

Forward Plan Reference Number: FP/390/02/23

| | |
|---|----------------------|
| Report title: 2023/24 Provisional Outturn Report | |
| Report to: Cabinet | |
| Report author: Councillor Christopher Whitbread, Chancellor of Essex and Cabinet Member with responsibility for Finance | |
| Date: 28 May 2024 | For: Decision |
| Enquiries to: Nicole Wood, Executive Director for Corporate Services and Section 151 Officer, email nicole.wood@essex.gov.uk or Adrian Osborne, Head of Strategic Finance and Insight, email adrian.osborne2@essex.gov.uk or Christine Golding, Chief Accountant, email christine.golding@essex.gov.uk | |
| County Divisions affected: All Essex | |

1. Everyone's Essex

- 1.1 The purpose of this report is to present and provide commentary on the provisional outturn position for financial year 2023/24 prior to formal closure of the accounts. The report also explains the key movements since the third quarter financial overview report (presented to Cabinet on 16 January 2024) to the year-end position. The report will highlight the financial impact on Essex County Council (ECC) of circumstances being experienced nationally across local government.
- 1.2 The story of the last financial year is one of significant and continuing in-year demand pressures across our services supporting young people, with Children's Social Care and Home to School Transport over spending by £29m. Inflation was also higher than budgeted for, incurring additional costs of £18.2m – the majority of the impact falling on care package costs in Adult Social Care.
- 1.3 However, by delivering more savings than had been planned, while avoiding negative impacts on residents, these over spends have partially been mitigated. In addition, the higher level of interest rates that we have all experienced, while stretching household incomes in many cases, have enabled increased treasury management returns. Coupled with a faster than expected fall in energy prices, we have been able to conclude the year with a small revenue under spend of 1.1%.
- 1.4 However, it must be stressed that the medium-term outlook continues to remain incredibly challenging, with ongoing demand pressures and market volatility in social care, significant pressure on Home to School Transport, alongside risk to local tax income due to the cost of living crisis.
- 1.5 The economic outlook for ECC remains complex and uncertain. The decline in inflation is tracking Bank of England projections and the sustained period of high inflation appears to have come to an end. However, recent events (Covid; Russia's war with Ukraine) have demonstrated the impact that unexpected events can have on both the global and national economy. We also face increasing demand for our services, particularly in Social Care, and have the inherent risk of the continued

absence of a multi-year funding settlement from central government threatening our financial stability. However, we will continue to refine our plans moving forward to ensure we spend within our means, not least through delivery of our Whole Council Transformation ambition.

- 1.6 Despite these challenges the focus remains on prioritising resources to achieve the strategic aims outlined in Everyone's Essex. Since 2021, resources have been prioritised from the Everyone's Essex reserve, notably to boost investment in the maintenance of our roads (£12m), provide for a strong and sustainable economy (£10.8m), deliver our response to climate challenges (£8.8m), deliver a range of programmes to level up the County (£6.5m) and fund cultural organisations in Essex (£2.5m).

2. Recommendations

Approval is sought for the following in relation to the 2023/24 outturn position:

- 2.1 That the net under spend of **£13.476m** is appropriated as follows:
- **£5.776m** to the Everyone's Essex Reserve to support political priorities around Highways.
 - Create a new earmarked reserve to be known as the Dedicated Schools Grant (DSG) General Risk Reserve and transfer **£5m** to provide resilience to the potential risks we face with deficits on the Dedicated Schools Grant, that are being experienced nationally
 - **£2.7m** to the Reserve for Future Capital Funding to replenish usage to fund the cost of writing off capital expenditure to date on Millenium Way slips in line with the decisions taken when setting the 2024/25 capital programme.
- 2.2 That under spends are allocated between portfolios as set out within the 'Transfers of under / over spends between Portfolios' column of Appendix A.
- 2.3 That additional revenue provision of **£3.482m** is made for the repayment of debt; this amount is in addition to the revenue provision required to be set aside in accordance with the Council's Minimum Revenue Provision Policy for 2023/24 but is in accordance with the budget.
- 2.4 That the following amounts are appropriated to / from restricted and other revenue reserves:

Restricted Funds

- Private Finance Initiative (PFI) Reserves

- Building Schools for the Future - **£1.428m** contribution (Appendix D 5iii)
- Clacton Secondary Schools - **£19,000** contribution (Appendix D 5iii)
- Debden Park School - **£17,000** contribution (Appendix D 5iii)
- A130 Road - **£165,000** withdrawal (Appendix D 7iii)

- **Waste Reserve – £4.362m** net contribution comprising:
 - Contribution of **£4.114m** mostly due to tonnages being lower than anticipated (Appendix D 3iii)
 - Contribution of **£361,000** returning funds relating to various waste projects, for use in 2024/25 (Appendix D 3iii)
 - Withdrawal of **£113,000** relating to the Residual Waste project and ongoing legal and associated costs of the MBT contract (Appendix D 3iii)
- **Schools - £397,000** net withdrawal from the Schools reserve, following net decreases against schools' budgets in 2023/24 (Appendix D 4iv)
- **Partnership Reserves**
 - Youth Offending Service Partnership Reserve - **£170,000** contribution (Appendix D 2iv)
 - Essex Safeguarding Children's Board Partnership Reserve - **£30,000** withdrawal (Appendix D 2iv)
 - Essex Vulnerable Adults Committee Partnership Reserve - **£22,000** withdrawal (Appendix D 6v)
 - Legal Services Partnership Reserve - **£7,000** withdrawal (Appendix D 16iv)

Reserve for Future Capital Funding

- **Capital funding - £5.817m** net withdrawal to transfer revenue financing resources to capital in respect of:
 - Other Highway Schemes - **£4.289m** withdrawal due to abortive costs (Appendix D 7iii)
 - To offset write off expenditure relating to the Millenium Way slips - **£2.456m** withdrawal (Appendix D 7iii)
 - Interest payable contingency not required for 2023/24 - **£1.2m** contribution (Appendix D 17iii)
 - Highways future fleet purchase - **£779,000** contribution (Appendix D 7iii)
 - Schools Devolved Formula Grant categorised as revenue - **£524,000** withdrawal (Appendix D 4iv)
 - To offset write off expenditure in relation to Essex County Hospital - **£244,000** withdrawal (Appendix D 10iii)
 - Independent Living Older People capital schemes - **£137,000** withdrawal (Appendix D 6v)
 - To offset write off expenditure in relation to Langham Oak School - **£134,000** withdrawal (Appendix D 5iii)
 - Registrars office refurbishment - **£76,000** withdrawal (Appendix D 11iii)
 - Network and Voice Firewall and the Next Generation Networks (NGN) Projects - **£64,000** contribution (Appendix D 16iv)
 - This is in addition to the **£2.7m** contribution to this reserve proposed in recommendation 2.1 above and will bring the net withdrawal to **£3.117m**

Other reserves

- **Carry Forwards - £6.667m** contribution, in respect of revenue budget under spends that it is proposed are carried forward for use in 2024/25. The proposals for utilising this Reserve in 2024/25 are set out in **Appendix C**
- In addition to this there is **£3.006m** of unused approved carry forwards from 2022/23 to be reprofiled or repurposed, for use in 2024/25 (Appendix C)
- **Adults Risk - £54,000** contribution relating to the Market Initiatives fund, the funding will be withdrawn for use in 2024/25 (Appendix D 6v)
- **Adults Investment – £2.339m** net withdrawal comprising:
 - £1.331m withdrawal to fund the residual over spend in the Adult Social Care function (Appendix D 6v)
 - £1.181m withdrawal to fund expenditure mainly relating to staffing resources within the Health, Adult Social Care and ICS Integration portfolio (Appendix D 6v)
 - £173,000 contribution, due to unspent project funding (Appendix D 6v)
- **Ambition Fund - £670,000** contribution due in the main to unspent project funding, which is required for use in the next financial year and therefore will be withdrawn in 2024/25 (Appendix D 3iii, 5iii, 9iv, 10iii, 11iii & 16iv)
- **Bursary for Trainee Carers Reserve - £77,000** withdrawal relating to the Nightingale Health and Care Bursary Programme (Appendix D 5iii)
- **Children’s Risk Reserve - £5m** withdrawal (to be transferred to the new DSG General Risk Reserve)
- **Children’s Transformation Reserve - £30,000** withdrawal due to a number of projects to deliver the Children’s Transformation Programme (Appendix D 2iv)
- **Commercial Investment in Essex Places - £60,000** contribution due to unspent resource costs related to Essex Renewal Fund, for use in 2024/25 (Appendix D 10iii)
- **Community Initiatives Reserve - £22,000** contribution relating to unused funds incurred on community projects in 2023/24 (Appendix D 9iv)
- **COVID Equalisation Reserve - £345,000** net contribution comprising:
 - £352,000 contribution relating to returning unused Covid funding, of which £14,000 is for use in 2024/25. (Appendix D 6v, 16iv)
 - £7,000 withdrawal relating to the Education Inclusion Strategy (Appendix D 5iii).
- **DSG General Risk Reserve - £5m** contribution (to be transferred from the Children’s Risk Reserve)
- **Essex Climate Change Commission - £1.039m** contribution relating to the Environment & Climate Action Programme and for use in 2024/25. (Appendix D 3iii)
- **Everyone’s Essex Reserve - £1.767m** net contribution comprising:

- £2.008m contribution due to various project funding relating to Everyone's Essex returned for use in 2024/25 (Appendix D 5iii, 7iii, 9iv, 10iii, 11iii, & 14iii)
- £241,000 withdrawal relating to costs associated with project funding (Appendix D 2iv, 5iii & 10iii)
- This is in addition to the **£5.776m** contribution to this reserve proposed in recommendation 2.1 above and will bring the net contribution to **£7.543m**
- **General Risk Reserve - £233,000** net withdrawal comprising:
 - £281,000 withdrawal due to closing costs in relation to Haven Gateway (Appendix D 10iii)
 - £48,000 contribution relating to concessionary fares appropriation to the reserve agreed as per Cabinet Member Action FP/572/11/22 (Appendix D 7iii)
- **Property Fund Reserve - £100,000** contribution due to receipts received for lift and roof works (Appendix D 12iv)
- **Quadrennial Elections Reserve - £22,000** withdrawal relating to costs associated with the Basildon by-election (Appendix D 9iv)
- **Technology and Digitalisation Reserve - £1.336m** net contribution comprising:
 - £1.911m contribution relating to mitigation of future pressures and return of unused project funding for use in 2024/25 (Appendix D 16iv)
 - £575,000 withdrawal relating to various technology projects (Appendix D 16iv)
- **Transformation Reserve - £93,000** net withdrawal comprising:
 - £887,000 withdrawal mainly relating to Cabinet Member Actions including Libraries Strategy, redundancy costs and the Support Services Programme (Appendix D 3iii, 9iv, 10iii, 11iii, & 16iv)
 - £794,000 contribution relating to the return of various unused project funding for use in 2024/25 (Appendix D 6v & 16iv)

- 2.5 That the financing of capital payments in 2023/24 is approved on the basis set out within **Appendix G** to this report.
- 2.6 Capital payment budgets, and associated capital financing, of **£21.355m** are re-profiled into subsequent financial years, in respect of slippage in schemes (as shown in the 'Slippage' column of Appendix H).
- 2.7 Capital payment budgets, and associated capital financing, of **£14.512m** are brought forward in respect of schemes that have progressed ahead of schedule (as shown in the 'Advanced works' column of Appendix H).

