



Essex County Council

# Corporate Policy and Scrutiny Committee

<b>12:30</b>	<b>Thursday, 27 June 2024</b>	<b>Committee Room 1 County Hall, Chelmsford, CM1 1QH</b>
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**For information about the meeting please ask for:**

Graham Hughes, Senior Democratic Services Officer

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## **Pages**

<b>**</b>	<b>Private Pre-Meeting for CPSC Members and the Chairmen and Vice-Chairmen of the other three scrutiny committees</b> Please note that there will be a virtual private pre-meeting for committee members and the Chairmen and Vice-Chairmen of the other three scrutiny committees on Wednesday 26th June at 16:00 via Microsoft Teams.	
<b>1</b>	<b>Membership, Apologies, Substitutions and Declarations of Interest</b>	<b>4 - 4</b>
<b>2</b>	<b>Minutes: 20 May 2024</b> To approve as a correct record the minutes of the meeting held on 20 May 2024 and to consider the matters arising and further information received.	<b>5 - 15</b>
<b>3</b>	<b>Questions from the Public</b> A period of up to 15 minutes will be allowed for members of the public to ask questions or make representations on any of the main items of business on the agenda for this meeting, excluding the previous minutes. No statement or question shall be longer than three minutes, and speakers will be timed. If you would like to ask a question at this meeting, please email <a href="#">Democratic Services</a> by 12 noon the day before (26 June 2024).	

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|----|---|-----------|
| 4  | <b>Essex County Council Productivity Plan (CPSC/15/24)</b>  | 16 - 26   |
| 5  | <b>2023/24 Provisional Outturn Report (CPSC/16/24)</b>  | 27 - 78   |
| 6  | <b>Capital Programme Delivery (CPSC/17/24)</b>  | 79 - 97   |
| 7  | <b>Insurance and Claims Update (CPSC/18/24)</b>   | 98 - 106  |
| 8  | <b>Work Programme and Communications Review (CPSC/19/24)</b>  | 107 - 110 |
| 9  | <b>Date of Next Meeting</b><br>To note that the next meeting of the Committee will take place at 1pm on Thursday 25 July 2024 in Committee Room 1, County Hall, Chelmsford, CM1 1QH.              |           |
| 10 | <b>Urgent Business</b><br>To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency. |           |

### **Exempt Items**

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

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

**That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.**

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| 11 | <b>Urgent Exempt Business</b><br>To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency. |
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**Committee:** Corporate Policy and Scrutiny Committee

**Enquiries to:** Graham Hughes, Senior Democratic Services Officer

**Membership, Apologies, Substitutions and Declarations of Interest**

**CORPORATE POLICY AND SCRUTINY COMMITTEE (14)**

10 Con: 1 Lab: 1 LD: 2 NAG)

Councillor Louis Barber  
Councillor Simon Crow  
Councillor Mike Garnett  
Councillor Ivan Henderson  
Councillor Sam Kane  
Councillor Mike Mackrory  
Councillor Anthony McQuiggan  
Councillor Chris Pond  
Councillor Chris Siddall  
Councillor Clive Souter  
Councillor Wendy Stamp  
Councillor Mike Steel  
Councillor Mike Steptoe  
Councillor Marshall Vance

**Substitutes**

***Conservative***

Councillor Jane Fleming

Councillor Daniel Land

***Labour***

Councillor Aiden McGurran

Councillor Sue Lissimore

Councillor Bob Massey

***Liberal Democrat***

Councillor David King

**Recommendations:**

To note:

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

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## **Minutes of the meeting of the Corporate Policy and Scrutiny Committee, held at 1pm on Monday, 20 May 2024 in Committee Room 1, County Hall, Chelmsford.**

### **Present:**

#### *County Councillors:*

Chris Pond (Chairman)  
Jane Fleming (substitute)  
Mike Garnett  
Mike Mackrory (Vice Chairman from item 2)  
Anthony McQuiggan  
Clive Souter  
Mike Steptoe (Vice Chairman from item 2)  
Marshall Vance

#### *Committee members joining remotely via Zoom:*

Ivan Henderson  
Wendy Stamp

#### *Councillors from another scrutiny committee joining remotely via Zoom:*

Alan Goggin, Chairman of the Place Services and Economic Growth Policy and Scrutiny Committee (for agenda items 1-7)  
Carlo Guglielmi, Vice Chairman of the People and Families Policy and Scrutiny Committee (for agenda items 1-7)

Graham Hughes, Senior Democratic Services Officer, and Judith Dignum, Democratic Services Officer, were also present.

## **1 Membership, Apologies, Substitutions and Declarations**

The report on Membership, Apologies, Substitutions and Declarations was received and noted. Apologies for absence had been received from Councillors Lewis Barber, Simon Crow (for whom Councillor Jane Fleming substituted), Councillor Ivan Henderson (who attended by Zoom), Councillor Sam Kane and Councillor Wendy Stamp (who also joined remotely via Zoom).

In relation to social care and health issues raised under agenda item 6, Councillor Fleming declared that she was Deputy Cabinet Member to Councillor Spence, Cabinet Member for Health, Adult Social Care and ICS Integration.

## **2. Appointment of Vice Chairmen**

Nominations were sought for the appointment of two Vice-Chairmen for the 2024/25 municipal year.

- Councillor Steptoe proposed Cllr Mackrory, seconded by Councillor Pond;
- Councillor Mackrory proposed Councillor Steptoe, seconded by Councillor Pond.

With no other nominations received and by general consent, it was:

**Resolved** to appoint Councillors Mackrory and Steptoe as Vice Chairmen of the Committee for the 2024/25 municipal year.

### 3. Minutes and Matters Arising

The draft minutes of the meeting held on 26 March 2024 were approved as a true record and signed by the Chairman of the meeting. Matters Arising were noted. The notes of a private briefing on budget pressures held on 18 April 2024 were also noted.

### 4 Questions from the public

There were no questions from the public.

### 5. Updated Terms of Reference

The Committee considered and noted report CPSC/10/24 relating to a change in the Committee's Terms of Reference.

### 6. Everyone's Essex Performance discussion: Quarter 3 2023/24 (October to December)

The Committee considered report CPSC/11/24 providing an update on the progress being made against strategic aims and priorities based on the Quarter 3 performance report, with some additional core updates up to March 2024. Also included was an opportunity to discuss the wider operational landscape of Essex, including other factors affecting residents.

The following joined the meeting for the duration of the item:

Councillor Kevin Bentley Leader (remotely via Zoom)  
Richard Puleston, Director: Policy  
Suzanne Barcz - Head of Performance and Business Intelligence

The introductory presentation included highlighting the following:

- Some updated measures were to be included in future reports.
- Performance in most areas continued to be strong and some examples were given.

- ECC was still waiting approval from the Secretary of State for the two 'part approved' coastal path stretches (Harwich to Shotley Gate and Wallasea Island to Burnham).
- Child Protection Plans had lowered over the quarter but remained just above the expected range.
- Completion of the LED Replacement Programme would now be during the current calendar year, rather than the original projected March 2024 date.

Key points highlighted and discussed during the subsequent discussion included:

- (i) ECC were looking to work with UK Power Networks to help improve response times to power outages. However this was a national issue as well as a local one.
- (ii) Fuel poverty and life expectancy varied across the county with concerning rates in Tendring particularly highlighted.
- (iii) ECC continued to work with partners to encourage further reductions in the amount of domestic and residential waste.
- (iv) 52% of adults were getting care at home through using enabling technology and members encouraged further increasing this number. There had been gross savings of approximately £25m since 2021 by using care technology functionality.

### Conclusion

It was agreed that the following would be provided:

- (i) Further information on household domestic waste reduction in each borough/city/district council area.
- (ii) To clarify how flood risk properties were identified.
- (iii) Performance indicators for EHCP assessments to be included in future.
- (iv) Further information on the cost saving from service users using technology functionality to help their self-care and what plans were in place to enable those not currently using such functionality.

## **7. Estates Transformation Programme update (May 2024)**

The Committee considered report CPSC/12/24 which detailed the latest scope of the Estates Transformation programme, work undertaken over the last year and the next steps to be delivered.

The following joined the meeting for the duration of the item:

Councillor Derrick Louis – Cabinet Member, Transformation.  
Chris Bandy – Head of Property  
Ben Finlayson - Director: Property and Investment and Delivery.  
Elliot Smith - Head of Infrastructure Delivery.  
Alison Woods - Director, People & Organisation Development.

Key points highlighted and considered during the discussion included:

- (i) The Property Strategy responded to how the use of buildings and the way ECC worked had changed over time and had been accelerated by the impact of the Covid pandemic. The Strategy set out the ambition for change, moving to a smaller, better and greener estate for ECC.
- (ii) Alongside the Property Strategy was a Workplace Strategy which included focussing on the benefits of creating well-designed office space and facilitating flexible working.
- (iii) A good example of reducing ‘footprint’ was the relocation of staff into Rowan House and sharing it with Colchester City Council staff. There had been positive staff feedback to the change.
- (iv) Short term and long-term proposals for the use of County Hall were being progressed. Utilisation of the site was significantly reduced post pandemic and some blocks had been hibernated which had saved £450,000 on operating costs. Specialist advisors were looking at the longer-term options for each Block and a business case was being developed seeking to significantly reduce annual running costs and future-proof the site. In the short term it was important to reduce the ‘footprint’, ensure that the office space that was being used was fit for purpose, and improve the collaboration spaces.
- (v) There were around 255 operational assets including libraries and Adult Community Learning sites. As part of an operational estate review there was ongoing collaborative work with One Estate partners and service areas to ensure the most appropriate and efficient use of assets going forward and how best to deliver value for residents. Possible alternative uses may include affording the opportunity for levelling up initiatives, developing enhanced community assets, co-location or shared usage, creating and/or increasing revenue streams and disposals.
- (vi) The general approach was to replace ageing heating systems within the ECC Estate with carbon neutral solutions where possible and appropriate. 26 core sites now had solar systems. The focus in 2024/25 remained on continuing solar installation programmes and energy efficiency projects. The cost of retrofitting the current estate was going to be significant so the work programme also linked in with the operational estate review work to ensure any investments being made were in the right sites and at the appropriate time. Pay-back periods



also could vary significantly depending on the equipment being updated and/or replaced.

- (vii) Offices and then libraries, comprised the two largest estate costs. However, it was highlighted that there were 74 libraries and that the cost per individual library was not significant and the purpose of the operational estate review project was not about reducing the number of libraries.
- (viii) Team Charters should be based on finding the most productive place for staff to work. Some key performance indicators were being developed in relation to this. Councils had been requested to report to government on Productivity Plans by mid-July 2024.
- (ix) Line management guidance and Team Charters should set out when and how often staff teams should come together and the frequency of check-ins with line management to avoid staff feeling isolated by working from home. From a property management perspective, and to maximise the efficient use of buildings, it was desirable to flatten peaks in usage and get broadly the same numbers using sites across the whole working week.
- (x) Business proposals were being developed for the future use of Shire Hall. In the meantime, it had been used for some filming and this type of activity could continue to contribute to the Trust's business plan if possible. The primary issue with Shire Hall was its restricted accessibility. Reinstatement costs for any works were significant and difficult due to the building being listed.

### Conclusion

The following actions were agreed:

- (i) To provide further information on the percentage of ECCs usage of electricity and heating which was carbon free and the aspiration to purchase all electricity in future from green sources.
- (ii) To provide staffing numbers for the last six years.
- (iii) To consider a further staff consultation on attitudes towards working from home and particularly any issues around isolation.

