategy	61
Superfast Broadband	38
Electronic Information Services	33
Transport Integration Project	5
Other	-
<b>Sub total - Approved Transformation Projects</b>	<b>209</b>
<b>Under spends requested for another purpose</b>	
Corporate Services - Delivery of Support Services Project savings	3,562
Estate projects	452
Leadership and Talent	277
Employment and Skills Board funding	256
Community Resilience - Prototypes work	170
Financial Services	160
Highways - Heybridge depot	150
Highways Enforcement Pilot	150
Quality Improvement	150
Other	504
<b>Sub total - Under spends requested for another purpose</b>	<b>5,831</b>
<b>Net Total</b>	<b>6,635</b>

## Appendix D – Trading Activities

2015/16		2016/17				
Actual		Original Budget	Final Budget	Provisional Outturn	Variance	Variance
£000		£000	£000	£000	£000	%
(43,308)	Income	(44,393)	(43,756)	(42,585)	1,171	(2.7%)
39,442	Expenditure	37,633	39,174	38,763	(411)	(1.0%)
-	Financing Items	-	-	-	-	-
(3,866)	(Surplus)/Deficit	(6,760)	(4,582)	(3,822)	760	(16.6%)
4,456	Appropriations	6,482	4,942	5,011	69	1.4%
590	Net (increase) / decrease in revenue reserves	(278)	360	1,189	829	230.3%
Analysis of net (increase) / decrease in Trading Activites reserves						
727	Essex Education Services	(200)	(200)	895	1,095	(547.5%)
(23)	Music Services	(1)	(1)	29	30	(3000.0%)
203	School staffing insurance scheme	-	157	60	(97)	(61.8%)
(206)	Library Services	(73)	407	450	43	10.6%
(13)	Smarte East	(3)	(3)	114	117	(3900.0%)
239	Essex Legal Services	-	-	(259)	(259)	-
(192)	Information Services infrastructure	-	-	(37)	(37)	-
(145)	Place Services	(1)	-	(63)	(63)	-
590	Net (increase) / decrease in revenue reserves	(278)	360	1,189	829	230.3%

2015/16		2016/17	
Closing Balance		Opening Balance	Closing Balance
£000		£000	£000
(4,564)	Total Reserves Balance	(4,564)	(3,373)

## Appendix E – Capital payments and financing summary

	Original Approval	Final Approval	Actual	Variance
	£000	£000	£000	£000
Adult Social Care	3,778	4,900	3,303	(1,597)
Children and Families	365	241	125	(116)
Corporate and Communities	456	240	298	58
Digital Innovation IT & Customer Services	3,858	3,703	3,279	(424)
Deputy Leader and Economic Growth, Infrastructure and	14,339	10,844	9,887	(957)
Education and Lifelong Learning	63,836	51,427	53,964	2,537
Environment and Waste	5,303	6,728	6,146	(582)
Finance, Commercial, Traded Services, Housing and Planning	1,768	3,511	3,867	356
Highways and Transport	149,466	135,486	137,639	2,153
Leader	8,738	7,534	7,541	7
<b>Total payments to be financed</b>	<b>251,907</b>	<b>224,614</b>	<b>226,049</b>	<b>1,435</b>
<b>Financed by</b>				
Unsupported borrowing	113,998	74,583	61,610	(12,973)
Grants and contributions	110,920	116,570	121,841	5,271
Capital receipts	15,000	24,189	27,755	3,566
Earmarked reserves	-			
Reserve for future capital funding	11,989	9,272	14,843	5,571
<b>Total financing</b>	<b>251,907</b>	<b>224,614</b>	<b>226,049</b>	<b>1,435</b>