- 2.8 That 2023/24 capital payment approvals are reduced by a total of **£21.418m** (as shown in the 'Reductions' column of Appendix H), with increases of **£13.236m** to other schemes (as shown in the 'Additions' column of Appendix H), to reflect achieved activity in 2023/24.

Approval is also sought for the following in relation to the 2024/25 budget:

- 2.9 Delegate authority to the Executive Director for Corporate Services (S151 officer), in consultation with the Cabinet Member with responsibility for Finance, to apply up to **£6.667m** from the Carry Forwards Reserve in 2024/25 for the purposes detailed in Appendix C of this report for amounts that have been requested at year end, plus **£3.006m** previously approved by Cabinet to be carried into the Reserve during 2022/23.
- 2.10 Instruct the Section 151 Officer to advise the Cabinet Member with responsibility for Finance if, after consultation with the relevant Executive Director, the amount of any carry forward should be reduced.

3. Executive Summary

3.1 Introduction

- 3.1.1 This has been another exceptional and peculiar year, with underlying volatility in expenditure and uncertainty in forecasting prevailing throughout 2023/24 due to ongoing high inflation (now approaching levels closer to normal, but nearly 9% at the start of the year), rising interest rates, and the ongoing impact of pent-up demand from the pandemic. Therefore, not unexpectedly, we have seen movements across portfolios in the provisional outturn figures when compared to Quarter 3 forecasts. This has resulted in a better year end position than expected, mainly impacting Other Operating Costs and Adult Social Care.
- 3.1.2 We continue to face an extremely challenging period across the medium term. Inflation continues to fall in line with Bank of England projections, but recent history demonstrates how sensitive the global and national economy can be to unexpected shocks. We face growing demand pressures, particularly in social care services, and have no clarity on funding beyond the 2024/25 financial year. Robust financial management over the last year, despite the exceptional circumstances the Council has faced, has enabled recommendations in this report that will offer some financial risk mitigation in the short term to the impact of escalating costs, alongside some opportunities for one-off investment in our key priorities.
- 3.1.3 The report sets out an under spend on revenue of **£13.476m** (1.1%) against a budget of **£1.089bn**. This position is after adjusting for proposals to carry forward under spends for use in 2024/25 and reserve movements. This position, however, masks some significant variances from budget. Excluding energy costs, portfolio budgets have over spent by **£30.5m**. This is materially driven by demand, price and complexity pressure in Children's Services (£22.4m) and Home to School Transport (£7.4m). The over spend in services has been offset by:

- an **£11.2m** under spend on energy across the organisation, where unit prices are nearly half the rate assumed when the budget was set
- a **£29.5m** under spend in Other Operating Costs due to increasing interest rates and greater cash balances (driven in part by lower than expected usage of reserves), which has resulted in higher investment returns, plus lower in-year borrowing requirements than originally anticipated
- a **£3.3m** under spend on funding due to an increase in the benefit of business rate pooling based on latest district returns

Proposals for how the **£13.476m** under spend is utilised (predominantly to support political priorities around Highways and to mitigate risk on the Dedicated Schools Grant) are set out in section 2.1.

- 3.1.4 The underlying volatility in expenditure and uncertainty in forecasting that has prevailed throughout 2023/24 due to ongoing high inflation, increasing interest rates and emergent demand, has been reported to Cabinet every quarter and, not unexpectedly, we have seen movements in the provisional closure figures. We have seen an improvement of **£17.97m** on the position reported at the Third Quarter stage, which was a forecast over spend of £4.494m. The reasons for this movement are set out in **Appendix D**.
- 3.1.5 There is an under spend on capital of **£15.025m** (4.9%) against the final approved budget of £306.686m – This is 95% delivery against the final approved budget, or 106% against original budget. This is in line with our delivery record in 2022/23, where we also achieved 94% against the final approved budget.
- 3.1.6 The Council's 2023/24 Accounts have been closed against a backdrop of still having the two prior financial years' external audits open. This position means that the outturn position needs to be viewed with a degree of caution.
- 3.1.7 The audit delays are extremely concerning but are not unique to ECC – similar delays are being experienced across the sector.
- 3.1.8 Earlier in the year, the government consulted on proposals to address the national backlog of historical audits for all years up to, and including, 2022/23. While the outcome of this consultation has yet to be confirmed, it is anticipated that all historical audits will need to be closed by 30 September 2024. It is the government's intention that these historical audits will be closed with a **modified** or **disclaimed** audit opinion if the external auditor is unable to complete full audits by this deadline.
- 3.1.9 The Council's current external auditor (BDO LLP) reported, in March 2024, that the 2021/22 audit was largely complete, and that it should be possible to complete this audit in July 2024.
- 3.1.10 BDO LLP's final year as our auditors is the 2022/23 financial year. They have told us that they anticipate being able to present the Audit Planning Reports for the Council and Essex Pension Fund to the Audit, Governance and Standards

Committee in July 2024, and to complete a full audit ahead of the proposed backstop date of 30 September 2024.

- 3.1.11 While every effort will be made to support the timely completion of these historical audits, it remains possible that BDO will have to close one or both of the outstanding audits with a modified or disclaimed audit opinion.
- 3.1.12 The results of the external audits for 2021/22 and 2022/23 will be reported to the Audit, Governance and Standards Committee upon completion, at which stage the Committee will be able to approve the respective sets of Accounts. They will then be formally published on the Council's website and considered by full council.
- 3.1.13 In relation to 2023/24, the Council transitions to a new external auditor, Ernst and Young (EY). At the time of writing, it is unclear when EY will commence the audit of the 2023/24 accounts. However, under the government's audit backstop proposals, EY will be required to complete the audit no later than 31 May 2025.

3.2 Overview – Revenue

- 3.2.1 Through careful financial planning and management, Essex County Council has delivered a small under spend of **£13.476m** (1.1%). This is the net of a significant over spend across portfolio budgets (£30.512m) offset by under spends on energy, treasury management activities and funding. This position has been delivered through another year of exceptional impact on the financial management of the organisation due to the cost of living crisis – to which the Council is not immune – with additional inflation over and above that allowed for within the original budget of £18.2m. Given the uncertainty at the time the budget was set in February 2023, the overall outcome is deemed as a positive position, although the risk now highlighted is that we continue to see demand pressures due to pent up demand filtering through (over and above the significant growth that has been allowed for in the 2024/25 budget), while the factors that have mitigated the pressure in 2023/24 are only one-off.
- 3.2.2 The net under spend of **£13.476m** reflects:
- i. A net over spend by services of **£30.512m**. Driven by a combination of demand, price and complexity pressure in both Children's Services and Early Years Non DSG (**£22.4m**), and on Home to School Transport within Highways, Infrastructure and Sustainable Transport (**£7.373m**).
 - ii. an **£11.2m** under spend on energy across the organisation
 - iii. A **£29.471m** under spend for interest, capital financing and dividends.
 - iv. An over receipt on funding of **£3.317m**
 - v. Proposals to transfer **£22.3m** (net) to earmarked revenue reserves. Excluding transfers to Restricted Funds (£5.376m) which are funds not under the Council's control, and carry forward requests (£6.667m), the residual balance

relates to mitigation of potential future risks (e.g. to the Dedicated Schools Grant), to reprofiling of expenditure into future years, or to support the strategic ambitions of Everyone's Essex. This is partially offset by technical adjustments drawing down funds to offset abortive capital expenditure.

3.2.3 The focus now needs to move to the challenging period ahead – with interest rates expected to remain at the current high level, projected increases in unemployment, and the ongoing emergence of pent up demand, it is highly probable that there will continue to be volatility in the financial position across revenue and capital throughout 2024/25. The position will be closely monitored throughout the year ahead.

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

3.3 Trading activities

3.3.1 The Council's activities that operate on a trading account basis have increased their revenue reserves during 2023/24 by **£342,000** against a financial target set for the year of breakeven (after budgeted appropriations to ECC).

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

3.4 Capital

3.4.1 Capital delivery of 95% against latest budget has been achieved in 2023/24.

3.4.2 The original budget for the capital programme was **£274.859m**. During the year this has been revised to allow for revisions to project delivery plans. The final approved total capital programme budget amounted to **£306.686m**. Actual capital expenditure amounted to **£291.661m**, resulting in an under spend of **£15.025m**. There is a need for caution as we continue to face risks ahead with inflation and supplies in the market creating significant cost escalation which could affect the delivery of the programme in 2024/25 and beyond.

3.4.3 During 2023/24, circa 345 schemes were undertaken. Our residents have benefited from and will continue to benefit from a wide range of new investment including:

- Essex Highways delivered essential work on improving our roads and footways, vital to maintaining a safe network (£61.837m). Each improvement and maintenance scheme helps keep our residents safe, contributes to longer-term economic growth, and helps deliver our vision for safer, greener and healthier travel.
- Significant packages of transport improvement work continue to progress across the County, such as in Chelmsford where works are progressing ahead on schedule on the construction of Beaulieu Park Station, a new railway station scheduled for completion in 2025, and where considerable progress is being

made in the building of a new conveyor bridge as part of an early works packages for Chelmsford North East Bypass, which will allow the new road to operate with minimal interference with mineral extraction. In Harlow where works are nearing completion for a new junction onto Cambridge Road from Riverway and works commencing on the development of the Sustainable Transport Corridor. In Colchester where our Rapid Transit System project to provide more reliable and improved journey times is progressing well with Section B covering Colchester's Town Centre extending towards the University of Essex complete.

- Active Travel projects continue to deliver local walking and cycling infrastructure projects in Essex with the aim to reduce pressure on the network by creating high quality routes which can accommodate an increase in cycling and start to create walking cycle networks. Essex was successful in leveraging new grant funding through Active Travel England Funding Round 4 to continue these aspirations.
- Public Sector Decarbonisation schemes continued to deliver a number of measures to work towards meeting net zero aspirations by 2030. The main focus of the work has been replacement of gas boilers with electrical supplied heat sources, installation of solar PV panels, increased insulation, window replacement and led lighting across our large core office estate, libraries and school buildings.
- Over 400 new school places and circa 300 new SEND and PRU places delivered across Essex in the form of new schools; expansion of existing schools; temporary solutions changed to permanent solutions all of which are delivered to net zero standards where possible.
- The flood management programme designed and delivered 5 schemes benefitting 219 properties as well as completing feasibility studies that will form our pipeline of schemes for design and delivery in 2024/25.
- The LED Phase 4 Street Lighting has continued and is nearing completion. When all of ECC's lights are replaced with energy saving LED lamps, saving an estimated 6,500 tonnes of carbon per year

3.4.4 Approval is sought to:

- Re-profile capital payment budgets of **£21.355m**, from 2023/24 into future years as a consequence of slippage in schemes;
- Bring capital payment budgets of **£14.512m** forward in respect of schemes that have progressed ahead of schedule; and
- Realign scheme and payment approvals to reflect actual activity in 2023/24 – this results in payment approvals for some schemes being reduced by **£21.418m**, with increases of **£13.236m** to several other schemes.