## **8. Annual Total Facilities Management Contract Review**

The Committee considered report CPSC/13/24 which comprised an update on Facilities Management (FM) and Property Management services in place at ECC under the current Total Facilities Management (TFM) contract provided by Mitie.

The following remained from the previous agenda item:

Councillor Derrick Louis – Cabinet Member, Transformation.  
Chris Bandy – Head of Property  
Ben Finlayson - Director: Property and Investment and Delivery.  
Elliot Smith - Head of Infrastructure Delivery.

and were joined by:

Catherine Martin – Procurement Specialist.  
Ryan Nelson, Mitie  
Mike Gibson, Mitie  
Richard O'Connell – Lambert Smith Hampton

- (i) An overview of Mitie was presented including their market position, partnership ambitions with ECC and delivery performance under the current contract. Included in this was their role in offering and supporting apprenticeships and their participation in the Public Sector Decarbonisation scheme.
- (ii) Mitie had assisted in improving efficiencies across the ECC Estate and significantly reducing carbon output from its contractual activities.
- (iii) Mitie had recently attended and presented at two events at HM Prison Chelmsford with the second event modelled more as a Careers Fair. Mitie had funded some work experience for ex-offenders.
- (iv) Mitie had policies to help some staff install electric vehicle charging points at home. There was also work underway between ECC and Mitie to establish similar charging points on the ECC Estate.
- (v) Amongst staff benefits offered by MITIE was access to a private general practice health provider and the offer of shares in Mitie.
- (vi) Mitie now had family friendly employment policies and acknowledged that learning from recent adverse publicity had been taken on-board in relation to maternity arrangements.
- (vii) An overview was given on the Lambeth Smith Hampton (LSH) part of the contract (LSH being a sub-contractor to Mitie delivering some Property Management services), including core and ad hoc services. Opportunities for graduates and apprenticeships were also outlined.
- (viii) The LSH element of the contract was a 'pass through' with no extra contract management cost passed onto ECC.

Mitie and LSH representatives then left the meeting and discussion focussed on some initial considerations for the re-procurement of the contract.

- (ix) The strengths of the current contract arrangements were outlined. Some current contract areas that could be improved were also outlined including the difficulty sometimes in transparency of pricing when everything was lumped into a fixed fee. Full sight of how much each service cost in each building would help ECC make more informed decisions around the estate.
- (x) The market for facilities management was stable with the top 10 suppliers having only seen one new entrant in the last 10 years. Whilst total facilities management contracts were becoming more common in the private sector they were less so in the public sector.
- (xi) ECC had undertaken some peer-to-peer benchmarking in preparation for the re-procurement. ECC was already talking to potential future suppliers and had hosted a recent Round Table event for all potential suppliers to see what they could offer and the types of contract terms that they each looked for. This process of working with the market would continue throughout the year.
- (xii) A focus in the re-procurement process would be on how to structure the contract to help manage change and have in-built flexibility to accommodate, for example, future removal of estate assets from it.
- (xiii) Capital maintenance works and repairs for core estate and schools were currently placed with Mitie who would project manage a tender and works process in consultation with ECC.

## **Conclusion**

It was agreed to provide an age breakdown of apprenticeships at Mitie.

## **9. Work programme**

The Committee considered and noted report CPSC/06/24 which comprised the current work programme for the Committee.

## **10. Date of Next Meeting**

The date of the next meeting was currently scheduled for 27 June 2024.

**11. Urgent Business**

No items were raised.

The Chairman then closed the meeting at 4.10pm.

**Chairman  
27 June 2024**

**Corporate Policy and Scrutiny – Outstanding Matters Arising as at 27 June 2024:**

**APPENDIX**

<b>Date</b>	<b>Agenda item</b>	<b>Action</b>	<b>Status</b>
20 May 2024	<b>Performance discussion: Quarter 3 2023/24 (October to December)</b>	Further information on household domestic waste reduction in each borough/city/district council area.	In progress
		To clarify how flood risk properties were identified	In progress
		Performance indicators for EHCP assessments to be included in future.	In progress
		Further information on the cost saving from service users using technology functionality to help their self-care and what plans were in place to enable those not currently using such functionality.	In progress
	<b>Estates Transformation Programme update (May 2024)</b>	To provide further information on the percentage of ECCs usage of electricity and heating which was carbon free and the aspiration to purchase all electricity in future from green sources.	In progress
		To provide staffing numbers for the last six years.	In progress
		To consider a further staff consultation on attitudes towards working from home and particularly any issues around isolation.	In progress
	<b>Annual Total Facilities Management Contract Review</b>	Provide an age breakdown of apprenticeships at Mitie	See attached graph
4 March 2024	<b>Member Enquiries Service - update</b>	Provide an emergency contact list for members with a summary and reminder of key points when escalating issues and a reminder not to contact service officers directly.	In progress
		Update be provided on the further system development work underway looking at how members could be given further usable case and work-flow information and to be able to access timely updates	TBC
		Provide any available data on answering telephone call enquiries from members and an explanation of how the telephone system operates: i.e. whether on a loop basis and circumstances in which calls may be 'dropped'.	In progress

<b>Date</b>	<b>Agenda item</b>	<b>Action</b>	<b>Status</b>
25 January 2024	<b>2023/24 Third Quarter Financial Overview/ draft 2024/25 Budget</b>	More information be provided on footway maintenance and delays in the start of some projects which was contributing to the overall underspend in highways maintenance.	To be included in next update
	<b>2024/25 Everyone's Essex Annual Plan and Budget</b>	To detail how the Local Highways Panels budget was split across the 12 areas and whether increases or decreases on previous year.	As above
		Historical data to support the Draft Revenue Budget (Net) 2024/25 slide.	As above
		A link to a further breakdown of the categories used in the Revenue Budget and their respective key areas of pressure	As above
		Information and breakdown on Government grants received which were 'flow throughs' and passported onto service providers, particularly to include (i) education and schools and the Dedicated Schools Grant and (ii) in relation to Passenger Transport and the Bus Service Operators Grant.	As above
14 Dec 2023	<b>2024/25 Budget Setting Process</b>	Further information on the tracker system used to maximise the use of s106 and s278 Developer Contributions collected and manage the financial risks of having to return contributions due to non-delivery of projects.	To be included in next update
		Analysis looking at the growth of Council Tax income from new housing against the increased costs of infrastructure and other support required for new developments.	To be included in next update
27 April 2023	<b>Procurement update</b>	To check procurement rules for ECC's Country Parks and whether cafes and gift shops, for example, could only procure from a single source.	To be included in next update
		Check whether information was also disseminated through Districts.	As above
		Consideration be given to establishing a holistic monitoring and mentoring process for unsuccessful tenderers to provide feedback.	As above
		Learning and collaborative working opportunities from the Strategic Supplier Collaboration Forum should also be shared with the unsuccessful tenderers.	As above
		A further breakdown be provided on SME spend and trends.	As above
		Clarification on the aspiration that by 2050 Essex as whole county would be net zero was defined in terms of procurement and reach and influence.	As above

Further information received.

20 May 2024

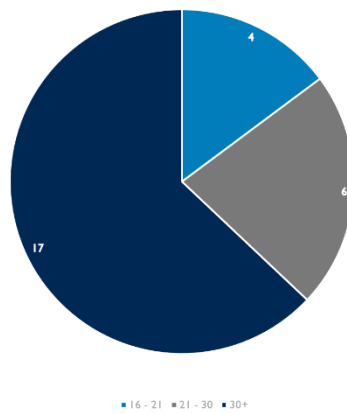
Agenda item 8: Total FM Contract Review

Action: to provide an age breakdown of apprenticeships at Mitie. See graph below:

Essex County Council – People Breakdown - Apprenticeships



Apprentices by Age Range – 2018 to Present



The exceptional, every day

<b>Report title:</b> Essex County Council Productivity Plan	
<b>Report to:</b> Corporate Policy and Scrutiny Committee	
<b>Report author:</b> Nicole Wood, Executive Director: Corporate Services / Richard Puleston – Director: Policy	
<b>Date:</b> 27 June 2024	<b>For:</b> Discussion
<b>Enquiries to:</b> Matt Wragg – Senior Strategy Advisor - <a href="mailto:Matthew.Wragg@essex.gov.uk">Matthew.Wragg@essex.gov.uk</a> / Patrick Guthrie – Head of Profession Strategy - <a href="mailto:Patrick.Guthrie@essex.gov.uk">Patrick.Guthrie@essex.gov.uk</a>	
<b>County Divisions affected:</b> All Essex	

### **Purpose of Item**

Corporate Policy and Scrutiny Committee are to discuss the draft Productivity Plan so that it can be agreed ahead of sign-off by Leader of the Council CMA in early July. The plan must be submitted to DLUHC by 19 July.

### **Recommendations**

Scrutiny are recommended to discuss the draft productivity plan, using the considerations set out below.

### **Summary of Issue**

#### **Background**

As part of the Local Government Finance Settlement in February, and as a condition for receiving additional Social Care Grant, councils have been asked for the first time to produce and submit productivity plans to Government. The Minister for Local Government, Simon Hoare MP, wrote to Chief Executives in April to formally set out and start the process for producing and submitting plans.

The definition of productivity used by Government has deliberately been kept broad, recognising that efficiency and productivity are influenced by many different factors and at multiple levels. Government provided a set of questions for councils to consider when producing their plans (but which are not prescriptive) to demonstrate how they are ensuring value for money services and avoiding unnecessary spend. Government are looking to understand what is working well across the sector, common themes or gaps and ideas for how they can help to unlock future opportunities.

Productivity plans are required to be submitted to DLUHC by 19 July 2024. Member oversight and endorsement of plans is required before they are submitted, the process for which is to be determined by individual councils. Councils should consider how they will update and report on their plans on a regular basis and plans are to be published on council websites. Government have proposed to set up a



panel to consider themes and evidence emerging from the plans, chaired by the Minister for Local Government and including Oflog and the LGA.

The subsequent timing and outcome of the General Election, since plans were first announced, is likely to have bearing on the future consideration and use of productivity plans by Government. While public service productivity will be an important issue for any new government of whatever party, new Ministers may decide that they want a different approach and don't want productivity plans in this form.

We have been keeping in touch with other councils through our county networks and with Greater Essex councils to create awareness of and a degree of consistency in approaches (although recognising that individual plans will be tailored to local circumstances and preferences).

The general approach seems to be that councils are continuing with their plans, but (a) are keeping them light touch so as not to do nugatory work, and (b) are not sticking rigidly to the DLUHC template but rather telling the story in a way that is useful to them. This is the approach we have adopted too.

## **Content**

The content for the plan has been generated by discussions with officers across the Council.

We have framed the plan around three dimensions: (a) service productivity, (b) Council productivity, and (c) system productivity. This allows us to take a broader view, to focus on wider outcomes, and to bring in issues like devolution and system working, which are critical drivers of productivity, especially in a system that is as complex as Greater Essex.

The plan highlights the Council's overall strong record on productivity and sets out the different levers of productivity with examples of how we are using them in practice to achieve better and more cost-effective outcomes.

The DLUHC template includes a section on "asks from government". This is important because many of the levers for making further advances in productivity lie with central government, rather than with local authorities. We have covered the asks from Government in brief summary form, as the Productivity Plan will be a public document. Will be able to set our asks (and offers) out in more detail when we write to new Ministers after the election.

# Essex County Council Productivity Plan

July 2024

## What we mean by productivity and how we measure it

We are submitting this Productivity Plan for Essex County Council in line with a request from DLUHC Ministers for all local authorities to submit such plans by 19<sup>th</sup> July 2024.