## Appendix F – Capital Variance Plan (Summary)

	Slippage	2016/17			2016/17 Changes	2017/18 Changes
		Additions	Reductions	Advanced Works		
	£000	£000	£000	£000	£000	£000
Adult Social Care	(1,974)	68	(14)	324	(1,596)	1,650
Children and Families	-	-	(115)	-	(115)	-
Corporate & Communities	(36)	134	(40)	-	58	36
Digital Innovation, IT & Customer	(359)	-	(65)	-	(424)	359
Deputy Leader, Economic Growth, Infrastructure and Education and Lifelong Learning	(1,855)	-	-	898	(957)	(153)
Local Authority Controlled	(1,843)	4,669	(4,557)	4,350	2,619	(2,506)
Schools Controlled	-	60	(234)	89	(85)	(89)
Environment and Waste	(817)	782	(568)	22	(581)	795
Finance, Commercial, Traded Services, Housing and Planning	(34)	371	-	19	356	15
Highways & Transport	(2,824)	14,972	(14,361)	4,367	2,154	(1,543)
Leader	(48)	88	(33)	-	7	48
<b>Total payments to be financed</b>	<b>(9,790)</b>	<b>21,144</b>	<b>(19,987)</b>	<b>10,069</b>	<b>1,435</b>	<b>(1,389)</b>
<b>Financed by</b>						
Unsupported borrowing					(12,973)	
Grants and contributions					5,271	
Capital receipts					3,566	
Reserve for future capital funding					5,571	
<b>Total financing</b>					<b>1,435</b>	

## Appendix G – Restricted use and other revenue reserves

Restricted use funds					
	Balance at 1 April 2016	2016/17 movements			Balance at 31 March 2017 as at
	£000	Contributions to reserves £000	Withdrawals from reserves £000	Net Movement £000	£000
<b>Restricted use</b>					
Grants equalisation reserve	10,039	4,052	(2,964)	1,088	11,127
PFI equalisation reserves					
A130 PFI	52,102	101	(3,294)	(3,193)	48,909
Clacton secondary schools' PFI	3,180	969	(724)	245	3,425
Debden PFI	4,154	348	(84)	264	4,418
Building Schools for the Future PFI	2,495	397	(1,347)	(950)	1,545
Waste reserve	79,620	11,270	-	11,270	90,890
Schools	51,938	5,854	(10,488)	(4,634)	47,304
Partnerships	1,495	418	(373)	45	1,540
Trading activities	4,562	359	(1,548)	(1,189)	3,373
	209,585	23,768	(20,822)	2,946	212,531

Future Capital Funding and other revenue reserves					
	Balance at 1 April 2016	2016/17 movements			Balance at 31 March 2017 as at
	£000	Contributions to reserves £000	Withdrawals from reserves £000	Net Movement £000	£000
<b>Future capital funding</b>	11,748	8,155	(14,843)	(6,688)	5,060
<b>Other revenue reserves</b>					
Capital receipts pump priming	2,671	1,143	(1,057)	86	2,757
Carbon Reduction reserve	3,172	529	(717)	(188)	2,984
Carry Forwards Reserve	9,057	6,635	(9,057)	(2,422)	6,635
Collection Fund investment risk reserve	1,412	-	-	-	1,412
Community Initiatives Reserve	2,512	1,500	(1,915)	(415)	2,097
Insurance	8,356	-	-	-	8,356
Innovation	966	1,000	(105)	895	1,861
Pension Fund Deficit reserve	2,414	-	(1,574)	(1,574)	840
Transformation	31,699	22,603	(21,561)	1,042	32,741
Other reserves	1,850	575	(175)	400	2,250
	64,109	33,985	(36,161)	(2,176)	61,933



## Appendix H – General Balance

	£000
<b>Actual Balance 31 March 2016</b>	<b>79,731</b>
2016/17 Original Budget withdrawal	(19,359)
<b>Actual Balance 1 April 2016</b>	<b>60,372</b>
Subsequent movements	(1,288)
<b>Budgeted balance at 31st March 2017</b>	<b>59,084</b>
2016/17 Provisional Outturn proposals	(3,785)
<b>Actual balance at 31 March 2017</b>	<b>55,299</b>
2017/18 budgeted withdrawal	-
<b>Actual balance at 1 April 2017</b>	<b>55,299</b>