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

3.5 Commercial property

3.5.1 The commercial property portfolio net income outturn was on budget at £1.651m. This includes a request in the Provisional Outturn Report to transfer £100,000 to the Investment Property Reserve, representing tenant contributions in the year to the cost of the roof and lift works at Watford. The portfolio continues to be fully occupied with several lease renewals in the year. This position is included within the overall Chancellor of Essex portfolio position.

3.5.2 The annual valuation exercise shows a reduction in the portfolio value of **£1.1m** (4.3%) to **£24.2m**. The fall was primarily at Watford, where the reduction was £1.35m due to ongoing uncertainty in the office sector around the future demand for offices, as well as the impact of future environmental requirements reducing values. There was an increase in the value of the Keighley Retail Park of £225,000 and the industrial asset at Guildford was unchanged. The portfolio continues to deliver reliable income streams and the valuations are impacted by market sentiment rather than any specific asset issues, other than some leases naturally now have shorter unexpired terms.

3.6 Reserves and balances

3.6.1 The final approved budget for 2023/24 included provision for appropriations to or from various revenue reserves and restricted funds. Proposals are presented throughout this report which further impact on the Council's reserves and balances. Approval is sought for **£22.3m** (net) to be transferred to earmarked reserves mainly relating to mitigation of potential future risk, to reprofile existing approvals into future years where costs have not been incurred in line with the original plan, or to support the strategic objectives of Everyone's Essex.

- **£5.4m** relates to restricted funds, which are funds held for medium to long term contractual commitments or on behalf of others and not available for alternative use by the Council
- **£6.7m** relates to carry forward of under spends into 2023/24 for specific purposes as set out in **Appendix C**
- Approximately **£6.2m** relates to sums set aside to support and mitigate risks
- Approximately **£5.4m** relates to reprofiling of budget to support future years budgets
- Approximately **£4.4m** is for investment in Everyone's Essex and the Council's strategic priorities and transformational activities
- This is offset by drawdown of approximately **£5.8m** of technical adjustments mainly in respect of capital write off costs.

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

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

3.6.3 **Appendix L** summarises the position on the General Balance at 31st March 2024. The closing balance is sufficient to fund 22 days of operating expenditure.

3.7 Prudential indicators and treasury management

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

4 Policy context and Outcomes Framework

4.1 This report provides an assessment of the financial position of the Council at the end of the 2023/24 financial year, and as such, provides a financial representation of the performance against the annual plan. The Everyone's Essex Annual Plan for 2023/24 was approved in February 2023.

5 Financial Implications

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

6 Legal Implications

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

7 Equality and Diversity implications

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

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

- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

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

8 List of Appendices

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

(Appendices are available at www.essex.gov.uk if not circulated with this report)

9 List of Background Papers

Budgetary control reports

2023/24 Provisional Outturn Report

Appendix B – Revenue Outturn Summary

| 2022/23 Actual | | 2023/24 | | | | | | |
|-------------------|--|--------------------|--------------------|------------------------|------------------------|-------------------------|----------------|---------------------|
| | | Original Budget | Final Budget | Provisional Outturn | Variance | | | Underlying variance |
| | | | | | Unadjusted variance | Proposed mitigations | | |
| £000 | £000 | £000 | £000 | £000 | £000 | £000 | % | |
| 479,355 | Health, Adult Social Care and ICS Integration | 506,415 | 449,867 | 450,811 | 944 | (2,295) | (1,351) | (0.3%) |
| | Childrens Services & Early Years | | | | | | | |
| (401) | Childrens Services & Early Years - DSG | (401) | (401) | (498) | (97) | - | (97) | 24.2% |
| 150,190 | Childrens Services & Early Years - Non DSG | 145,486 | 121,636 | 143,933 | 22,297 | 99 | 22,396 | 18.4% |
| 6,354 | Levelling Up, Communities and Business Engagement | 5,148 | 7,171 | 6,618 | (553) | 501 | (52) | (0.7%) |
| 26,450 | The Arts, Heritage and Culture | 23,825 | 27,466 | 25,897 | (1,569) | 1,206 | (363) | (1.3%) |
| 9,220 | Planning a Growing Economy | 6,184 | 10,343 | 10,188 | (155) | (204) | (359) | (3.5%) |
| | Education Excellence, Life Long Learning and Employability | | | | | | | |
| 3,581 | Education Excellence, Life Long Learning and Employability - DSG | (2,662) | (2,661) | (2,382) | 279 | (921) | (642) | 24.1% |
| 22,790 | Education Excellence, Life Long Learning and Employability - Non DSG | 21,711 | 29,478 | 29,441 | (37) | 2,081 | 2,044 | 6.9% |
| 11,535 | The Chancellor of Essex | 8,974 | 7,057 | 10,871 | 3,814 | (3,888) | (74) | (1.0%) |
| 117,027 | Highways Maintenance & Sustainable Transport | 120,829 | 121,166 | 124,333 | 3,167 | (5,380) | (2,213) | (1.8%) |
| 2,071 | Leader | 2,136 | 2,226 | 2,287 | 61 | (61) | - | - |
| 84,031 | Climate Czar, Environment, Waste Reduction and Recycling | 94,467 | 91,537 | 85,819 | (5,718) | 5,477 | (241) | (0.3%) |
| | Recharged Support Services | | | | | | | |
| | Levelling Up, Communities and Business Engagement RSSS's | | | | | | | |
| 600 | Assurance | 757 | 753 | 609 | (144) | 144 | - | - |
| 890 | Democratic Services and Governance | 962 | 957 | 920 | (37) | 37 | - | - |
| 836 | Equality and Diversity | 442 | 1,028 | 882 | (146) | 146 | - | - |
| 4,390 | Performance, Business Planning and Partnerships | 4,397 | 4,594 | 3,959 | (635) | 519 | (116) | (2.5%) |
| | The Chancellor of Essex RSSS's | | | | | | | |
| 10,520 | Business Support | 9,639 | 12,522 | 12,296 | (226) | 226 | - | - |
| 81 | Car Provision Scheme | 108 | 108 | 196 | 88 | (88) | - | - |
| 1,831 | Customer Services | 1,976 | 2,466 | 2,032 | (434) | 300 | (134) | (5.4%) |
| 10,489 | Finance | 10,919 | 13,288 | 12,633 | (655) | 533 | (122) | (0.9%) |
| 9,942 | Human Resources | 8,459 | 10,001 | 10,397 | 396 | (396) | - | - |
| 28,307 | Information Services | 26,630 | 28,645 | 27,037 | (1,608) | 1,608 | - | - |
| (1,606) | Insurance Cost Recovery Account | 4,068 | 4,668 | 4,219 | (449) | - | (449) | (9.6%) |
| 5,047 | Legal Services | 5,390 | 5,145 | 4,995 | (150) | 150 | - | - |
| 6,501 | Procurement | 5,704 | 6,965 | 6,647 | (318) | 300 | (18) | (0.3%) |
| 19,101 | Property and Facilities Management Service | 21,844 | 25,161 | 21,529 | (3,632) | 608 | (3,024) | (12.0%) |
| 6,689 | Transformation Support Unit | 5,902 | 8,801 | 8,137 | (664) | 664 | - | - |
| | Leader RSSS's | | | | | | | |
| 1,948 | Communications and Customer Relations | 1,970 | 2,046 | 1,975 | (71) | 50 | (21) | (1.0%) |
| | Planning a Growing Economy RSSS's | | | | | | | |
| 998 | Capital Programme Implementation and Delivery | 1,140 | 1,122 | 1,011 | (111) | 111 | - | - |
| 1,018,767 | Net cost of services (Portfolios) | 1,042,419 | 993,155 | 1,006,792 | 13,637 | 1,527 | 15,164 | 1.5% |
| | Other operating costs | | | | | | | |
| 43,481 | Interest, capital financing and dividends | 67,472 | 67,473 | 34,852 | (32,621) | 7,297 | (25,324) | (37.5%) |
| - | Appropriations from Usable Capital Receipts reserve | - | - | - | - | - | - | - |
| | Appropriations to/(from) revenue reserves | | | | | | | |
| (9,705) | Carry Forwards reserve | - | (7,046) | (379) | 6,667 | (6,667) | - | - |
| (9,780) | Restricted funds | (20,240) | (10,720) | (5,345) | 5,375 | (5,375) | - | - |
| 24,055 | Capital financing | 7,463 | 18,224 | 15,107 | (3,117) | 5,817 | 2,700 | 14.8% |
| 10,372 | Transformation Reserve | 11,820 | 2,955 | 2,862 | (93) | 93 | - | - |
| 17,883 | Other revenue reserves | 67,992 | 21,517 | 34,985 | 13,468 | (2,692) | 10,776 | 50.1% |
| 1,095,073 | Net expenditure | 1,176,926 | 1,085,558 | 1,088,874 | 3,316 | - | 3,316 | 0.3% |
| (137,489) | General government grant (excluding Revenue Support Grant) | (165,723) | (74,351) | (76,047) | (1,696) | - | (1,696) | 2.3% |
| - | General Balance - contribution / (withdrawal) | - | (4) | (4) | - | - | - | - |
| 957,584 | Budget Requirement | 1,011,203 | 1,011,203 | 1,012,823 | 1,620 | - | 1,620 | 0.2% |
| | Financed by | | | | | | | |
| (19,295) | Revenue Support Grant | (21,284) | (21,284) | (21,284) | - | - | - | - |
| (165,472) | National non-domestic rates | (185,444) | (185,444) | (187,064) | (1,620) | - | (1,620) | 0.9% |
| (763,505) | Council tax precept | (799,032) | (799,032) | (799,032) | - | - | - | - |
| (9,312) | Collection fund surpluses | (5,443) | (5,443) | (5,443) | - | - | - | - |
| (957,584) | Total Financing | (1,011,203) | (1,011,203) | (1,012,823) | (1,620) | - | (1,620) | 0.2% |

Appendix C – Overview of revenue carry forward requests

Carry forward requests of **£6.667m** are identified and seek approval in this report for use in 2024/25. Carry forwards are a normal part of financial management.