Sustaining and increasing productivity is a key requirement for all public services, as it is for the private sector too. We know that demand for many public services is increasing and that with a growing and ageing population, we can expect the trajectory of rising demand to continue. There is also the challenge of dealing with demand pressures arising from growing inequality, which have been exacerbated by the pandemic and by cost-of-living pressures; and the rising cost pressures around supporting children and adults with special educational needs and learning disabilities. Public services need to be properly funded to deal with these and other cost pressures. Public sector productivity is not a “silver bullet” that will replace the need for adequate funding. Nonetheless, productivity is and will continue to make a vital contribution to being able to sustain effective public services within available resources.

Broadly, productivity is the ability of public services to meet required duties and outcomes cost effectively. Services are more productive if they can achieve better outcomes for the same money or achieve the same outcomes for less money. There are three main lenses through which to view productivity: (a) a single service lens, where we can assess how a single service is performing relative to input costs and benchmarked against the wider sector, (b) a whole Council lens – which considers the Council’s overall performance and brings in the added value of the Council working together to be more than just the sum of its parts, and (c) a system lens – which considers how partners are working together collectively to deliver better outcomes more cost effectively.

It is important that the productivity debate addresses the broader issue of the achievement of outcomes across public services rather than purely being focused on the single service or single organisation lens. This reflects the fact that many of the strategic challenges and opportunities we face cannot be addressed by single organisations acting alone – they require local partners working together collaboratively with the necessary powers and governance structures to support that. This has been well evidenced in local plans for devolution to boost economic growth and regeneration.

Measuring productivity therefore requires a multi-faceted approach, that is not overly simplistic, and it requires consideration of a range of indicators:

- At a service level, we assess service outputs and outcomes relative to unit costs, and there is a range of benchmarking data to enable sector-wide comparisons. Our spend per head of the population is lower than average compared to our nearest county neighbours, and we rank very favourably against the CIPFA Resilience Index. Service reviews and programme evaluations also help to ensure a focus on productivity and value for money.
- At the organisation level, we track delivery against the performance indicators in our strategic plan, Everyone’s Essex. These have more of an outcome focus but also track

significant operational indicators. We also monitor at the corporate level the delivery of major programmes and of the savings built into our Medium-Term Resources Strategy (MTRS). The most recent Impower Index (2018) ranked Essex in the top ten most productive councils nationally.

- At the system level, there is some joint monitoring of performance through the Better Care Fund and we are building a stronger focus on delivering collective outcomes through the work that we are doing at the Greater Essex level and with the North and South Essex Councils groupings on economic growth and regeneration. We also have a number of partnership strategies that drive the delivery of collective outcomes across the system, for example the Essex Health and Wellbeing Strategy.

Productivity is not just about data measurement but also about learning from feedback. We use learning and recommendations from external inspections and peer reviews to assess our progress, further improve our work and inform our leadership role within the wider sector. In 2023, our Ofsted inspection of children’s services rated us as Outstanding in all areas. We have a CQC inspection of adult social care later this year. Our most recent LGA peer review of Finance found “very strong financial arrangements” across the council and feedback from our LGA peer review of Procurement was extremely positive with some areas for further consideration.

We also listen to our service users, using what they tell us to drive service improvement, as well as consulting widely on plans and strategies for renewed service offers. We also conduct regular staff surveys to find out what our workforce value about working for Essex and ways in which we can improve.

## **Productivity in Essex County Council**

Essex County Council (ECC) has the second largest net revenue budget of all English county councils, £1.13bn in 2023/24. We pride ourselves on a well evidenced history of robust financial and organisational management, focused on providing value for money services that improve outcomes for our residents. Our strategic plan, Everyone’s Essex, provides a clear strategic direction for the organisation focused on delivering outcomes across four strategic aims. And we have refreshed our plan this year to focus on five priority areas of focus, linked to productivity and delivering for our residents – financial competence, we care, we are on your side, we are proud of Essex, and trust.

We have consistently been ranked as one of the most efficient county councils in England. Since 2012, we have delivered £800m in savings, our Council Tax has remained in the lowest quarter of councils and our reserves strategy offers a good degree of financial resilience and foundation that compares favourably with other councils, as assessed through the CIPFA Financial Resilience Index.

Despite these savings and the demand pressures we are facing, we have managed to sustain investment in high quality services, as evidenced by the outstanding performance of our children’s services and also by our performance in rolling out care technology in adult social care. Prevention is at the heart of our approach to productivity, stemming demand for higher cost interventions before it emerges through our focus on early help support.

We are focused not only on delivering today's services, but in investing to improve the lives of our residents in the future. In 2023/24, we invested £291.7m in 345 capital schemes, including the new Beaulieu Park station (the first new station on the Great Eastern line in 100 years). We are also recognised as sector leaders in Levelling Up, where we have invested around £15m in projects to boost life chances for disadvantaged residents, as well as working with district partners to secure around £120m in Government funding for regeneration. We are also sector leaders on climate action, where the Council is implementing a £250m Climate Action Plan.

Our track record of prudent financial management and effective service delivery is recognised in the sector. We were one of only a handful of local authorities awarded funding from the national Partners in Practice Programme to develop and share strong practice, and deliver hands-on peer support to other councils, to help improve outcomes for more children and their families across the country.

Where evidence has emerged that other local authorities are in financial distress, we have played a leading role in supporting the Government's intervention activity. A number of our senior officers have been appointed as commissioners on behalf of the Secretary of State and our Chief Executive has led intervention work in Thurrock and Slough.

## **How we have delivered greater productivity**

Achieving greater productivity in public services requires sustained focus on a number of elements which are mutually reinforcing. These are set out below with examples from the Council's work:

### **Sound financial management**

We self-assess ourselves as fully compliant using the CIPFA Financial Management Code, and alongside this we have a budget holder framework and training programme supporting our strong financial management. We have agreed budget principles across the organisation, which require development of not only transformation savings, but also an ongoing focus on continuous improvement. This is a core accountability for all business areas and is tracked and reported using a strong assurance process, which was recently assessed as such by our internal audit team. These elements and our strong track record have enabled us to weather the national crisis across children's services and home to school transport – overspends in these areas and others during 2023/24 have been managed using a focus on recovery plans, and resulted in delivering within 1% of our budget.

### **Continuous service improvement**

A good example here is the journey that our Children's Services have been on from being judged by Ofsted as Requiring Improvement to achieving Outstanding in all aspects of our 2023 Ofsted inspection. The Ofsted report described how this has been achieved as follows: "Strong and stable leadership, well-established governance systems, clear strategic aims and effective partnership arrangements are the cornerstones on which good practice is flourishing and children's experiences are being improved. Children's needs are at the heart of decision-making and the whole workforce is unrelenting in its commitment, passion and

determination to achieve even better progress for children. The continued investment in new service initiatives is making a significant and positive difference to many children. Leaders are outward looking and forward thinking, already anticipating and planning for future changes to ensure that continued high-quality and sustainable services are provided to children.”

## **Prevention and early interventions**

This is essential to get ahead of demand pressures and therefore to contain cost growth. An example here is the North Essex Multi-Disciplinary Team to coordinate support for disengaged families with multiple problems, which has prevented 14 children from entering care and is now being rolled out in South Essex. We have taken a piloting approach to enable learning and evaluation to be built in as the programme is scaled up. The feedback we receive from children and families we work with enables us to design our support in way that meets their needs and aspirations and, crucially, that sustains these positive outcomes.

## **Adopting new technology**

Adopting new technology is a key tool in driving public sector productivity. In adult social care, we have helped over 10,000 residents to live more safely and independently since the launch of our new Care Technology offer in 2021, achieving savings of almost £31m and reducing pressure on the GPs and hospitals.

## **Data use and sharing**

We have set up the Essex Centre for Data Analytics to enable a collective approach to sharing and utilising data with local partners. Internally, we have migrated 800gb of social care data over to the cloud and redesigned over 100 reports, making it 80% more efficient and improving real time data. In 2023, we were awarded Best Public Sector Organisation 2023 at the British Data Awards.

## **Invest to save**

Over the last three years we have invested £47m in ‘invest to save’ projects with a further £25m in 2024/25. An example is replacing 115,000 streetlights with longer-lasting, energy efficient LEDs, saving 6,500 tonnes of carbon each year and significant financial savings over 25 years.

## **Procurement**

Essex spends around 70% of its budget in the external market. Essex remains the only County Council to have achieved and maintained over a number of years the Procurement Excellence Award as assessed by the relevant professional body (CIPS). There is a strong focus on alignment of corporate priorities and value for money, both in our strategic review of markets/categories, our approach to sourcing and the manner in which we drive continuous improvement throughout the contract term, being one of the few public sector organisations to have invested in a centralised contract management capability. We have equally put increased emphasis on Social Value in recent years; £111m of social value commitments have so far been made, with £97m having been delivered to date.

## **System leadership**

Essex has a complicated public sector geography with three Integrated Care Boards, 12 districts, and two neighbouring unitary councils. We work closely with partners to overcome the challenges of this complexity and to deliver cost-effective outcomes for residents. An example is the work we have been doing at the Greater Essex level and with the North and South Essex Councils groups to grow the local economy, develop skills, support regeneration, and strengthen business engagement through the new Greater Essex Business Board.

## **Operating model**

We keep service operating models under review to ensure they provide best value for money. For example, we have brought the management of our recycling centres and waste transfer stations in-house, avoiding cost increases of potentially up to 30%; we have re-established in-house children's residential care provision and have plans in place to create two group homes and 4 solo provisions, reducing costs, and ensuring provision meets the needs of young people.

## **Prioritisation**

Essex remains an ambitious Council, but no council can or should try to do everything. Everyone's Essex gives us a robust strategic framework against which to prioritise our work. An example of this is that we have reviewed our four-year £1bn capital programme to contain emerging cost escalation pressures, mitigate against the impact of higher interest rates on borrowing costs, while maintaining a focus on supporting the delivery of Everyone's Essex.

## **Addressing root causes**

This builds on prevention/early intervention but goes deeper in addressing the root causes of rising demand. Our Levelling Up programme was developed on the back of data analysis showing that inequality has been rising in Essex over the last 20 years. The programme is targeted on addressing disadvantage and promoting life chances in 6 priority places in Essex and 4 priority cohort groups across the county. So far, we have invested around £15m in projects reaching 68,000 residents; and working with our colleagues in district councils, we have together secured around £120m in Government funding to support regeneration.

## **Workforce productivity**

Staffing costs are a significant part of the Council's budget, therefore supporting a productive workforce is a key part of overall organisational productivity. Our People Plan sets out how we are investing in our workforce to ensure they have the right skills and capability to support effective service delivery, continuous improvement, and transformation. Alongside this, our workforce, technology, and estates planning ensures that our staff have the tools and the working environment they need to support effective and flexible working in the hybrid world we are living in post the pandemic.

## **A learning organisation**

Our approach to productivity is underpinned by our commitment to being a learning organisation, which is shared by our senior leadership team. Being a learning organisation means living the values of being self-aware and humble, open and curious, evidence-based, and learning from failure. This is essential as it drives our desire to improve and to learn from our own experience, from our residents and service users, and from the best practice of others.

## **Next steps in driving productivity**

As the above sets out, the Council has a strong track record on productivity, but we are not and cannot rest on our laurels. Despite significant savings found already, rising cost and demand pressures means that the Council is currently forecasting a budget gap of £120m by 2027/28. As highlighted earlier, councils need adequate funding to meet these significant budget gaps, but productivity can and will make a valuable contribution alongside this.