# Appendix I - Prudential Indicators

		Approved Indicator	Provisional Outturn
<b>1 Affordability</b>			
Incremental impact on Council Tax of 2016/17 and earlier years' 'starts'	£	£92.65	<b>£91.56</b>
Ratio of financing costs to net revenue streams (excl. gen. govnt. grant)	%	7.5%	<b>7.6%</b>
Ratio of financing costs to net revenue streams (incl. gen. govnt. grants)	%	7.1%	<b>7.1%</b>
<b>2 Prudence</b>		<i>Net borrowing is well within the medium term forecast of the Capital Financing Requirement.</i>	
Net borrowing and Capital Financing Requirement			
<b>3 Capital Expenditure</b>			
Capital expenditure	£m	252	<b>226</b>
Capital Financing Requirement ( <i>excluding credit arrangements</i> )	£m	1,086	<b>901</b>
<b>4 External Debt</b>			
Authorised limit (borrowing only)	£m	660	<b>N/A</b>
Operational boundary (borrowing only)	£m	480	<b>N/A</b>
Actual external borrowing ( <b>maximum level of debt during year</b> )	£m	N/A	<b>514</b>
<b>5 Treasury Management</b>			
Interest rate exposures			
Upper limit for exposure to fixed rates			
Net exposure	£m	660	<b>393</b>
Debt		100.0%	<b>100.0%</b>
Investments		100.0%	<b>72.1%</b>
Upper limit for exposure to variable rates			
Net exposure	£m	198	<b>(70)</b>
Debt		30.0%	<b>3.5%</b>
Investments		100.0%	<b>56.8%</b>
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40.0%	<b>0.7%</b>
12 months & within 24 months	%	40.0%	<b>1.0%</b>
24 months & within 5 years	%	60.0%	<b>3.8%</b>
5 years & within 10 years	%	60.0%	<b>9.5%</b>
10 years & within 25 years	%	65.0%	<b>26.4%</b>
25 years & within 40 years	%	70.0%	<b>23.4%</b>
40 years & within 50 years	%	50.0%	<b>11.7%</b>
50 years & above	%	22.0%	<b>15.0%</b>
Total sums invested for more than 364 days			
Authorised limit	£m	50	<b>N/A</b>
Actual sums invested ( <b>maximum position during year</b> )	£m	N/A	<b>11</b>
<b>6 Summary</b>			
<i>All Treasury Management activities have been undertaken in accordance with approved policies and procedures.</i>			
<i>External debt is within prudent and sustainable limits.</i>			
<i>Credit arrangements have been undertaken within approved indicators</i>			
<i>Maturity Structure of borrowing: maturity dates for market loans are based on the next review date, not the final maturity date.</i>			

## Appendix J – Treasury Management

TREASURY MANAGEMENT - 2016/17						
	Actual Balance 1 April  £000	Movements			Balance at 31 March  £000	Interest payable / (earned) to date £000
		Raised	Repaid	Net movement		
		£000	£000	£000		
<b>Borrowing</b>						
Long Term	353,636	163,000	(3,462)	159,538	513,174	2,678
Temporary	2,668	-	(2,668)	(2,668)	-	1
	<b>356,304</b>	<b>163,000</b>	<b>(6,130)</b>	<b>156,870</b>	<b>513,174</b>	<b>2,679</b>
<b>Investments</b>						
Long Term	(3,500)	(7,500)	-	(7,500)	(11,000)	(20)
Temporary	(213,800)	(89,524)	-	(89,524)	(303,324)	(401)
	<b>(217,300)</b>	<b>(97,024)</b>	<b>-</b>	<b>(97,024)</b>	<b>(314,324)</b>	<b>(421)</b>
<b>Net indebtedness</b>	<b>139,004</b>	<b>65,976</b>	<b>(6,130)</b>	<b>59,846</b>	<b>198,850</b>	<b>2,258</b>
<b>Borrowing</b>						
Average long term borrowing over period to date (£000)						456,429
Opening pool rate at 1 April 2016						4.28%
Weighted average rate of interest on new loans secured to date						2.82%
Average pool rate for year						3.91%
<b>Investments</b>						
Average daily cash balance over period to date (£000)						332,872
Average interest earned over period						0.79%
Benchmark rate - average 7 day LIBID rate						0.20%