A complete list of the **£6.667m** carry forward requests is provided below.

| Carry forward requests | Total £000 |
|---|---------------|
| Levelling Up, Communities and Business Engagement RSSS | |
| Essex Centre for Data Analytics partnership activity | 225 |
| Researcher posts | 50 |
| Analyst posts | 50 |
| Performance posts | 50 |
| Support Services Programme | 100 |
| Sub total | 475 |
| The Arts, Heritage and Culture | |
| Health and Safety works - traveller sites | 405 |
| Customer services systems | 212 |
| Bookfund - to support improving literacy | 181 |
| Library early adopter savings | 160 |
| Mobile Library vehicles | 140 |
| Registration booking system | 66 |
| Bridge replacement at Weald Country Park | 68 |
| Digital autopsy pilot | 50 |
| Harlow Outdoors maintenance works | 35 |
| Cultural development research report | 20 |
| Sub total | 1,337 |
| Planning a Growing Economy | |
| Strategic development backfill | 56 |
| Supported and Specialist Housing Needs Assessment | 25 |
| Sub total | 81 |
| Education Excellence, Life Long Learning and Employability | |
| Supporting business growth in Essex | 60 |
| Higher Level Teaching Assistant training | 5 |
| Sub total | 65 |

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

| Carry forward requests | Total £000 |
|--|---------------|
| The Chancellor of Essex | |
| Support Services Programme - Legal & Assurance | 150 |
| Sub total | 150 |
| The Chancellor of Essex RSSS | |
| Transformation project resource | 498 |
| Corporate Leadership development programme | 350 |
| Procurement resource | 300 |
| Support 2024/25 resource savings targets - Legal | 231 |
| Income collection team | 216 |
| Support 2024/25 resource savings targets- Finance | 200 |
| Engagement hub - Customer Services | 300 |
| Sub total | 2,095 |
| Highways Maintenance & Sustainable Transport | |
| Ringway Jacobs contract extension | 300 |
| Safety inspectors | 66 |
| To fund any future shuttle buses that might be needed due to road closures | 30 |
| Sub total | 396 |
| Leader | |
| Fund Strategy Manager post | 40 |
| Sub total | 40 |
| Leader RSSS | |
| Communications and marketing cross cutting saving | 50 |
| Sub total | 50 |
| Climate Czar, Environment, Waste Reduction and Recycling | |
| Environmental opportunities | 29 |
| Sub total | 29 |
| Other operating costs | |
| Reinvest for commercial review/activity | 839 |
| Support Services Programme savings target | 500 |
| Essex Sparks (Generating Ideas). | 250 |
| IFRS 16 Leases implementation | 150 |
| Essex Housing commercial review. | 100 |
| Corporate / legal reporting capability | 100 |
| Corporate Peer Review | 10 |
| Sub total | 1,949 |
| Net Total | 6,667 |

Appendix C (cont'd) Reprofiled/repurposed 2022/23 carry forward requests

£3.006m of unused approved carry forwards from 2022/23 are to be reprofiled or repurposed, for use in 2024/25, as set out below.

| Reprofiled/repurposed 2022/23 carry forward requests | | Total £000 |
|---|--|-----------------------|
| The Chancellor of Essex | | |
| Audit Fees - originally set aside for 23/24 but may be required for 24/25 once invoices are received | | 500 |
| Delivery Assurance Quarter 2 2024/25 resource funding | | 450 |
| Exploiting new technology for creative problem solving & AI | | 450 |
| Workforce Strategy activity and mitigate 2024/25 savings pressures | | 306 |
| Exploring opportunities with current AI technologies | | 250 |
| Business Support assist transition to implement spans and layers saving | | 200 |
| Support Services Programme management consultancy costs | | 170 |
| Update CMR2 to enable it to be utilised for member meetings | | 20 |
| Sub total | | 2,346 |
| Education Excellence, Life Long Learning and Employability | | |
| To support the new Foundation Workforce Planning to support the Essex Opportunities plan | | 50 |
| Sub total | | 50 |
| Highways Maintenance & Sustainable Transport | | |
| Integrated Passenger Transport Unit to deliver training modules to support drivers and passenger assistants - SEN Home to School transport service. | | 158 |
| Highways to recruit a Dynamic Purchasing officer on a fixed term basis | | 86 |
| Sub total | | 244 |
| Levelling up, Communities and Business Engagement | | |
| Senior Analyst resource for Business Intelligence activity and support | | 182 |
| Essex Centre for Data Analytics Partnership | | 104 |
| Sub total | | 286 |
| The Arts, Heritage and Culture | | |
| Customer Services: Blue Badge | | 80 |
| Sub total | | 80 |
| Net Total | | 3,006 |

Appendix D – Revenue Position – Detailed commentary

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

1. Children's Services and Early Years DSG: £97,000 under spend

- i. The provisional outturn of **£498,000** is lower than the approved budget of **£401,000** due to an increase in the DSG contribution to Recharge Strategic Support Service (RSSS) costs.
- ii. Within this position the Early Years Block within the Dedicated Schools Grant (DSG) under spent by **£13.8m** primarily due to:
 - Payments to providers for the Early Years Free Entitlement are **£10m** less than the funding from Government as the volume of pupils accessing the free entitlement is fewer than the number of pupils funded. It is expected that the Government will clawback funding in the July 2024 adjustment when the funding for 2023/24 is finalised.
 - The final adjustment to the 2022/23 Early Years Block allocation in July 2023 increased funding by **£3.8m** as pupils on the January 2023 Census were higher than the provisional pupils funded.
 - This in year under spend has been transferred to the DSG reserve.

2. Children's Services and Early Years Non DSG: £22.297m (18.3%) over spend

- i. The provisional outturn of **£143.933m** is **18.3%** higher than the final approved budget of **£121.636m**. After proposed adjustments there is a **£22.400m** over spend position which represents an adverse movement of **£1.806m** since the position reported in the Third Quarter.
- ii. The movement is largely as a result of increased placement costs driven by temporary emergency placements in high-cost unregistered arrangements and an increased volume of Children in Mainstream Residential settings.
- iii. The unadjusted over spend is as a result of:
 - **£7.368m** due to increased use of External Mainstream residential, where placement count on average has been 74 compared to a budgeted 59, and high placement costs, with the average weekly rate 45% (£2,127) above the budgeted rate in mainstream residential care
 - **£7.122m** Placement insufficiency necessitating the use of high-cost unregistered arrangements
 - **£2.528m** Volume of children in external fostering placements due to difficulties recruiting and retaining internal foster carers

2023/24 Provisional Outturn Report

- **£2.263m** Temporary spikes in volumes of semi-independent placements – in March there were 83 placements compared to a budget for 80 (excluding migrants) - the number was as high as 113 earlier in the year
- **£2.151m** The cost-of-living crisis increasing demand for Section 17 and Section 20 supporting families at risk particularly with travel costs
- **£1.859m** Direct provisions, where home care is provided directly by ECC, where there has been an increase both in demand and in weekly rates
- **£1.002m** where the volume of Separated Migrant Children, mix and method of arrival has resulted in higher costs and lower grant funding than budgeted
- **£1.1m** Unachieved staffing vacancy factor savings.

Partially offset by:

- **£424,000** rebate from Adopt East as ECC supplied more adopters to the pool than placements required.

iv. Approval is sought to the following actions as a consequence of the provisional outturn position for 2023/24:

- **£170,000** contribution to the Youth Offending Teams Partnership Reserve due to remand costs ending the year lower than expected
- **£30,000** withdrawal from the Childrens Transformation Reserve relating to following approved projects: Special Guardianship and Adoption Financial Support of £14,000, Multi Disciplinary Team South Pilot of £11,000 and recruitment in residential care of £5,000
- **£30,000** withdrawal from the Essex Safeguarding Children's Board Partnership Reserve in relation to staffing costs
- **£7,000** withdrawal from the Everyone's Essex Reserve to fund the 'ActiveAte' half term Holiday Activity and Food Programme 2022 – 2025.

3. Climate Czar, Environment, Waste Reduction and Recycling: £5.718m (6.2%) under spend

- i. The provisional outturn of **£85.819m** is **6.2%** lower than the final approved budget of **£91.537m**. After proposed adjustments, there is a **£150,000** under spend (<1%), which represents a favourable movement of **£63,000** since the online position reported at the Third Quarter.
- ii. The unadjusted under spend is mainly due to:
 - **£3.063m** mainly in relation to a reduction in tonnage requiring disposal across a number of waste streams compared to levels anticipated
 - **£1.502m** relates to the Civic Amenity Service policy line predominately due to staffing under spends of £400,000 within the Recycling Centres for Household Waste (RCHW) network and an energy price under spend of

2023/24 Provisional Outturn Report

£740,000 where the average purchase price is 35p which is considerably lower than that budgeted. Also included is £241,000 under spend relating to dilapidations works that will now be completed in 2024/25.

- **£1.184m** under spend relating to the Essex Climate Action Commission (ECAC) spend which will be returned to the reserve for use in 2024/25.

iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2023/24:

- Carry forward **£29,000** to the service as set out in Appendix C
- **£4.475m** contribution to the Waste Reserve, predominately due to forecast tonnage under spends of £3.063m and £1.410m relating to the Civic Amenity Service, of which £602,000 is required in 2024/25 towards approved projects
- **£1.039m** contribution to the Essex Climate Change Reserve to return unspent funding, for use in 2024/25, relating to the Environment and Climate Action Programme
- **£145,000** contribution to the Ambition Fund Reserve to return unspent funding, for use in 2024/25, relating to the Environment and Climate Action Programme
- **£111,000** withdrawal from the Waste Reserve relating to the ongoing legal and associated costs of the MBT contract
- **£51,000** withdrawal from the Transformation Reserve relating to redundancy costs incurred to date for the RCHW service restructure
- **£45,000** transferred to the Highways & Sustainable Transport portfolio due to the operational transfer of the Great Dunmow Waste Transfer Station to fund the in-year budget gap as a result of the existing Highways depot closing later than anticipated
- **£2,000** withdrawal from the Waste Reserve relating to the Residual Waste project costs

4. Education Excellence, Lifelong Learning and Employability Dedicated Schools Grant (DSG): £279,000 over spend

- i. After proposed adjustments, there is a **£642,000** under spend reflecting DSG drawn down to contribute towards the increased use of Recharged Strategic Support Services (RSSS) by areas of the council funded through DSG.
- ii. The over spend relates to the movement in school balances, which have decreased due to the removal of balances relating to the 14 academy convertors of £1.891m during the 2023/24 financial year; the net increase in balances for maintained schools was £1.494m. **£397,000** has been appropriated to the Schools reserve to offset this over spend.