In the next phase of our approach to productivity, we will continue to drive forward on all the elements outlined above. But we will also take some more systemic actions in particular through the following:

### **Whole Council Transformation (WCT)**

The WCT programme, which was launched earlier this year, is enabling us to address transformation in a more systemic, whole Council way, rather than just transforming individual services in a siloed way. It is based around three central goals – delivering the aims and outcomes in Everyone’s Essex, responding to the changing world in which we live, and securing financial sustainability. WCT is structured around six delivery portfolios and has a savings target of £100m by 2030. We are taking an agile and flexible approach to WCT, based around a series of transition stages. We have already launched a series of initial programmes as part of the first transition stage, and programmes for the second transition stage will be launched shortly.

### **Devolution and whole system working**

Over the last couple of years, we have been working with Southend City Council, Thurrock Council, the Essex Police Fire and Crime Commissioner, and district council partners on progressing a devolution deal for Greater Essex. This resulted in a Greater Essex devolution bid being submitted to Government in 2023. The bid was paused on the Government side, but we remain very keen to progress our devolution ambitions after the general election. As experience has shown in places that already have deals in place, devolution is a key plank of public sector productivity because it enables public sector partners in a place to come together and deliver services and outcomes much more effectively than when delivery is designed at a distance from local needs and is fragmented across multiple agencies. In the meantime, we are working with local partners to manage the delivery of Local Enterprise Partnership powers that have been returned to Greater Essex and to drive forward our work on economic growth, business engagement, skills, and regeneration.



## **Caring Communities Commission**

Ten years ago, the Council set up an innovative Social Care Commission – Who Will Care? – to address the long-term needs of our communities and find community-based solutions to the pressures on social care. That commission produced some useful recommendations which have been implemented both within Essex and nationally – for example, the introduction of social prescribing to give people access to local community activities to address issues of social isolation and wellbeing.

Ten years on those pressures are even more acute and our Leader, Cllr Kevin Bentley, has recently announced the setting up of a new Caring Communities Commission. This will seek to identify the next phase of community-based solutions that will enable us to improve outcomes and address the demand and cost pressures facing social care. The commission's work will link in both to the national policy agenda and to local social work practice and community capacity on the front line.

## **Artificial Intelligence**

Like other councils, we will be focused on making the most of the opportunities that the AI revolution offers to improve service delivery and productivity, while also balancing this with a robust approach to risk management. We have already identified a package of early pilot areas which we believe would be suitable for initial testing and learning, and we are keen to work with central government, the sector, and other partners on this important area of work.

## **Working with Government**

Public sector productivity cannot be delivered by local authorities acting alone. Central government has a significant opportunity to support public sector productivity through a number of actions it can take.

We will be writing to Government in more detail about how they can support increased productivity in local government and across public services. Broadly we are looking for action from Government on:

- Securing a devolution deal for Greater Essex and supporting greater whole system working across local and central government bodies.
- Reforming local government funding so that it is fairer, more flexible, and multi-year.
- Grant funding simplification to improve effectiveness and reduce administrative burdens.
- Supporting whole system approaches to tackle the drivers of cost and demand across children's and adult social care and special education needs.
- Supporting the effective use of technology and data to improve public service

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Essex County Council

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Published July 2024

<b>Report title:</b> 2023/24 Provisional Outturn Report	
<b>Report to:</b> Corporate Policy and Scrutiny Committee	
<b>Report author:</b> Cllr Christopher Whitbread, Chancellor of Essex and Cabinet Member with responsibility for Finance	
<b>Date:</b> 27 <sup>th</sup> June 2024	<b>For:</b> Consideration
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<b>County Divisions affected:</b> All Essex	

## 1. Purpose of report

- 1.1 This item is to consider the 2023/24 Provisional Outturn report, as presented to Cabinet on 28<sup>th</sup> May 2024.

## 2 Background

- 2.1 The Council presented its Provisional Outturn position for 2023/24 to May Cabinet. There was a net under spend of **£13.5m** (1.1%), against a revenue budget of £1.1bn. Approval was sought from Cabinet to appropriate this to earmarked revenue reserves, predominantly to provide some resilience against the potential risks we face with forecast deficits on the Dedicated Schools Grant, as well as further support to deliver political priorities around Highways.
- 2.2 For the Capital programme there was an under spend of **£15m** (4.9%) against the latest budget of £306.7m

## 3 2023/24 Provisional Outturn Report

- 3.1 The Council faced another year of unprecedented circumstances, with themes of underlying volatility in expenditure and uncertainty in forecasting prevailing throughout 2023/24, due to ongoing high inflation, increasing interest rates and exceptional demand. Interest rates remain at their highest levels since 2008, while inflation, although very recently returning to normal levels, throughout the year was substantially higher than the Bank of England's target of 2%, peaking at nearly 9% at the beginning of the year, creating inflationary pressure of £18.2m in excess of the level budgeted for.
- 3.2 The rises in demand, increasing complexity of need, as well as escalating supplier costs, created a substantial financial pressure for our organisation.

Excluding energy costs, portfolio budgets over spent by £30.5m, with the largest pressures being driven by Children's Social Care and Home to School Transport. Such pressures are being experienced nationally and create a tremendous challenge ahead for all local authorities.

3.3 The Provisional Outturn Cabinet report sets out an under spend of **£13.5m** (1.1% against a net budget of £1.1bn). The overall position is driven by pressures across:

- Children's Services and Early Years, **£22.4m**, mainly relating to placement pressure due to a combination of increased package costs and increases in demand. This is reflective of the national picture.
- Within Highways, Infrastructure and Sustainable Transport, **£7.4m** pressure on Home to School Transport driven primarily from price changes as the population profile adjusts, and to a lesser extent new demand.
- The Chancellor of Essex, **£4.1m** net pressure predominantly in relation to delayed delivery of the ECC wide staffing review saving for 2023/24. Plans are in development to ensure full delivery in 2024/25.

These pressures are offset by:

- Other Operating Costs, **£29.5m** driven by higher investment income due to increasing interest rates and greater cash balances (due in part to lower than expected usage of reserves), plus lower interest payments due to reduced in-year borrowing requirements to support the capital programme compared to the level originally anticipated.
- An **£11.2m** under spend on energy across the organisation, where unit prices were nearly half the rate assumed when the budget was set
- A **£3.3m** over recovery on funding due to an increase in the benefit of business rate pooling based on latest district returns

3.4 It was proposed the net under spend of **£13.5m** be appropriated into earmarked revenue reserves as follows:

- **£5.8m** 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.

- 3.5 **£6.7m** of approvals were sought in the Provisional Outturn report to appropriate under spends to the Carry Forward Reserve to support the 2024/25 budget and specific risks.
- 3.6 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. Alongside this we await the outcome of the general election, and the impact this will have on local government. 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 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.
- 3.7 The Capital Programme has a forecast under spend of **£15m** against the latest budget of **£306.7m**. The budget change adjustments are summarised as follows:
- 2023/24 Slippage: **£21.4m** (£21m into 2024/25 and £401,000 into 2026/27)
  - 2023/24 Additions: **£13.2m**
  - 2023/24 Reductions: **£21.4m**
  - 2023/24 Advanced Works: **£14.5m** from 2024/25
- 3.8 Responses to questions raised at Corporate Policy and Scrutiny Committee in January 2024 will be included in the presentation to the Committee at the meeting.

#### **4 List of Appendices**

2023/24 Provisional Outturn Cabinet Report – [2023/24 Provisional Outturn Cabinet Report](#)

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

<b>Report title: 2023/24 Provisional Outturn Report</b>	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Councillor Christopher Whitbread, Chancellor of Essex and Cabinet Member with responsibility for Finance	
<b>Date:</b> 28 May 2024	<b>For:</b> Decision
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<b>County Divisions affected:</b> 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 31<sup>st</sup> 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](http://www.essex.gov.uk) if not circulated with this report)

## **9 List of Background Papers**

Budgetary control reports

Appendix A – Revenue Variance Plan

VARIANCE PLAN							
	Provisional Outturn Variance (Under) / Over spend	Proposed mitigating actions					Total of mitigating actions
		Transfers of under / over spends between portfolios	Under spends to be carried forward into 2024/25	Appropriations to/(from) other reserves	Underlying under / (over) spends		
	£000	£000	£000	£000	£000	£000	
Health, Adult Social Care and ICS Integration	944	(10)	-	(2,285)	1,351	(944)	
Childrens Services & Early Years							
Childrens Services & Early Years - DSG	(97)	-	-	-	97	97	
Childrens Services & Early Years - Non DSG	22,297	(4)	-	103	(22,396)	(22,297)	
Levelling Up, Communities and Business Engagement	(553)	419	-	82	52	553	
The Arts, Heritage and Culture	(1,569)	127	1,337	(258)	363	1,569	
Planning a Growing Economy	(155)	17	81	(302)	359	155	
Education Excellence, Life Long Learning and Employability							
Education Excellence, Life Long Learning and Employability - DSG	279	-	-	(921)	642	(279)	
Education Excellence, Life Long Learning and Employability - Non DSG	(37)	(281)	65	2,297	(2,044)	37	
The Chancellor of Essex	3,814	(4,138)	150	100	74	(3,814)	
Highways Maintenance & Sustainable Transport	3,167	80	396	(5,856)	2,213	(3,167)	
Leader	61	(101)	40	-	-	(61)	
Climate Czar, Environment, Waste Reduction and Recycling	(5,718)	(47)	29	5,495	241	5,718	
Recharged Support Services							
Levelling Up, Communities and Business Engagement RSSS's							
Assurance	(144)	144	-	-	-	144	
Democratic Services and Governance	(37)	(63)	100	-	-	37	
Equality and Diversity	(146)	(35)	-	181	-	146	
Performance, Business Planning and Partnerships	(635)	144	375	-	116	635	
The Chancellor of Essex RSSS's							
Business Support	(226)	78	148	-	-	226	
Car Provision Scheme	88	(88)	-	-	-	(88)	
Customer Services	(434)	-	300	-	134	434	
Finance	(655)	13	416	104	122	655	
Human Resources	396	(302)	-	(94)	-	(396)	
Information Services	(1,608)	210	-	1,398	-	1,608	
Insurance Cost Recovery Account	(449)	-	-	-	449	449	
Legal Services	(150)	(424)	581	(7)	-	150	
Procurement	(318)	-	300	-	18	318	
Property and Facilities Management Service	(3,632)	-	-	608	3,024	3,632	
Transformation Support Unit	(664)	2	350	312	-	664	
Leader RSSS's							
Communications and Customer Relations	(71)	-	50	-	21	71	
Planning a Growing Economy RSSS's							
Capital Programme Implementation and Delivery	(111)	111	-	-	-	111	
<b>Net cost of services (Portfolios)</b>	<b>13,637</b>	<b>(4,148)</b>	<b>4,718</b>	<b>957</b>	<b>(15,164)</b>	<b>(13,637)</b>	
Other operating costs - Interest, capital financing and dividends	(32,621)	4,148	1,949	1,200	25,324	32,621	
General government grant	(1,696)	-	-	-	1,696	1,696	
Financing	(1,620)	-	-	-	1,620	1,620	
<b>Net expenditure</b>	<b>(22,300)</b>	<b>-</b>	<b>6,667</b>	<b>2,157</b>	<b>13,476</b>	<b>22,300</b>	
Appropriations to / from restricted funds and other revenue reserves							
Carry Forwards reserve	6,667	-	(6,667)	-	-	(6,667)	
Restricted funds	5,375	-	-	(5,375)	-	(5,375)	
Capital financing	(3,117)	-	-	5,817	(2,700)	3,117	
Transformation Reserve	(93)	-	-	93	-	93	
Other reserves	13,468	-	-	(2,692)	(10,776)	(13,468)	
General Balance	-	-	-	-	-	-	
<b>Net Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

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	£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	<b>Net cost of services (Portfolios)</b>	<b>1,042,419</b>	<b>993,155</b>	<b>1,006,792</b>	<b>13,637</b>	<b>1,527</b>	<b>15,164</b>	<b>1.5%</b>
	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	<b>Net expenditure</b>	<b>1,176,926</b>	<b>1,085,558</b>	<b>1,088,874</b>	<b>3,316</b>	<b>-</b>	<b>3,316</b>	<b>0.3%</b>
(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	<b>Budget Requirement</b>	<b>1,011,203</b>	<b>1,011,203</b>	<b>1,012,823</b>	<b>1,620</b>	<b>-</b>	<b>1,620</b>	<b>0.2%</b>
	<b>Financed by</b>							
(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)	<b>Total Financing</b>	<b>(1,011,203)</b>	<b>(1,011,203)</b>	<b>(1,012,823)</b>	<b>(1,620)</b>	<b>-</b>	<b>(1,620)</b>	<b>0.2%</b>

## 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
<b>Levelling Up, Communities and Business Engagement RSSS</b>	
Essex Centre for Data Analytics partnership activity	225
Researcher posts	50
Analyst posts	50
Performance posts	50
Support Services Programme	100
<b>Sub total</b>	<b>475</b>
<b>The Arts, Heritage and Culture</b>	
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
<b>Sub total</b>	<b>1,337</b>
<b>Planning a Growing Economy</b>	
Strategic development backfill	56
Supported and Specialist Housing Needs Assessment	25
<b>Sub total</b>	<b>81</b>
<b>Education Excellence, Life Long Learning and Employability</b>	
Supporting business growth in Essex	60
Higher Level Teaching Assistant training	5
<b>Sub total</b>	<b>65</b>

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

Carry forward requests	Total £000
<b>The Chancellor of Essex</b>	
Support Services Programme - Legal & Assurance	150
<b>Sub total</b>	<b>150</b>
<b>The Chancellor of Essex RSSS</b>	
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
<b>Sub total</b>	<b>2,095</b>
<b>Highways Maintenance &amp; Sustainable Transport</b>	
Ringway Jacobs contract extension	300
Safety inspectors	66
To fund any future shuttle buses that might be needed due to road closures	30
<b>Sub total</b>	<b>396</b>
<b>Leader</b>	
Fund Strategy Manager post	40
<b>Sub total</b>	<b>40</b>
<b>Leader RSSS</b>	
Communications and marketing cross cutting saving	50
<b>Sub total</b>	<b>50</b>
<b>Climate Czar, Environment, Waste Reduction and Recycling</b>	
Environmental opportunities	29
<b>Sub total</b>	<b>29</b>
<b>Other operating costs</b>	
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
<b>Sub total</b>	<b>1,949</b>
<b>Net Total</b>	<b>6,667</b>

**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.

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

## 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



- **£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

£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.

- 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**

- **£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.

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

- **£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.

- 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,

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.

## 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	<b>(Surplus)/Deficit</b>	<b>(304)</b>	<b>(250)</b>	<b>(643)</b>	<b>(393)</b>	<b>157.2%</b>
(744)	Appropriations	304	300	301	1	0.3%
(216)	<b>Net (increase) / decrease in revenue reserves</b>	<b>-</b>	<b>50</b>	<b>(342)</b>	<b>(392)</b>	<b>(784.0%)</b>
	<b>Analysis of net (increase) / decrease in Trading Activities reserves</b>					
(24)	Music Services	-	50	47	(3)	(6.0%)
(192)	Place Services	-	-	(389)	(389)	-
(216)	<b>Net (increase) / decrease in revenue reserves</b>	<b>-</b>	<b>50</b>	<b>(342)</b>	<b>(392)</b>	<b>(784.0%)</b>
2022/23					2023/24	
Closing					Opening	Closing
Balance					Balance	Balance
£000					£000	£000
(1,729)	<b>Total Reserves Balance</b>				<b>(1,729)</b>	<b>(2,071)</b>

## **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.



## 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, Infrastructure 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)
<b>Total Payments to be Financed</b>	<b>274,859</b>	<b>306,686</b>	<b>291,661</b>	<b>(15,025)</b>
<b>Financed By</b>				
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
<b>Total Financing</b>	<b>(274,859)</b>	<b>(306,686)</b>	<b>(291,661)</b>	<b>(15,025)</b>

## 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)
<b>Total Payments to be Financed</b>	<b>(21,355)</b>	<b>13,236</b>	<b>(21,418)</b>	<b>14,512</b>	<b>(15,025)</b>	<b>(6,843)</b>
<b>Financed by</b>						
Unsupported borrowing					(23,081)	
Grants and contributions					7,304	
Capital receipts					0	
Reserve for future capital funding					752	
<b>Total Payments to be Financed</b>					<b>(15,025)</b>	

## 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

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.

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Appendix K – Restricted use and other revenue reserves

	Balance at 1 April 2023 £000	2023/24 movements		Balance at 31 March 2024 £000	2024/25 movements		
		Contributions to reserves £000	Withdrawals from reserves £000		Budgeted approp to/(from) reserves £000	Contributions / (Withdrawals) £000	Est. balance as at 31 March 2025 £000
<b>Restricted use</b>							
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
<b>Total restricted use</b>	<b>254,504</b>	<b>40,374</b>	<b>(55,433)</b>	<b>239,445</b>	<b>4,876</b>	<b>(16,989)</b>	<b>227,332</b>
<b>Future capital funding</b>	<b>36,295</b>	<b>18,912</b>	<b>(13,659)</b>	<b>41,548</b>	<b>4,074</b>	<b>(5,932)</b>	<b>39,690</b>
<b>Other revenue reserves</b>							
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
<b>Total other revenue reserves</b>	<b>292,288</b>	<b>115,140</b>	<b>(66,513)</b>	<b>340,915</b>	<b>84,627</b>	<b>(135,621)</b>	<b>285,351</b>

## Appendix L – General Balance

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

## Appendix M – Prudential Indicators

Prudential Indicators - Summary			
		Approved Indicator	Final Outturn
<b>Affordability</b>			
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%
<b>Prudence</b>			
Net borrowing and Capital Financing Requirement		<i>Net borrowing is below the medium</i>	
<b>Capital Expenditure</b>			
Capital expenditure	£m	275	292
Capital Financing Requirement (excluding credit arrangements)	£m	1,324	1,077
<b>External Debt</b>			
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
<b>Treasury Management</b>			
<b>Interest rate exposures</b>			
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%
<b>Maturity structure of borrowing (upper limit)</b>			
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%
<b>Total sums invested for more than 364 days</b>			
Authorised limit	£m	30	N/A
Actual sums invested (maximum position during year)	£m	N/A	-
<b>Summary</b>			
<i>All Treasury Management activities have been undertaken in accordance with approved policies and procedures.</i>			
<i>External debt is within prudent and sustainable limits.</i>			
<i>Credit arrangements have been undertaken within approved indicators</i>			
<i>Maturity Structure of borrowing: maturity dates for market loans are based on the next review date, not the final maturity date.</i>			

## Appendix 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	
<b>Borrowing</b>					
Long Term	583,831	3,310	(12,044)	(8,734)	575,097
Temporary	12,150	3,118	-	3,118	15,268
<b>Total External Borrowing (A)</b>	<b>595,981</b>	<b>6,428</b>	<b>(12,044)</b>	<b>(5,616)</b>	<b>590,365</b>
<b>Investments</b>					
Long Term	4,853	10,965	(5,117)	5,848	10,701
Temporary	635,558	45,572	-	45,572	681,130
<b>Total External Investments (B)</b>	<b>640,411</b>	<b>56,537</b>	<b>(5,117)</b>	<b>51,420</b>	<b>691,831</b>
<b>Net indebtedness (A-B)</b>	<b>(44,430)</b>	<b>(50,109)</b>	<b>(6,927)</b>	<b>(57,036)</b>	<b>(101,466)</b>

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

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

<b>Report title:</b> Capital Programme Delivery	
<b>Report to:</b> Corporate Policy and Scrutiny Committee	
<b>Report author:</b> Ben Finlayson – Director Property and Investment and Delivery - <a href="mailto:ben.finlayson@essex.gov.uk">ben.finlayson@essex.gov.uk</a>	
<b>Date:</b> 27 June 2024	<b>For:</b> Discussion
<b>Enquiries to:</b> Sally Conybeare – Head of Capital Investment and Assurance – <a href="mailto:sally.conybeare@essex.gov.uk">sally.conybeare@essex.gov.uk</a>	
<b>County Divisions affected:</b> All Essex	

## 1. Purpose of Report

1.1. This report covers: -

1.1.1. An overview of the capital programme with a focus on why the capital programme is important; why there is a need for continued focus and how this is undertaken and managed (Slides 3 – 6)

1.1.2. A review of the 2023/24 programme with a focus on what was delivered; performance and analysing movement against the original programme set at Full Council in February 2023 (Slides 8 – 13)

1.2. The aim is to provide the Corporate Policy and Scrutiny Committee with an opportunity to understand the capital programme, the benefits it brings and challenges faced and the oversight and assurance that is in place across the programme.

## 2. Action required

2.1. To provide comment and feedback on the management and assurance over the capital programme at ECC.

2.2. To note the annexes and confirm that the current assurance of the capital programme remains appropriate.

## 3. Background

3.1. Capital investment is vital to deliver outcomes for our residents in line with Everyone's Essex Priorities. Benefits are significant, ranging from generating economic growth to reducing congestion and unlocking land to develop homes.

3.2. The economic fallout from the global pandemic and war in Ukraine led to a rise in inflation and interest rates during 2022/23. As a result, there has been a need for the capital programme to have focussed discussions and decisions made to ensure ECC remains financially sustainable.

- 3.3. Delivery of the programme set by Full Council is extremely important given ECCs limited resources and benefits to achieve, there is a need to be confident in delivery of the programme limiting movement of programmes of work given the prioritisation decisions made when setting the budget.
- 3.4. During 2023/24, 345 schemes were undertaken, actual expenditure was £292m against an Original Budget of £275m.

#### **4. Update**

- 4.1. See Appendix for update.