2023/24 Provisional Outturn Report

- iii. The Dedicated Schools Grant within this Portfolio is over spent by **£1.661m** primarily within the high needs block due to the increased cost and volume of pupils with Special Educational Needs and Disabilities. This has been funded from the cumulative surplus DSG balance.
- iv. Approval is sought for the following actions as a consequence of the provisional outturn position for 2023/24:
 - **£524,000** withdrawal from the Reserve for Future Capital Funding for Devolved Formula Capital expenditure
 - **£397,000** withdrawal from the Schools Reserve due to the decrease in school balances

**5. Education Excellence, Life Long Learning and Employability (Non DSG):
£37,000 (0.1%) under spend**

- i. The provisional outturn of **£29.441m** is 0.1% lower than the final approved budget of **£29.478m**. After proposed adjustments, there is a **£2.324m** over spend (7.9%) which represents an adverse movement of **£1.794m** since the position reported at the Third Quarter.
- ii. The under spend is mainly due to:
 - **£2.296m** due to reserve funding which needs to be returned in respect of PFI, Environment climate action, Employability and Skills
 - **£389,000** fewer properties requiring maintenance
 - **£282,000** increased income from fines for pupils taken out of school in term time
 - **£176,000** reduction in the commitments for energy costs at the Clacton Joint Service Centre

Partially offset by:

- **£2.045m** - A reduction in the recharge to DSG following clarity from the Department for Education around eligible expenditure that can be charged to the grant.
 - **£591,000** Adult Community Learning due to pay pressures from wage reviews, and an under recovery of apprenticeship levy income, partially offset by an under spend on utilities and additional grant funding and project based income.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2023/24:
 - Carry forward **£65,000** as set out in **Appendix C**

2023/24 Provisional Outturn Report

- **£1.428m** contribution to the PFI Equalisation Reserves due to the repayment of Tendring termination relating to the Building Schools for the Future PFI
- **£982,000** contribution to the Everyone's Essex Reserve, for use in 2024/25, relating to various approved project funding
- **£134,000** withdrawal from the Reserve for Future Capital Funding in relation to capital costs which have been written off to revenue for Langham Oak School
- **£119,000** contribution to the Ambition Fund Reserve, for use in 2024/25, relating to various approved project funding
- **£77,000** withdrawal from the Bursary for Trainee Carers Reserve relating to the Nightingale Health and Care Bursary Programme which sits in Adult Community Learning
- **£50,000** withdrawal from the Everyone's Essex Reserve relating the following projects: Harlow Futures – Early Years, Reading and NEET of £28,000, Improvement of employability skills and employment brokerage of £18,000 and Poppins Bursary costs of £4,000
- **£19,000** contribution to the PFI Equalisation Reserves relating to the Clacton Secondary Schools PFI
- **£17,000** contribution to the PFI Equalisation Reserves relating to the Debden Park PFI
- **£7,000** withdrawal from the Covid Equalisation Reserve in relation to costs incurred with the Education Inclusion Strategy project

6. Health, Adults Social Care and ICS Integration: £1.341m (0.3%) adjusted under spend

- i. During the financial year, the Adult Social Care system has faced increased pressure to support hospital discharges, resulting in higher numbers of temporary packages having to be commissioned at increased costs as there continues to be a supply and demand mismatch. This growth in demand gives a challenge in being able to accurately predict future financial outturn and the service will continue to track the impact into 2024/25.
- ii. There are several over and under spends that have been driven by the growing demand for services most significantly within Older People, where across the year there have been more service users moving into a residential and nursing care setting than had been intended. This is partly due to the complexity of their needs and as a consequence has resulted in price pressures.
- iii. The favourable movement of £4.805m since Q3 is largely by driven reduced cost associated with the new Equipment contract, along with actions taken as a result of our recovery plan which included a draw down from the Adult Investment Reserve of £1.331m to offset the residual social care over spend.

2023/24 Provisional Outturn Report

This year £20.425m of savings have been achieved without detriment to services; the over-achievement on our care tech, connect and MLM programmes are particularly noteworthy.

- iv. The Public Health provisional outturn is an on-line position. Of the £67.756m allocated to ECC in 2023/24, £5.428m has been appropriated to the reserve for future years. In line with the approved Wellbeing, Public Health and Communities business plan (2022-25), a number of workstreams have been identified and programmes being developed to address gaps in service delivery and allocate expenditure within the grant on an ongoing basis in future years. The funds remain subject to the normal Public Health grant conditions. £2.293m of the £2.521m of Central Government Contain Management Outbreak funding (COMF) carried forward from 2022/23 was allocated to the Essex Wellbeing Service in 2023/24 which had a major focus on enabling communities to become more confident post Covid, the remainder was allocated to the Digital Inclusion Project. £16,000 will be carried forward into 2024/25.
- v. Approval is sought to the following actions as a consequence of the provisional outturn position for 2023/24:
- **£1.331m** withdrawal from the Adults Investment Reserve to mitigate the residual Adult Social Care over spend as part of the recovery plan
 - **£1.181m** withdrawal from the Adults Investment Reserve in relation to various approved project costs, Dependency Tool Tracker, Live at Home support and for staffing resources within Countywide duty team, Workforce Independent Practitioners and Monitoring and Reporting Office
 - **£173,000** contribution to the Adults Investment Reserve returning funding relating to Test & Learn, Choice and Control Mental Health Section 75 projects, for use in 2024/25
 - **£152,000** contribution to the Covid Equalisation Reserve in relation to a refund from a provider due to a counter fraud case
 - **£137,000** withdrawal from the Reserve for Future Capital Funding in relation to Older People Independent Living capital costs transferring to revenue
 - **£54,000** contribution to the Adults Risk Reserve to return unused funds relating to Market Initiatives, for use in 2024/25
 - **£22,000** withdrawal from the Essex Vulnerable Adults Committee Partnership Reserve
 - **£7,000** contribution to the Transformation Reserve relating to Maximising Social Care Income project funding, for use in 2024/25

7. Highways, Infrastructure and Sustainable Transport: £3.167m (2.6%) over spend

- i. The provisional outturn of **£124.333m**, is 2.6% higher than the final approved budget of **£121.166m**. After proposed adjustments, there is a **£2.338m** under spend (1.9%) which represents an adverse movement of **£235,000** since the position reported at the Third Quarter.
- ii. The unadjusted over spend is mainly due to:
 - **£7.373m** within Home to School Transport driven primarily from price changes as the population profile adjusts, and to a lesser extent new demand. Within this total there is £2.260m of expenditure incurred which is now precluded from being recharged to the Dedicated Schools Grant high needs block for commissioned home to school transport services following recent clarity provided by the Department for Education
 - **£6.738m** of abortive costs incurred within Transport Strategy which derives mainly from Advanced Scheme Designs, where costs incurred for early design works have not progressed to deliverable schemes and have therefore been written off to revenue valued at £4.282m, and £2.456m for the A120 Millenium Way Slips scheme which has been paused due to a number of issues including acquisition of required land, expiry of existing planning (September 2025) and loss of some existing funding streams

Offset by:

- **£6.981m** energy under spends across policy lines where the average purchase price is 35p per unit which is considerably lower than that budgeted at 62p
 - **£953,000** Winter budget which relates to lower than expected grit runs following a warmer and wetter than average winter
 - **£1.949m** under spends largely due to surplus income over that budgeted across Park & Ride due to improved passenger numbers, Passenger Transport due to additional grant funding and improved passenger numbers in Local Bus, and Tackling Congestion due to a higher volume of reactive traffic regulation order requests from utilities companies
 - **£1.061m** staffing under spends across policy lines driven by in-year vacancies and where capital recharges have exceeded their budgeted assumptions plus other immaterial variances
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2023/24:
 - Carry forward **£396,000** for various projects as set out in **Appendix C**
 - **£6.745m** withdrawal from the Reserve for Future Capital Funding relating to Advanced Scheme Design abortive costs of £4.283m, Millenium Way Slips write-off of £2.456m and Flood projects of £6,000

2023/24 Provisional Outturn Report

- **£779,000** contribution to the Reserve for Future Capital Funding to support future Highways fleet purchases
- **£227,000** contribution to the Everyone's Essex Reserve relating to the Environment and Climate Action programme returning unused project funding for use in 2024/25
- **£165,000** withdrawal from the PFI Equalisation Reserves to cover expenditure resulting from the indexing of prices and volume increases relating to the A130 PFI
- **£48,000** contribution to the General Risk Reserve relating to the Cabinet Member Action FP/572/11/22 Concessionary Fares Reimbursement Final Settlement for 2023/24

8. Leader: £61,000 (2.7%) over spend

- The provisional outturn of **£2.287m**, is 2.7% higher than the final approved budget of **£2.226m**. After proposed adjustments, there is a **£100,000** over spend (4.5%) which represents a favourable movement of **£10,000** since the position reported at the Third Quarter.
- The underlying position includes a **£75,000** staff turnover saving that is apportioned on a functional level. Across the Chief Executive Office function there is an underlying staffing under spend that offsets this saving. This offsetting under spend is shown within the Deputy Leader portfolio.
- The remaining over spend relates to additional contract costs to support corporate business planning activity that is tied in to the Support Services Programme.
- Approval is sought to the following actions as a consequence of the provisional outturn position for 2023/24:
 - Carry forward **£40,000** to fund a Strategy Manager post in 2024/25

9. Levelling Up, Communities and Business Engagement: £553,000 (7.7%) under spend

- The provisional outturn of **£6.618m** is 7.7% lower than the final approved budget of **£7.171m**. After proposed adjustments there is a **£471,000** under spend (6.6%) which represents a favourable movement of **£285,000** since the position reported in the Third Quarter.
- The majority of this movement relates to amounts previously intended to be carried forward that are no longer required.

2023/24 Provisional Outturn Report

- iii. The underlying position also includes a staffing under spend within the Levelling Up policy line. This relates to a previous delay in hiring to a vacant economic growth position of **£32,000**.
- iv. Approval is sought to the following actions as a consequence of the provisional outturn position for 2023/24:
 - **£80,000** contribution to the Ambition Fund Reserve in relation to unused Member's Locality funding being returned to the reserve for use in 2024/25
 - **£30,000** withdrawal from the Transformation Reserve in relation to Resourcing to support the Levelling Up project
 - **£24,000** contribution to the Everyone's Essex Reserve relating to unused funding returned from the Essex Association of Local Councils (EALC)
 - **£22,000** contribution to the Community Initiative Fund Reserve in relation to unused funding for small grants following recent bids for community projects
 - **£22,000** withdrawal from the Quadrennial Elections Reserve relating to Basildon by-election costs
 - **£8,000** contribution to the Ambition Reserve returning Future Growth project funding for use in 2024/25

10. Planning a Growing Economy: £155,000 (1.5%) under spend

- i. The provisional outturn of **£10.188m** is 1.5% lower than the final approved budget of **£10.343m**. After proposed adjustments, there is a **£375,000** under spend (3.6%) which represents a favourable movement of **£338,000** since the position reported in the Third Quarter.
- ii. The under spend position includes the following:
 - **£416,000** under spend as a result of over-recovery of income including from traffic orders, inspection fees and third party works and the impact of accounting for overheads
 - **£220,000** under spend within Economic Renewal as a result of recruitment delays therefore projects have not progressed in line with anticipated timescales.

Offset by:

- **£266,000** over spend within Housing Strategy, Development & Investment due to capital costs incurred that have been written off to revenue relating to Essex County Hospital and costs incurred in relation to Shenfield Library
- **£169,000** within Superfast Broadband for project costs where funding has already been approved and drawdown is sought through this report

- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2023/24:
- Carry forward **£81,000** for various projects as set out in **Appendix C**
 - **£427,000** contribution to the Everyone's Essex Reserve, for use in 2024/25, in relation to Everyone's Economy and Environment projects
 - **£281,000** withdrawal from the General Risk Reserve in relation to approved closing costs attributable to Haven Gateway
 - **£244,000** withdrawal from the Reserve for Future Capital Funding for capital costs which have been written off relating to Essex County Hospital
 - **£184,000** withdrawal from the Everyone's Essex Reserve for approved project costs relating to Digital Infrastructure & Strategy of £169,000, and Environment and Climate Action Programme of £15,000
 - **£129,000** withdrawal from the Transformation Reserve relating to £93,000 for the Community Infrastructure Levy project supporting district councils in Essex and approved costs incurred for Shenfield Library of £36,000
 - **£60,000** contribution to the Commercial Investment in Essex Places Reserve relating to unused project funding for use in 2024/25
 - **£49,000** contribution to the Ambition Fund Reserve for use in 2024/25 relating to delays within the Future Growth project

11. The Arts, Heritage and Culture: **£1.569m (5.7%) under spend**

- i. The provisional outturn of **£25.897m** is 5.7% lower than the final approved budget of **£27.466m**. After proposed adjustments, there is a **£490,000** under spend (1.8%), which represents a favourable movement of **£553,000** since the position reported in the Third Quarter.
- ii. The unadjusted under spend relates to:
- **£731,000** relating to Libraries due to an over achievement against the income budget of £363,000 and an under spend generated by a property rates rebate of £391,000 relating to prior years' expenditure paid on the Libraries estate.
 - **£405,000** relating to Travellers mainly due to an under spend on utilities of £189,000 predominantly relating to electricity where the average unit rate is lower than that assumed in the budget, and also staff vacancies of £96,000.
 - **£273,000** relating to the Heritage and Cultural Service; of which £88,000 relates to the Arts and Cultural Fund and £79,000 relates to events film income received in 2023/24. The remaining under spend of £72,000 relates to the Essex Records Service due to in-year staff vacancies.

- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2023/24:
- Carry forward **£1.337m** as set out in **Appendix C**
 - **£412,000** withdrawal from the Transformation Reserve relating to approved costs relating to Libraries Modernisation and restructure expenditure
 - **£167,000** contribution to the Everyone's Essex Reserve returning £88,000 of unused Arts & Cultural project funds, for use in 2024/25, and £79,000 to replenish the reserve to offset the request in 2024/25 for a resource to lead the Cultural Development service and the Essex Film Office
 - **£76,000** withdrawal from the Reserve for Future Capital Funding to the Registrars service to cover office refurbishment costs across the estate
 - **£63,000** contribution to the Ambition Fund Reserve returning unused funds, for use in 2024/25, relating to the Everyone's Economy Future Growth programme.

12. The Chancellor of Essex: £3.814m (54%) over spend

- i. The provisional outturn of **£10.871m** is 54% higher than the final approved budget of **£7.057m**. After proposed adjustments there is a **£4.064m** (57.6%) over spend with an adverse movement of **£373,000** since the position reported at the Third Quarter.
- ii. The underlying position is driven by a **£5m** over spend relating to the organisation wide staffing saving being budgeted within the portfolio. Delivery of the saving has been delayed, creating the over spend within the Portfolio. Plans have been developed to deliver the saving in 2024/25.
- iii. This is partially offset by an under spend of **£1m** relating to the council tax sharing agreement with Essex district councils, where Quarter 3 performance returns indicate marginally lower council tax collection rates and growth than budgeted for 2023/24, resulting in lower than assumed incentive payments to districts.
- iv. Approval is sought to the following actions as a consequence of the provisional outturn position for 2023/24:
- Carry forward **£150,000** as set out in **Appendix C**
 - **£100,000** contribution to the Property Fund Reserve due to recognising in-year receipts from tenants related to lift and roof works at Watford, that was funded by the Council.

13. Leader Recharged Support Services: £71,000 (3.5%) under spend

- i. The provisional outturn of **£1.975m** is 3.5% lower than the final approved budget of **£2.046m**. After proposed adjustments, there is a **£21,000** under spend (1%) which represents a favourable movement of **£99,000** since the position reported at the Third Quarter.
- ii. The under spend is driven by lower advertising spend in Communications.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2023/24:
 - Carry forward **£50,000** as set out in Appendix C

14. Levelling Up, Communities and Business Engagement Recharged Strategic Support Services: £962,000 (13.1%) under spend

- i. The provisional outturn of **£6.370m** is 13.1% lower than the final approved budget of **£7.332m**. After proposed adjustments, there is a **£305,000** under spend (4.2%) which represents an adverse movement of **£96,000** since the position reported in the Third Quarter.
- ii. The under spend position is mainly driven within Performance and Business Intelligence by delays in filling vacant roles, additional external staff recharges from other authorities.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2023/24:
 - Carry forward **£475,000** for various projects as set out in **Appendix C**
 - **£181,000** contribution to the Everyone's Essex Reserve returning unspent Community Supermarket project funding, for use in 2024/25

15. Planning a Growing Economy Recharged Support Services: £111,000 (9.9%) under spend

- i. The provisional outturn of **£1.011m** is 9.9% lower than the final approved budget of **£1.122m**. This represents a favourable movement of **£66,000** since the position reported in the Third quarter.
- ii. This is mainly due to higher than budgeted employee recharges to capital as more time has been spent on capital projects than assumed at budget setting

16. The Chancellor of Essex Recharged Support Services: £7.652m (6.5%) under spend

- i. The provisional outturn of **£110.118m** is 6.5% lower than the final approved budget of **£117.770m**. After proposed adjustments, there is a **£3.236m** under spend (2.7%) which represents a favourable movement of **£1.648m** since the position reported at the Third Quarter.
- ii. The movement from Third Quarter is mainly due to reduced forecast relating to energy as a result of revised lower consumption and average unit rate.
- iii. The unadjusted under spend is driven by several areas across the portfolio:
 - **£3.632m** relating to Facilities Management mainly due to energy prices being significantly lower than budgeted together with lower consumption than assumed in the budget
 - **£1.608m** relating to Information Services where various technology projects, including Network & Voice, Oracle Licences and Devices have under spent in year partly due to delays - this funding will be appropriated to the Technology and Digitisation Reserve for use in future years. There is also £200,000 of additional information governance income – which includes Subject Access Requests work for Suffolk County Council and schools Data Protection Services services.
 - **£663,000** relating to the Transformation Support Unit, where £327,000 is a result of unused project funding and will be returned to reserves, and the remainder due to a combination of increased internal staff recharging, and staff turnover.
 - **£556,000** relating to staffing under spends across Finance, due to staff turnover, holding of vacancies towards future year savings and increased internal staff recharging.
 - **£100,000** Property investment - Receipts in the year from tenants for their share of the lift and roof works at Watford forward funded by ECC.
- iv. Approval is sought to the following actions as a consequence of the provisional outturn position for 2023/24:
 - Carry forward **£2.095m** for various projects as set out in **Appendix C**
 - **£1.911m** contribution to the Technology and Digitisation Reserve with £800,000 to be used to fund network and voice related contracts, £300,000 to fund ongoing Oracle activity, £150,000 towards expenditure on Devices, £50,000 to fund Information Technology Infrastructure Library (ITIL) training and £611,000 of returned project funding for use in 2024/25
 - **£787,000** contribution to the Transformation Reserve, for use in 2024/25, relating to the following projects: North East Quadrant Strategy £300,000, Property Transformation £255,000, Whole Council Transformation £127,000,

2023/24 Provisional Outturn Report

Facilities Management contract £76,000, Print Strategy £26,000 and the Environment and Climate Action programme £3,000

- **£575,000** withdrawal from the Technology and Digitisation Reserve relating to NGN Project £172,000, Infolink programme £152,000, O365/M365 programme £112,000, Enabling Technology programme £74,000, Oracle Non standard service requests £32,000, Print Strategy £27,000 and Corporate Service programme £6,000
- **£265,000** withdrawal from the Transformation Reserve relating to approved redundancy and pension strain costs of £205,000 and Support Services Programme costs of £60,000
- **£200,000** contribution to the Covid Equalisation Reserve reflecting the final position against the Transformation Delivery Resourcing project £186,000 and unused funds, for use in 2024/25, relating to the Entry to Work project £14,000
- **£206,000** contribution to the Ambition Fund Reserve as a result of commissioning income at Thurrock Council of £170,000 and Birmingham Council of £36,000
- **£64,000** contribution to the Reserve for Future Capital Funding relating to the replacement Palo Alto Firewalls within the Network and Voice programme
- **£7,000** withdrawal from the Legal Partnerships Reserve in relation to the Public Law Partnership joint working activity.

17. Other Operating Costs (interest, financing, and dividends): £32.621m under spend (48.3%)

- i. The provisional outturn of **£34.852m** is 48.3% lower than the final approved budget of **£67.473m**. After proposed adjustments, there is a **£29.471m** under spend (43.7%) which represents a favourable movement of **£11.463m** since the position reported at the Third Quarter.
- ii. The position is driven by an environment of increasing interest rates with the bank rate increasing from 4.25% to 5.25% during the year (average rate was estimated at 3.5% when the budget was set) and greater cash balances (driven in part by lower than expected usage of reserves), which has resulted in higher investment returns, and the outcome of the capital review has impacted on in-year borrowing requirements.
- iii. Revenue provision for the repayment of debt must be determined in accordance with the Council's Minimum Revenue Provision (MRP) Policy for the year (which was approved by full Council, alongside the 2023/24 budget). Because the amount of capital expenditure that was financed from borrowing in 2022/23 was lower than was anticipated when the MRP budget was set for 2023/24, the revenue provision that is required to be set aside for the year is lower than

budgeted. However, the Council can set more revenue provision aside than is required by its policy – any additional amounts being referred to as ‘voluntary revenue provision’ (VRP). Therefore, although the amount of revenue provision that is required to be set aside for the year is less than budgeted, it is nevertheless proposed that revenue provision is made in accordance with the budget provision for the year. The impact of doing so is that the revenue provision includes VRP of £3.482m

- iv. Approval is sought to the following action as a consequence of the provisional outturn position for 2023/24:
- Carry forward **£1.949m** as set out in **Appendix C**
 - **£1.2m** contribution to the Reserve for Future Capital Funding to provide mitigation for capital programme cost escalation risk.

18. Other Operating Costs (General Government Grants and Financing): £3.316m (1.3%) increase of funding budget

- i. This position is due to an under spend within Funding due to an increase in the benefit of business rates pooling with Essex districts, based on latest district returns, and additional Business Rates Levy Surplus grant, notified by government in February 2024.

2023/24 Provisional Outturn Report

Appendix E – Trading Activities

| Trading Activities Summary | | | | | | |
|----------------------------|---|----------------------------|-------------------------|--------------------------------|------------------|-----------------|
| 2022/23 Actual £000 | | 2023/24 | | | | |
| | | Original Budget £000 | Final Budget £000 | Provisional Outturn £000 | Variance £000 | Variance % |
| (8,989) | Income | (8,535) | (8,657) | (9,273) | (616) | 7.1% |
| 9,517 | Expenditure | 8,231 | 8,407 | 8,630 | 223 | 2.7% |
| - | Financing Items | - | - | - | - | - |
| 528 | (Surplus)/Deficit | (304) | (250) | (643) | (393) | 157.2% |
| (744) | Appropriations | 304 | 300 | 301 | 1 | 0.3% |
| (216) | Net (increase) / decrease in revenue reserves | - | 50 | (342) | (392) | (784.0%) |
| | Analysis of net (increase) / decrease in Trading Activities reserves | | | | | |
| (24) | Music Services | - | 50 | 47 | (3) | (6.0%) |
| (192) | Place Services | - | - | (389) | (389) | - |
| (216) | Net (increase) / decrease in revenue reserves | - | 50 | (342) | (392) | (784.0%) |
| 2022/23 | | | | | 2023/24 | |
| Closing | | | | | Opening | Closing |
| Balance | | | | | Balance | Balance |
| £000 | | | | | £000 | £000 |
| (1,729) | Total Reserves Balance | | | | (1,729) | (2,071) |

Appendix F – Trading Activities – Detailed commentary

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

1. Music Services

- i. The trading activity reports a small surplus of £2,000 after a £50,000 appropriation from reserves to establish a charitable music fund to support young people to access music provision outside of school settings.