#### **5. Appendices**

- 5.1. Appendix 1 – Capital Programme Delivery - Power Point presentation



# Capital Programme Review

## Corporate Policy and Scrutiny Committee

# Purpose

## Overview of the Capital Programme

- Scene setting - why the Capital Programme is important and why there is a need for continued focus
- Key Processes for managing the Capital Programme

## Review of the 2023/24 Capital Programme

- The Aspirational Capital Programme by Portfolio
- Executive summary
- Delivery performance
- Analysing movement

Capital investment is **vital to deliver outcomes** for our residents in line with Everyone’s Essex Priorities. Benefits are significant, ranging from **generating economic growth to reducing congestion, unlocking land to develop homes and maintaining a wide range of assets**

A large capital programme (**£1.4bn** between 2023/24 – 2027/28) is a modern ECC phenomenon based on **historic positive choices**, including a high commercial appetite. **Scale is significantly driven by high levels of external funding**

The **economic fallout** from the **global pandemic** and **war in Ukraine** led to a **rise in inflation** and **interest rates** during 2022/23. Alongside this, we have also seen the rise in Section 114 notices issues by councils linked to capital programmes and rising debt. This has led to the **need for even greater control** of the capital programme and **challenging prioritisation**

As a result of undertaking the **Capital Review in 2022 and 2023**, ECCs **Aspirational Capital Programme has reduced by £100m**, whilst maintaining a programme that **delivers strong outcomes and plateauing the level of indebtedness by 2027/28**

There is commitment to a **continuous review and focus** on the capital programme as there are **new emerging priorities**; schemes in the programme with **substantial risk**; schemes in the programme where **risk may yet materialise**, all of which need to be managed within an agreed **funding envelope**

**Successful delivery of the planned programme** is extremely important given ECCs limited resources and outcomes to achieve. Tough decisions are made when setting the budget and over optimistic delivery could impact revenue budgets. **Confidence in delivery** of the programme and **limited movement drives effective decision making**

During 2023/24, **345 schemes were undertaken** of which 56 new projects started, 194 continued through their delivery lifecycle and 100 completed. Highlights of these schemes include **c400 new school places** and **c300 new SEND and PRU places** delivered; significant packages of **transport improvement** work continued to progress; schemes delivering a number of measures working towards meeting **net zero aspirations** by 2030 progressed and essential work to **maintain our assets** undertaken. Further detail can be found in the Appendices

Actual expenditure was **£292m** against an Original Budget of **£275m**, good delivery at **106%**

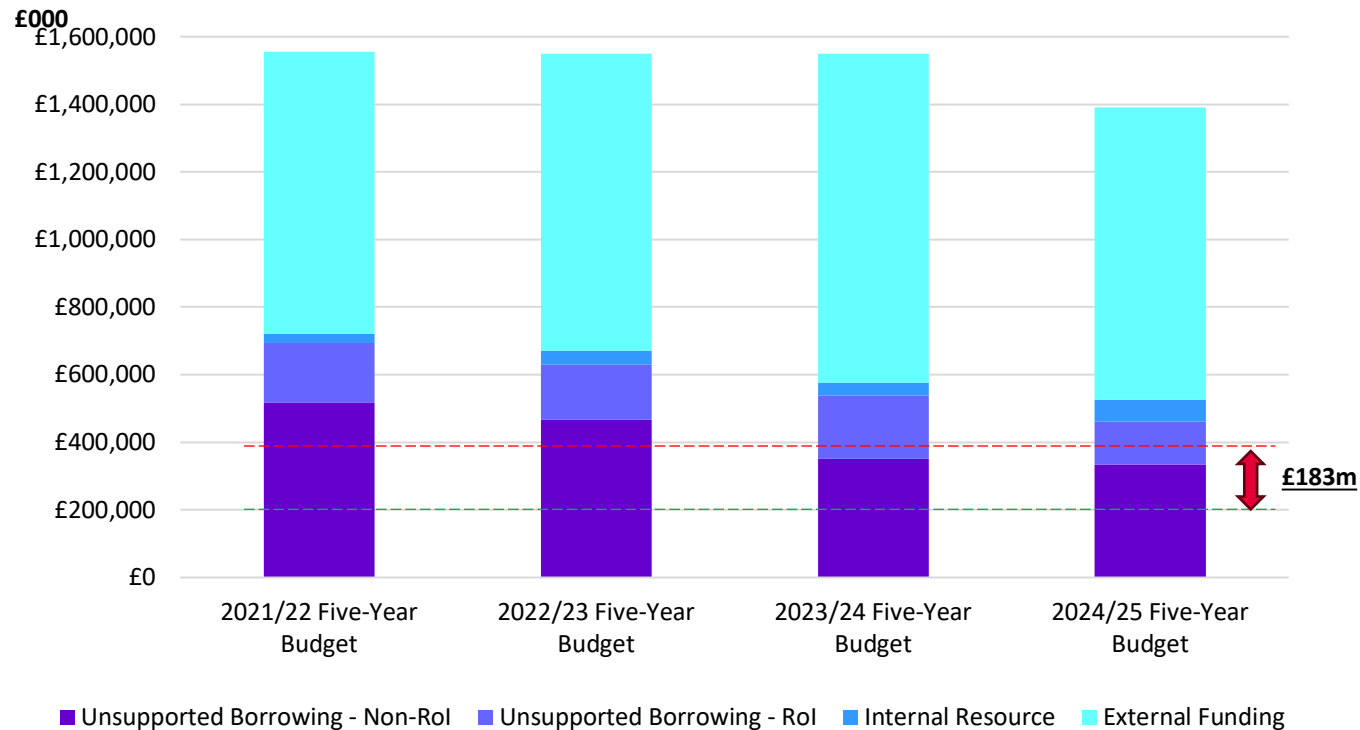
**Movement occurred** (slippage, additions, reductions and advanced works) throughout the year **changing the programme delivered** against the original programme set by Full Council in February 2023

**Risk identification** against predicted delivery performance is **transparent and effective**; meaning there is minimal material movement that has not been previously identified

# The Capital Review

The capital review is one of the key tools we use to ensure ECC continues to have a financially sustainable aspirational capital programme

**Aspirational Capital Programme Budgets**  
(by financing source)



Reduction in total aspirational programme costs in the 2024-25 Five-Year Budget is primarily driven by a technical change in the way EH LLP loan costs are recorded

- The capital review, driven by the CLT and Finance Oversight Board (FOB), consists of quarterly reviews leading up to budget setting
  - Monitors the programme's **existing risks, pressures, and opportunities**;
  - Provides Members and senior officers with **insight into the macroeconomic situation**;
  - **Undertakes prioritisation exercises** based on the needs of the organisation;
  - All decisions and recommendations are taken to FOB for consideration, before going to PLT for approval
  
- We currently set a **borrowing cap** to set a **financially sustainable level of borrowing, and to control ECC's indebtedness and the revenue cost of borrowing**
  - The cap is monitored annually;
  - Flexible, depending on factors such as borrowing rates and ECC's revenue funding gap
  
- Since capital reviews were introduced, **the five-year aspirational capital programme's Non-Return-on-Investment (RoI) borrowing requirement has reduced by 35%**, despite the overall programme value (£1.4bn) remaining relatively stable
  - Efficient prioritisation decisions;
  - Sourcing more external funding

# Key Processes

## Monthly Reviews & Risk Identification

Multiple monthly forums for officer assurance, ensuring there is **visibility and accountability**

Robust discussions; constructive challenge with a key focus on profile of expenditure and **cost risk identification**; programme and projects **risks and mitigating actions**; timely reporting; reflections and sharing **lessons learnt**

Outcome is to have management, **transparency and grip** over the delivery of the capital programme

## Quarterly Capital Reviews

To provide CLT & FOB an **update on the latest position** of the Aspirational Capital Programme

To review the **borrowing cap principles** alongside the financial outlook, existing and emerging risks, issues and opportunities

To review **key areas of spend, evaluate the outcomes** arising from our existing levels of investment

Outcome is to have **focussed discussions enabling timely decisions** to remain **financially sustainable** as an organisation

## Challenge Sessions

A **thorough review once a year**, in September, of each scheme proposed in the programme, looking at the project spend profile

Primary focus is on **deliverability in the next financial year** based on known risks and lessons learnt to **reduce optimism bias**

Outcome is to propose to Members a programme that **officers believe is deliverable** should it be affordable for the organisation

## Budget Setting / Prioritisation

Reviewing and setting a programme to deliver benefits to residents that is **affordable within the MTRS**

Difficult **informed prioritisation choices** are required to the aspirational and pipeline programme with considerations on **benefits and implications** of decisions

Outcome is to have an **affordable fixed one-year programme** with a further **3 years aspirational programme** presented to Full Council

# Overview – Capital Programme (Everyones Essex)



**Climate Action**  
 £66m, 5%  
**£29m non-Rol ECC resources**  
 Active Travel **£16m**  
 Salix carbon reduction schemes **£8m**  
 Cycling **£5m**

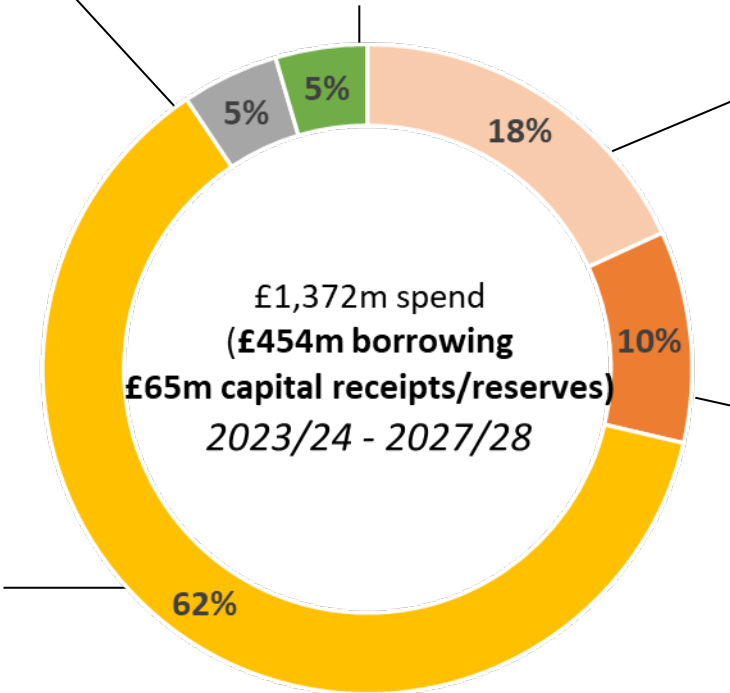
**Other**  
 £63m, 5%  
**£44m non-Rol ECC resources**  
 Building Maintenance **£25m**  
 Early Years **£6m**  
 Children’s Adaptations **£2m**  
 RCHW Maintenance **£4m**

**Education Excellence, Life Long Learning & Employability**  
 £248m, 18%  
**£75m non-Rol ECC resources**  
 Basic Need Schemes **£140m**  
 Special Schools **£51m**  
 Building Maintenance **£39m**  
 Temporary Accommodation **£14m**



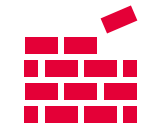
**Planning a Growing Economy**  
 £145m, 10%  
**£24m non-Rol ECC resources**  
 Essex Housing Programme **£73m**  
 Clacton Town Regeneration **£13m**

**Highways, Infrastructure & Sustainable Transport**  
 £850m, 62%  
**£225m non-Rol ECC resources**  
 Road Maintenance **£159m**  
 Bridges **£50m**  
 Footway Maintenance **£44m**  
 Local Highways Panels **£21m**  
 LED Rollout **£10m**  
 A133/A120 Link Road **£54m**  
 Colchester Rapid Transit **£33m**  
 Harlow Sustainable Transport Corridors **£30m**  
 Beaulieu Park Station **£146m**  
 Chelmsford North-East Bypass **£77m**  
 Army & Navy **£64m**  
 Colchester St Botolph's **£12m**  
 Advanced Scheme Design **£7m**



ECC Resources refers to any use of internal resources, including unsupported borrowing, capital receipts & reserves

# 2023/24 Delivery – Summary



During 2023/24, **345 schemes were undertaken. Actual** capital expenditure for 2023/24 was **£292m**

- Delivery of the **Original Budget - £275m** set by Members at Full Council is **106%**
  - Over delivery against original budget was driven by **significant additions** to the programme for example **additional Highways funding and new external grants received** (Active Travel; Safer Roads & GBF)
- Delivery of the **Latest Budget - £307m** reset at Quarter 3 Reporting (Nov'23) is **95%**



**Primary drivers** of movement against budgets are: -

- 2022/23 **Provisional Outturn movement** linked to 2023/24 anticipated expenditure
- 2023/24 **Quarterly Report requests** for movement (slippage and advanced works), additions and reductions
- **CMA's approved**



**Slippage** reported is **£103m across 145 schemes**, which when assessed shows **32% Non-controllable** and **68% Controllable**

- Circa £25m is associated with accounting treatment (change in approach for Essex Housing LLP pipeline projects), when this is excluded, it shows: -
  - **43% Non-controllable** (£33m) and **57% Controllable** (£45m)
  - **Less slippage** than prior years **against the largest programme outturn position**
- **10 schemes had slippage over £2m** (totalling £51.1m), of which there were 5 schemes with slippage over £5m (totalling £33.8m)

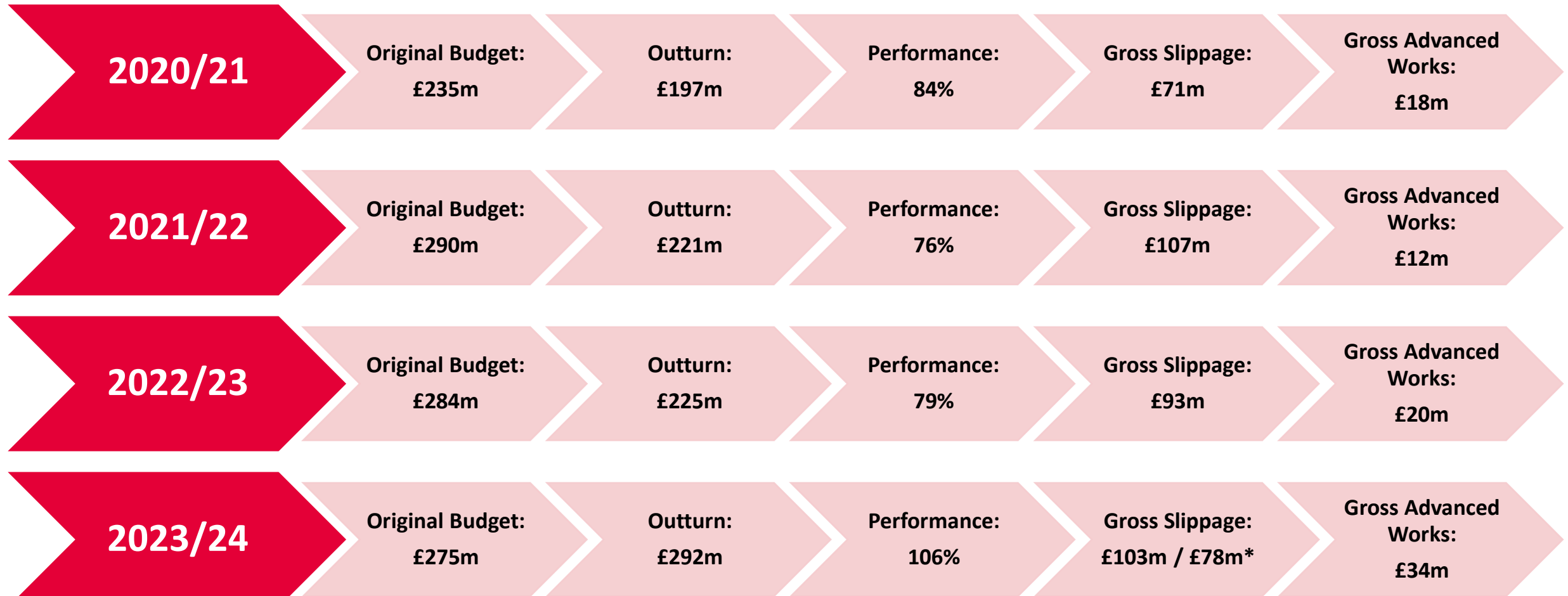
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**Risk identification** against delivery performance is **good**, there is no material movement that has not been previously identified



# 2023/24 Delivery – Annual Performance over the Years

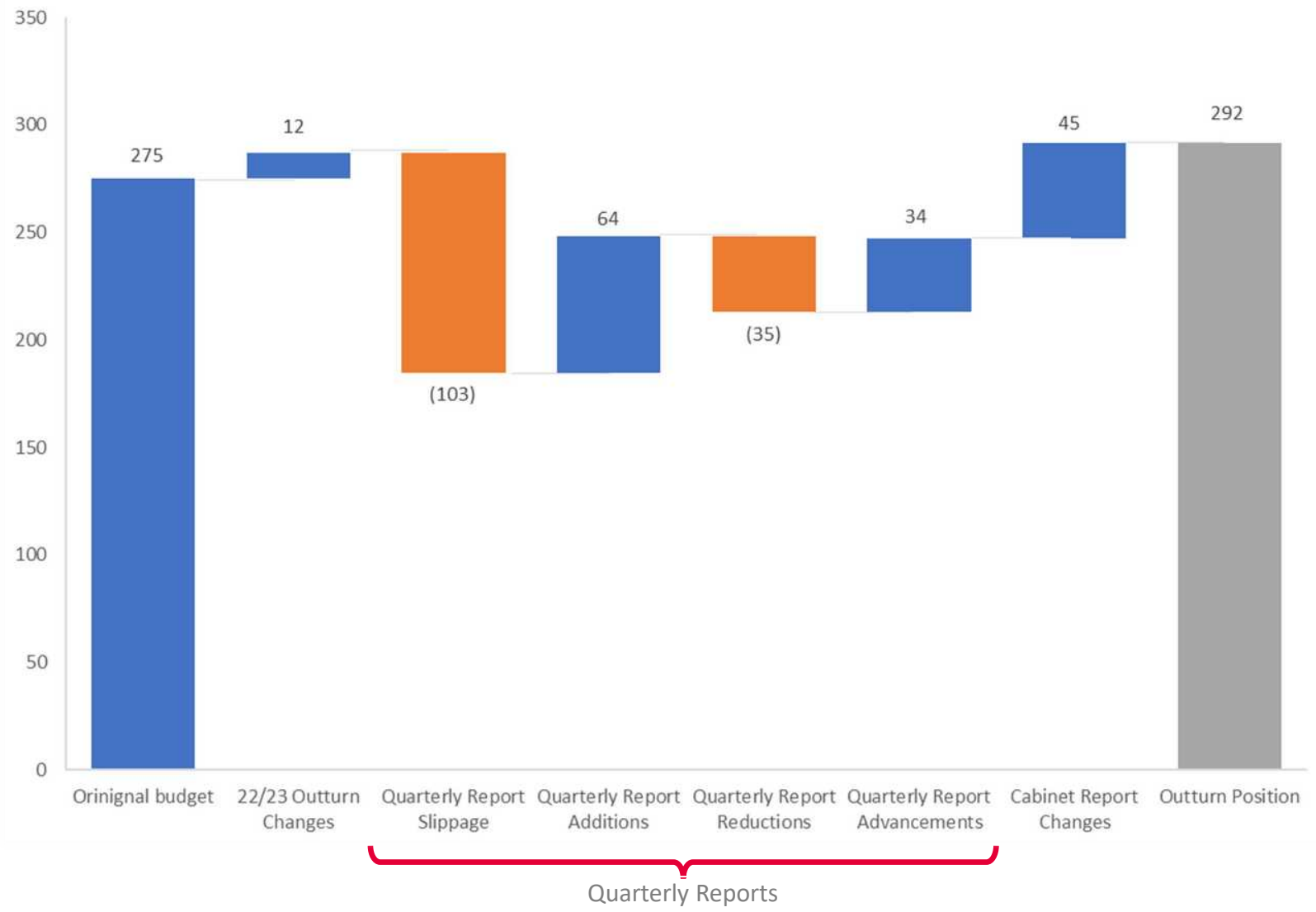


\* Gross Slippage (excl. Accounting Treatment - change in approach for Essex Housing LLP pipeline projects)

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The challenges with delivery have differed from year to year, for example, Covid Pandemic, Ukraine War; Inflation

# 2023/24 Delivery – Summary of Movement to Original Budget



The Capital Programme Budget changes throughout the year through various decision mechanisms. The most significant change is seen through quarterly reports agreed at Cabinet

# 2023/24 Delivery – Summary of Outturn, Additions, Reductions & Cabinet Decision<sup>11</sup>

## 2022/23 Outturn (Provisional Outturn) £12m

- Prior year Q4 movement affects the budget position, this is predominantly associated with slippage and advanced works
- Examples of movement through the provisional outturn report were: -
  - Major Infrastructure Scheme contingencies (£5m)
  - Harlow Investment Fund (£5m)

## Additions (Quarterly Reports) £64m

- Additions to the programme are as a result of new funding being agreed or received for the capital programme for example:
  - Highways (£16.9m)
  - Active Travel 4 grant (£5m)
  - Safer Roads grant (£1m)
  - M11 J8 (£10m)
  - New S106 schemes
- In year additions can be requested through quarterly reports and then re-profiled through slippage as appropriate to future financial years (this does impact performance statistics)
- Additions can also be movement from block codes to named schemes, this is predominantly associated with the Education Programme **(these additions and reductions net off)**

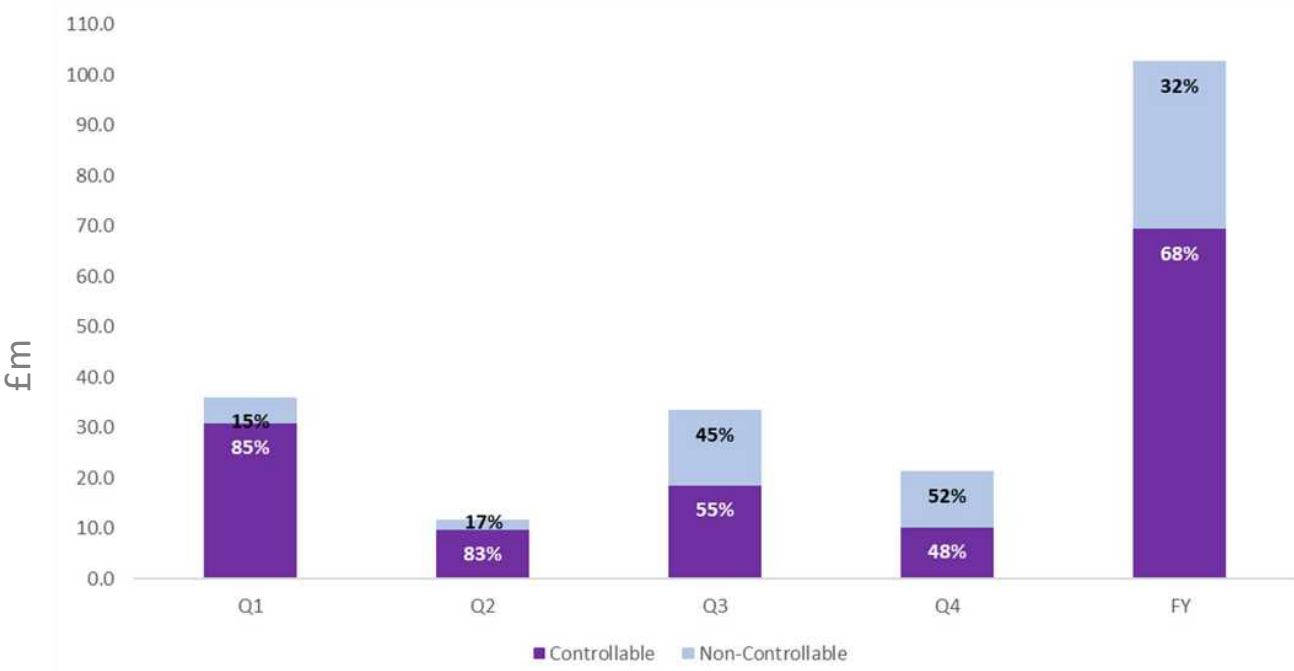
## Reductions (Quarterly Reports) (£35m)