2. Place Services

- i. The trading activity is reporting a surplus of £389,000 over the planned target of £300,000 being appropriated to County Reserves. This is as a result of increased income due to demand from local planning authorities outside Essex, and internal commissions, including the ECC Heritage Assets Review, combined with under spends resulting from delays implementing IT enhancements that will now be delivered in 2024/25.

3. Trading Reserves

- i. These positions will leave a net residual surplus in trading reserves of £2.1m, of which £1.8m relates to Place Services.

2023/24 Provisional Outturn Report

Appendix G – Capital payments and financing summary

| Portfolio | Original Approved Budget £000 | Final Approved Budget £000 | Actual £000 | Variance £000 |
|---|--|---|------------------------|--------------------------|
| Children’s Services and Early Years | 3,010 | 2,566 | 2,409 | (157) |
| Climate Czar, Environment, Waste Reduction and Recycling | 0 | 912 | 927 | 15 |
| Education Excellence, Life Long Learning and Employability | 55,201 | 49,664 | 45,901 | (3,763) |
| Health, Adult Social Care and ICS Integration | 2,277 | 108 | (37) | (145) |
| Highways, Infastructure and Sustainable Transport Leader | 118,183 | 147,329 | 131,518 | (15,811) |
| Levelling Up, Communities and Business Engagement | 42,527 | 74,929 | 85,330 | 10,401 |
| Planning a Growing Economy | 100 | 83 | 83 | 0 |
| The Arts, Heritage and Culture | 45,442 | 20,707 | 16,623 | (4,084) |
| The Chancellor of Essex | 1,351 | 788 | 173 | (615) |
| | 6,768 | 9,600 | 8,734 | (866) |
| Total Payments to be Financed | 274,859 | 306,686 | 291,661 | (15,025) |
| Financed By | | | | |
| Unsupported borrowing | (101,454) | (92,543) | (69,462) | (23,081) |
| Grants and contributions | (161,105) | (196,689) | (203,993) | 7,304 |
| Capital receipts | (5,000) | (4,547) | (4,547) | 0 |
| Reserve for future capital funding | (7,300) | (12,907) | (13,659) | 752 |
| Total Financing | (274,859) | (306,686) | (291,661) | (15,025) |

2023/24 Provisional Outturn Report

Appendix H – Capital Variance Plan (Summary)

| | 2023-24 | | | | | 2024-25 |
|--|-----------------|---------------|-----------------|---------------|-----------------|----------------|
| | Slippage | Additions | Reductions | Advanced Work | Total Changes | Changes |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Children’s Services and Early Years | (654) | 57 | (60) | 500 | (157) | (154) |
| Climate Czar, Environment, Waste Reduction and Recycling | 0 | 62 | (47) | 0 | 15 | 0 |
| Education Excellence, Life Long Learning and Employability | (6,014) | 4,671 | (3,092) | 672 | (3,763) | (5,342) |
| Health, Adult Social Care and ICS Integration | (38) | 0 | (107) | 0 | (145) | (38) |
| Highways, Infrastructure and Sustainable Transport | (8,777) | 5,219 | (14,124) | 1,871 | (15,811) | (6,906) |
| Leader | (1,061) | 0 | 0 | 11,462 | 10,401 | 10,401 |
| Levelling Up, Communities and Business Engagement | 0 | 0 | 0 | 0 | 0 | 0 |
| Planning a Growing Economy | (3,167) | 361 | (1,278) | 0 | (4,084) | (3,167) |
| The Arts, Heritage and Culture | (588) | 0 | (27) | 0 | (615) | (588) |
| The Chancellor of Essex | (1,056) | 2,866 | (2,683) | 7 | (866) | (1,049) |
| Total Payments to be Financed | (21,355) | 13,236 | (21,418) | 14,512 | (15,025) | (6,843) |
| Financed by | | | | | | |
| Unsupported borrowing | | | | | (23,081) | |
| Grants and contributions | | | | | 7,304 | |
| Capital receipts | | | | | 0 | |
| Reserve for future capital funding | | | | | 752 | |
| Total Payments to be Financed | | | | | (15,025) | |

Appendix I – Capital Position – Detailed commentary

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

1. Children’s Services and Early Years – £157,000 (6.1%) under spend

- i. The provisional outturn of **£2.409m** is **£157,000** less than the final approved budget of **£2.566m**.
- ii. Approval is sought to re-profile **£654,000** from 2023/24 into 2024/25. The slippage mainly relates to Solo Placements of **£263,000** as Roach Vale School works have been delayed due to the new Head Teacher undertaking a review to ensure the project adheres to DfE requirements, and Mitie delays relating to RAAC works, as the scope of the project is being re-assessed. Children’s Residential slippage of **£123,000** mainly relating to deferred timescales involved in bringing properties into operational use. Early Year’s slippage of **£110,000** due to project delays. Furthermore, **£109,000** slippage in Adaptations as a number of schemes have had delayed start dates that will now initiate in the new financial year.
- iii. Approval is sought to reduce the capital programme by **£60,000**. This relates mainly to the re-prioritisation of £50,000 from Children’s Residential to fund a new scheme at the Mulberry Tree Family Centre.
- iv. Approval is sought to add **£57,000** to the capital programme. This relates mainly to the re-prioritisation of £50,000 to the Mulberry Tree Family Centre from Children’s Residential.
- v. Approval is sought to advance **£500,000** from 2024/25 into 2023/24. This is mainly in relation to the Limebrook Way early years provision project which is progressing faster than anticipated, and advanced works are required to match forecast cash flow.

2. Climate Czar, Environment, Waste Reduction and Recycling - £15,000 (1.6%) over spend

- i. The provisional outturn of **£927,000** is **£15,000** more than the final approved budget of **£912,000**. This is largely attributable to an addition relating to the Social Housing Decarbonisation Fund Scheme which relates to a reallocation of funding between the social housing partners
- ii. Overall approval is sought to add **£62,000** to the programme and for reductions to the programme of **£47,000**.

3. Education Excellence, Life Long Learning and Employability - £3.763m (7.6%) under spend

- i. The provisional outturn of **£45.901m** is **£3.763m** less than the final approved budget of **£49.664m**.
- ii. ECC Controlled - **£4.914m** under spend:
- iii. The most significant under spend relates to Special Schools (**£1.400m**), specifically the Castledon school where the scope has been reduced and new delivery timescales have been agreed. There is also an under spend of **£991,000** within Braintree Primary Basic Need predominately relating to the school delivered project at Richard de Clare. A signed funding agreement has still not been received. Furthermore, slippage of **£733,000** is forecast within Basildon Primary Basic Need on Dry Street Primary School from 2023/24 into 2024/25, due to the contractor being behind schedule. Finally, **£482,000** slippage is reported within Tendring Secondary Basic Need for Clacton High School from 2023/24 into 2024/25, as the school self-delivery element of the remodelling works has been delayed until Summer 2024.
- iv. Overall approval is sought re-profile **£6.014m** into 2024/25, additions to the programme of **£3.406m**, reductions to the programme of **£2.979m**, and advanced works of **£672,000** from 2024/25 into 2023/24.
- v. School Controlled - **£1.151m** over spend
- vi. Approval is sought for additions to the programme totalling **£1.264m** offset by reductions to the programme totalling **£113,000** to realign the budgets to match spend in relation to the Schools Devolved Formula Capital grant and schools cash balances, which the authority holds on behalf of Essex Schools and have no control over the spend.

4. Health, Adult Social Care and ICS Integration - £145,000 (134%) under spend

- i. The provisional outturn of **£(37,000)** is **£145,000** less than the final approved budget of **£108,000**. Overall approval is sought to re-profile **£38,000** from 2023/24 and **£363,000** from 2024/25 into 2026/27, and for reductions to the programme of **£107,000**. This predominately relates to spend that no longer meets the capitalisation criteria and must be written off to revenue in 2023/24.

5. Highways, Infrastructure and Sustainable Transport - £15.811m (10.7%) under spend

- i. The provisional outturn of **£131.518m** is **£15.811m** less than the final approved budget of **£147.329m**.
- ii. The most significant under spends relate to Advanced Scheme Design (ASD) (£4.582m) predominately due to spend incurred in prior years that has now

2023/24 Provisional Outturn Report

become abortive; the ASD is reviewed on a regular basis to assess whether the work undertaken has expired and become abortive and it has been concluded that £4.3m of costs must now be written off to revenue in 2023/24. M11 Junction 8 (£3.233m) which represents a saving due to an anticipated reimbursement from the contractor. A120 Millenium Way Slips (£2.467m) as through the capital programme prioritisation undertaken as part of the 2023/24 capital review, agreement was given to pause the scheme until at least 2028/29 while available options are considered. The costs incurred to date in relation to planning and traffic modelling will expire and need to be repeated or refreshed and therefore need to be written off to revenue in 2023/24. Colchester Rapid Transit System (£2.353m) relating to project contingency that had been held pending resolution of some costs.

- iii. These under spends are partially offset by an over spend of **£3.240m** for Road Maintenance. Approval is sought for an addition of £2.258m to support the carriageway resurfacing programme and £1.126m advanced works due to an accelerated re-surfacing programme. The addition will be funded by £671,000 reduction to the Footway Maintenance Programme, £778,000 proposed revenue contribution from the Reserve for Future Capital Funding and £665,000 Department for Transport grant.
- iv. Overall approval is sought to re-profile **£8.777m** into 2024/25, additions to the programme of **£5.219m**, reductions to the programme of **£14.124m**, and for advanced works of **£1.871m** from 2024/25 into 2023/24.

6. Leader - £10.401m (13.9%) over spend

- i. The provisional outturn of **£85.330m** is **£10.401m** more than the final approved budget of **£74.929m**.
- ii. Approval is sought to re-profile **£1.061m** from 2023/24 into 2024/25. The slippage is in relation to Chelmsford North East Bypass due to delays with the silt lagoon works.
- iii. Approval is sought to advance **£11.462m** from 2024/25 into 2023/24. This mainly relates to Beaulieu Park Station, as the scheme is ahead of the build schedule per the latest contractor report received.
- iv. Overall approval is sought to re-profile **£1.061m** into 2024/25 and to advance **£11.462m** of works from 2024/25 into 2023/24.

7. Levelling Up, Communities and Business Engagement – on line

- i. The provisional outturn of **£83,000** is **on line** with the final approved budget of **£83,000**.

8. Planning a Growing Economy - £4.084m (19.7%) under spend

i. The provisional outturn of **£16.623m** is **£4.084m** less than the final approved budget of **£20.707m**. The under spend is driven by the following:

ii. **Superfast broadband - £1.674m under spend**

The largest under spend relates to the Department for Culture, Media and Sport (DCMS) led Gigabit top up scheme (£700,000) which has seen lower than expected take-up and therefore approval will be sought for a reduction to the capital programme. The remaining under spend is across a number of individual contracts which are nearing completion, and approval will be sought to re-profile this into 2024/25 pending contract closure.

iii. **Economic Investment - £944,000 under spend**

The Economic Investment under spend is driven largely by Colchester Grow On Space scheme slippage. This is a third party delivered scheme for which the Council are purely passporting funding as required. Delays starting on site have resulted in a revised cash flow forecast and therefore a revised funding profile.

iv. **Essex Housing - £1.013m under spend**

The under spend is driven by **£951,000** slippage for Shenfield Library due to delays following seasonal storms during vital weather tight roofworks.

v. **Essex Housing LLP Loans - £453,000 under spend**

The under spend relates to re-alignment of the loans profile to the latest Essex Housing Annual Delivery Plan.

vi. Overall, approval is sought to re-profile **£3.167m** into 2024/25, additions to the programme of **£361,000** and reductions to the programme of **£1.278m**

9. The Arts, Heritage and Culture - £615,000 (78.21%) under spend

i. The provisional outturn of **£173,000** was **£615,000** less than the final approved budget of **£788,000**.

ii. Approval is sought to re-profile **£588,000** from 2023/24 into 2024/25. This is mainly driven by **£390,000** slippage for Colchester Library Refurbishment resulting from delays in deciding the scope of the project.

iii. Overall approval is sought to re-profile **£588,000** into 2024/25 and reductions to the programme of **£27,000**.

10. The Chancellor of Essex - £866,000 (9%) under spend

- i. The provisional outturn of **£8.734m** was **£866,000** less than the final approved budget of **£9.600m**

The most significant under spend relates to Capitalised Building Maintenance, with a net £858,000 under spend across the core maintenance programme and Salix funded projects. This is mainly due to a Salix Schemes being paused pending a full cost review.

- ii. Overall approval is sought to re-profile **£1.056m** into 2024/25, additions to the programme of **£2.866m**, reductions to the programme of **£2.683m**, and for advanced works of **£7,000** from 2024/25 into 2023/24.

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

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

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

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

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

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

2023/24 Provisional Outturn Report

Appendix K – Restricted use and other revenue reserves

| | Balance at | 2023/24 movements | | Balance at | 2024/25 movements | | |
|---|----------------|---------------------------|---------------------------|----------------|------------------------------------|-------------------------------|----------------------------------|
| | 1 April 2023 | Contributions to reserves | Withdrawals from reserves | 31 March 2024 | Budgeted approp to/(from) reserves | Contributions / (Withdrawals) | Est. balance as at 31 March 2025 |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Restricted use | | | | | | | |
| Grants equalisation reserve | 43,933 | 10,771 | (10,740) | 43,964 | - | - | 43,964 |
| COVID equalisation reserve | 26,274 | 352 | (11,504) | 15,122 | - | (2,394) | 12,728 |
| Early intervention and prevention holding account | - | - | - | - | 12,332 | (12,332) | - |
| PFI equalisation reserves | | | | | | | |
| A130 PFI | 17,324 | 593 | (10,912) | 7,005 | (5,156) | - | 1,849 |
| Clacton secondary schools' PFI | 1,409 | 78 | (451) | 1,036 | - | (358) | 678 |
| Debden PFI | 1,154 | 56 | (719) | 491 | - | - | 491 |
| Building Schools for the Future PFI | 2,122 | 1,598 | - | 3,720 | - | 576 | 4,296 |
| Waste reserve | 114,588 | 18,453 | (12,688) | 120,353 | (2,000) | (2,782) | 115,572 |
| Schools | 43,704 | 7,963 | (8,360) | 43,307 | - | - | 43,307 |
| Partnerships | 2,267 | 170 | (59) | 2,378 | - | - | 2,378 |
| Trading activities | 1,729 | 340 | - | 2,069 | (300) | 300 | 2,069 |
| Total restricted use | 254,504 | 40,374 | (55,433) | 239,445 | 4,876 | (16,989) | 227,332 |
| Future capital funding | 36,295 | 18,912 | (13,659) | 41,548 | 4,074 | (5,932) | 39,690 |
| Other revenue reserves | | | | | | | |
| Adults Digital programme | 28 | - | (28) | - | - | - | - |
| Adults Risk | 12,561 | 54 | (2,256) | 10,359 | - | (806) | 9,553 |
| Adults Investment | 9,802 | 21,768 | (9,118) | 22,452 | 23,262 | (23,262) | 22,452 |
| Ambition Fund | 10,551 | 10,595 | (11,705) | 9,441 | - | (3,607) | 5,834 |
| Bursary for trainee carers | 263 | - | (77) | 186 | - | - | 186 |
| Capital receipts pump priming | 10,034 | 1,000 | (58) | 10,976 | 1,000 | - | 11,976 |
| Carbon Reduction reserve | 711 | - | (152) | 559 | (190) | - | 369 |
| Carry Forwards reserve | 15,039 | 6,667 | (7,046) | 14,660 | - | (14,660) | - |
| Childrens risk reserve | - | 5,000 | (5,000) | - | 6,200 | (6,200) | - |
| Childrens sustainability reserve | - | - | - | - | 4,570 | - | 4,570 |
| Childrens Transformation | 6,010 | - | (1,793) | 4,217 | - | (1,377) | 2,840 |
| Collection Fund investment risk reserve | 17,084 | 9,114 | - | 26,198 | - | (108) | 26,090 |
| Commercial Investment In Essex Places reserve | 15,469 | 504 | (701) | 15,272 | (590) | (854) | 13,828 |
| DSG general risk reserve | - | 10,000 | - | 10,000 | - | - | 10,000 |
| EES Pension Deficit reserve | 4,000 | - | - | 4,000 | - | - | 4,000 |
| Emergency reserve | 23,227 | 4,000 | (9) | 27,218 | 4,000 | (4,000) | 27,218 |
| Equalities reserve | 261 | - | - | 261 | - | - | 261 |
| Essex Climate Change Commission reserve | 3,067 | 1,039 | (2,152) | 1,954 | - | (686) | 1,268 |
| Everyone's Essex reserve | 44,986 | 9,784 | (7,502) | 47,268 | 13,107 | (33,975) | 26,399 |
| General Risk reserve | 14,841 | 11,742 | (437) | 26,146 | - | (823) | 25,323 |
| Health and Safety reserve | 4,649 | - | - | 4,649 | - | (62) | 4,587 |
| Highways | 3,000 | - | (3,000) | - | - | - | - |
| Insurance | 11,125 | - | - | 11,125 | - | - | 11,125 |
| Property Fund reserve | 962 | 100 | (28) | 1,034 | - | - | 1,034 |
| Quadrennial Elections reserve | 1,491 | 500 | (22) | 1,969 | 500 | - | 2,469 |
| Renewal Fund | 2,427 | - | (181) | 2,246 | - | - | 2,246 |
| Technology and Digitisation | 20,119 | 10,281 | (5,232) | 25,168 | 13,598 | (19,674) | 19,092 |
| Transformation | 58,880 | 12,614 | (9,753) | 61,741 | 18,820 | (25,000) | 55,561 |
| Other reserves | 1,701 | 378 | (263) | 1,816 | 350 | (526) | 1,640 |
| Total other revenue reserves | 292,288 | 115,140 | (66,513) | 340,915 | 84,627 | (135,621) | 285,351 |

Appendix L – General Balance

| GENERAL BALANCE | |
|---|---------------|
| General Balance | £000 |
| Actual Balance 31 March 2023 | 68,096 |
| Subsequent movements | |
| Approved contributions | - |
| Approved withdrawals | (4) |
| Budgeted balance at 31 March 2024 | 68,092 |
| Movements as a consequence of the Revenue Outturn Position | |
| Contributions | - |
| Withdrawals | - |
| Actual balance at 31 March 2024 | 68,092 |

Appendix M – Prudential Indicators

| Prudential Indicators - Summary | | | |
|---|----|--|---------------|
| | | Approved Indicator | Final Outturn |
| Affordability | | | |
| Incremental impact on Council Tax of 2023/24 and earlier years 'starts' | £ | £123.99 | £120.62 |
| Ratio of financing costs to net revenue streams | % | 9.7% | 9.1% |
| Prudence | | | |
| Net borrowing and Capital Financing Requirement | | <i>Net borrowing is below the medium</i> | |
| Capital Expenditure | | | |
| Capital expenditure | £m | 275 | 292 |
| Capital Financing Requirement (excluding credit arrangements) | £m | 1,324 | 1,077 |
| External Debt | | | |
| Authorised limit (borrowing only) | £m | 1,080 | N/A |
| Operational boundary (borrowing only) | £m | 900 | N/A |
| Actual external borrowing (maximum level of debt during year) | £m | N/A | 596 |
| Treasury Management | | | |
| Interest rate exposures | | | |
| Upper limit for exposure to fixed rates | | | |
| Net exposure | £m | 1,080 | 170 |
| Debt | | 100.0% | 98.7% |
| Investments | | 100.0% | 78.3% |
| Upper limit for exposure to variable rates | | | |
| Net exposure | £m | 380 | 202 |
| Debt | | 35.0% | 2.9% |
| Investments | | 100.0% | 33.4% |
| Maturity structure of borrowing (upper limit) | | | |
| Under 12 months | % | 30.0% | 2.1% |
| 12 months and within 24 months | % | 30.0% | 3.1% |
| 24 months and within 5 years | % | 30.0% | 10.6% |
| 5 years and within 10 years | % | 40.0% | 17.1% |
| 10 years and within 25 years | % | 85.0% | 24.0% |
| 25 years and within 40 years | % | 40.0% | 30.2% |
| 40 years and within 50 years | % | 20.0% | 0.0% |
| 50 years and above | % | 20.0% | 13.1% |
| Total sums invested for more than 364 days | | | |
| Authorised limit | £m | 30 | N/A |
| Actual sums invested (maximum position during year) | £m | N/A | - |
| Summary | | | |
| <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 N – Treasury Management Summary

| TREASURY MANAGEMENT SUMMARY - 2023/24 | | | | | |
|---------------------------------------|--|-----------------|-----------------|-------------------------|---|
| | Actual Balance 1 April 2023 £000 | Movements | | | Closing Balance at 31 March 2024 £000 |
| | | Raised £000 | Repaid £000 | Net movement £000 | |
| Borrowing | | | | | |
| Long Term | 583,831 | 3,310 | (12,044) | (8,734) | 575,097 |
| Temporary | 12,150 | 3,118 | - | 3,118 | 15,268 |
| Total External Borrowing (A) | 595,981 | 6,428 | (12,044) | (5,616) | 590,365 |
| Investments | | | | | |
| Long Term | 4,853 | 10,965 | (5,117) | 5,848 | 10,701 |
| Temporary | 635,558 | 45,572 | - | 45,572 | 681,130 |
| Total External Investments (B) | 640,411 | 56,537 | (5,117) | 51,420 | 691,831 |
| Net indebtedness (A-B) | (44,430) | (50,109) | (6,927) | (57,036) | (101,466) |

| Borrowing | |
|---|----------------|
| Average balance of long term borrowing during the year over the period to date (£000) | 578,803 |
| Opening pool rate at 1 April 2023 (%) | 3.37% |
| Weighted average rate of interest on new loans secured to date | N/A |
| Average pool rate for year (%) | 3.39% |

| Investments | |
|---|----------------|
| Average daily cash balance over period to date (£000) | 715,647 |
| Average interest earned over period | 4.97% |
| Benchmark rate - average overnight SONIA rate | 4.96% |