- Reductions to the programme are as a result of release of funding from the programme/project, for example:
  - M11 Junction 8 (£3m)
  - Flood (£700k)
- Reductions to the programme can also be down to abortive costs where schemes don't proceed to delivery as originally planned
- Reductions can also be movement from block codes to named schemes, this is predominantly associated with the Education Programme **(these additions and reductions net off)**

## Cabinet Reports (Key Decisions/CMAs) £45m

- Cabinet reports may approve changes to individual projects profiling and budget values across financial years
- The HIF/HIG schemes are where the significant changes have been approved through this mechanism (some new funding and some profile changes). Examples are: -
  - Beaulieu Park Station programme acceleration (£33m)
  - Colchester RTS (£11m)
  - Harlow STC & Camb. Rd (-£3m)
  - Highways (£2.4m)

# 2023/24 Delivery – Slippage Analysis - Controllable/Non-Controllable <sup>12</sup>



**Circa £25m was associated with accounting treatment (change in approach for Essex Housing LLP pipeline projects), when this is excluded, it shows: -**

**43% Non-controllable (£33m) and 57% Controllable (£45m)**

**Less slippage than prior years against the largest programme outturn position ever**

Delivering the programme as published each year is important for multiple reasons: -

- To ensure the **benefits** for Essex residents are **realised as stated**
- Funding available to the Council is used in the **best way possible** to benefit the residents
- Projects are delivered in line with our **partners expectations**

Setting a programme that is too optimistic can **impact on the revenue budget and affects decision making**

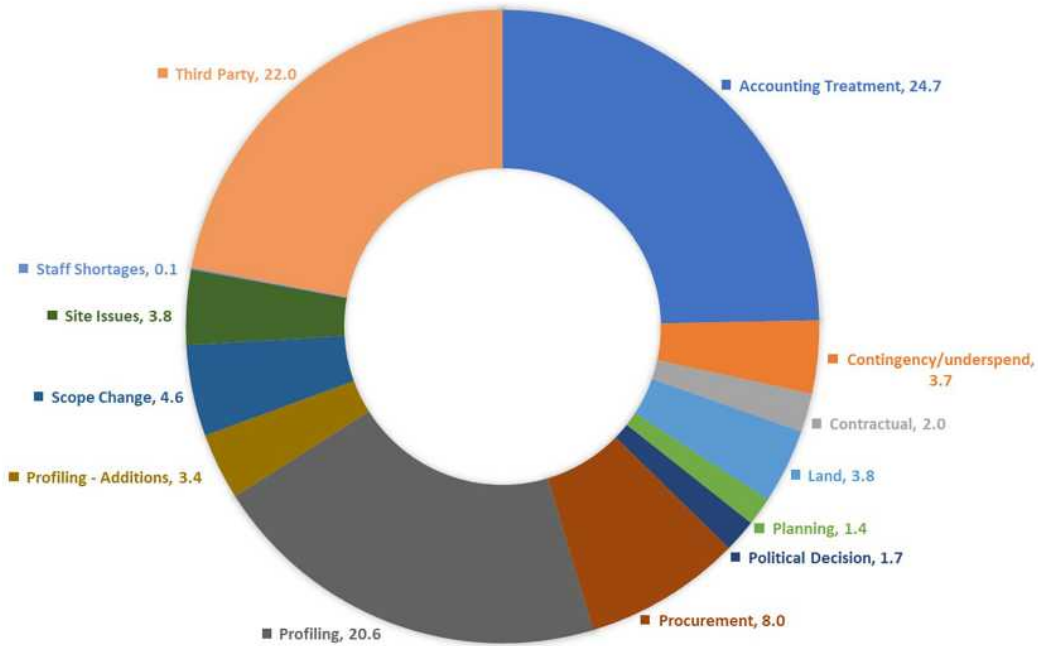
Slippage is analysed at each quarter to understand **thematics** along with what is **within our control** and **outside of our control**

Analysis is **discussed** across the programme and **shared** ensuring **lessons learnt** are taken into consideration for other projects

**Accounting Treatment, Procurement Choices and Profiling** are the highest thematics of **controllable** slippage

# 2023/24 Delivery – Slippage Analysis - Thematic Summary

Thematic Drivers of Slippage



Quarterly analysis undertaken has multiple lenses to ensure lessons and thematics are shared, enabling learning for future schemes across all functional areas

- **Accounting Treatment £25m**
  - Essex Housing LLP – An internal review resulted in a change of approach for pipeline schemes led to forecast changes
- **Profiling – Additions £3m**
  - Multiple schemes – Mechanism to add funding to the programme & re-align expenditure
- **Contingency / Underspends £4m**
  - Cambridge Road Junction £1m – Retaining contingency within the project until completion (slightly delayed)
  - SEND schemes £1m (Fairview, Southview, Cedar Hall) – Schemes completed but retaining underspends as managed as a programme
- **Third Party £22m**
  - Education – Academies / DfE undertaking delivery of projects – Plume Academy £2m; Richard de Clare £1m; Clacton County High £500k, Dunmow New Primary £500k
  - Harlow Investment Fund £5m – Partner funding sources being confirmed
- **Profiling £21m**
  - Optimistic assumptions made on delivery of schemes – Castledon SEND £3m, Solo Beds / Children Residential £3m; CNEB £3m
  - Adverse weather – CNEB £1m
- **Scope Change £5m**
  - Often driven by value engineering to be undertaken due to cost escalation White Bridge School; Tollesbury PSDS; Clacton Hub; Castledon SEND School
- **Procurement Choices £8m**
  - Colchester RTS Section C £5m – Tender period extended to enable compliant bids
  - A1331 £2m and IL OP £1m – Changes to procurement approach

# Summary

**Due to our successes in attracting external funding, ECC's four-year aspirational capital programme is one of the largest and most ambitious to date**

**Following a recent benchmarking exercise, ECC's capital spend in 2023/24 was one of the greatest in absolute terms, based on the latest published draft statement of accounts, and had one of the highest delivery percentages compared to our statistical neighbours**

**This performance is facilitated by the strong processes we have in-place, including quarterly capital reviews, a cap on borrowing of £70m each year, an in-depth prioritisation exercise, and capital challenge sessions**

- Enables us to maintain a large but affordable capital programme that plateaus our indebtedness and protect the authority from out of control borrowing costs

**We have been incredibly successful at attracting external funding in recent years, allowing us to maintain an ambitious capital programme and control borrowing cost. Over the last two financial years:**

- £311m of Grant Funding was applied to the capital programme
- £44m of Section 106 was applied to the capital programme
- Almost  $\frac{3}{4}$  of our non-Rol capital programme was financed from external sources

**We will continue to explore new ways on attracting external funding and delivering a capital review that achieves strong outcomes for our residents, while maintaining a capital programme that is affordable**

# APPENDICES

# 2023/24 Delivery – Summary Highlights



Essex Highways delivered **essential work on improving our roads and footways, vital to maintaining a safe network**. 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 considerable progress is being made on the **construction of Beaulieu Park Station**, a new railway station scheduled for completion in 2025, and 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, works are nearing completion for a **new junction onto Cambridge Road** from Riverway and works are commencing on the **development of the Sustainable Transport Corridor**. In Colchester, 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.



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.



# 2023/24 Delivery – Summary Highlights



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 form our pipeline of schemes for 2024/25.

Work continues with our partners to **plan the delivery of our Levelling Up Regeneration schemes** across Colchester, Harlow and Tendring. Schemes are in different phases of development and aim to deliver a range of high-quality homes and jobs, support transport improvements and catalyse the regeneration of these priority places.

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, it will save 6,500 tonnes of carbon per year, and will also save the Council £39m over the next 25 years.

Essex Housing has made capital investments in 2023/24 towards the delivery of a five-year development programme that will deliver over 1,000 homes (of which over 50% are specialist or affordable) alongside community assets. This investment has included **progressing construction works for 4 schemes** that will deliver a rebuilt library, a brand-new commercial unit, 101 private residential units, and 32 units for affordable or specialist uses. This has included the **completion of the Shernbroke scheme in Waltham Abbey that is 100% specialist and affordable**.

Reference Number: CPSC/18/24

<b>Report title: Insurance and Claims Update</b>	
<b>Report to:</b> Corporate Policy and Scrutiny Committee	
<b>Report author:</b> Paul Turner - Director, Legal and Assurance	
<b>Date:</b> 27 June 2024	<b>For:</b> Discussion
<b>Enquiries to:</b> Paul Turner, Director, Legal and Assurance, email <a href="mailto:paul.turner@essex.gov.uk">paul.turner@essex.gov.uk</a> ; Paula Clowes, Head of Assurance, email <a href="mailto:paula.clowes@essex.gov.uk">paula.clowes@essex.gov.uk</a> or Karen Gooch, Risk and Insurance Manager email <a href="mailto:karen.gooch@essex.gov.uk">karen.gooch@essex.gov.uk</a>	
<b>County Divisions affected:</b> All Essex	

## 1. Introduction

- 1.1 This report provides an update to Corporate Policy and Scrutiny Committee on the councils Insurance provision including associated costs. Information is also provided regarding the councils claim handling process, data related to the types and number of claims received and the costs related to this.

## 2. Action Required

- 2.1 To note the information provided in the attached slide deck (appendix1).
- 2.2 Provide comment and feedback on the council's insurance and claims handling provision.

## 3. Background

- 3.1 Essex County Council mitigates a range of risks by way of insurance cover. These include Property, Public Liability and Employers Liability. Due to the level of deductible on these policies the council also holds a significant amount of funds in its insurance reserve. The level of reserve each year is determined by an actuarial review. The council's insurance portfolio is managed by an in-house Insurance Team with support from a broker.
- 3.2 The council manages the large majority of claims in house, and has a team of 4.5 FTE claims handlers to process and investigate. Court cases resulting from claims are handled by Essex Legal Services. Highways claims make up the highest proportion of claims, although a very significant number of these are rejected ('repudiated').
- 3.3 Full details of the council's insurance provision and claims data can be found on the attached slides (appendix 1)

#### **4. List of Appendices**

**Appendix 1** – Details of ECC insurance and claims provision.

# Insurance Update

Corporate Policy & Scrutiny  
Committee

27 June 2024

# Insurance Introduction

## Claims Handling

- Claims are handled in house by the Insurance team and
- Litigated claims are handled by Essex Legal Services.

## Insurance Fund

- We don't insure our full liability – many policies have a £500,000 'deductible' (excess) which we have to pay for ourself.
- We have a fund to pay for the 'uninsured' element of all the claims.
- There is currently £31.371m in the insurance fund.
- We have an actuarial review annually to ensure we have sufficient funds

## Procurement of policies

- The larger policies are on a Long Term Agreement and are tendered every 5 years.

## Insurance Broker

- ECC procures an insurance broker to assist with the procurement of insurance policies and to ensure we have adequate cover in place.

# Insurance Policies

These are the main insurance policies that ECC purchases.

Class of Business	Annual Premium	Notes
Property including Business Interruption	£605,055	£500,000 deductible
Terrorism (property damage)	£70,759	£150,000 deductible
Public Liability (PL) Employers Liability (EL)	£514,987	£1.5m deductible (PL) £1.2m deductible (EL) £50m limit of indemnity
Lease Motor Fleet	£302,059	£150 deductible
General Motor Fleet	£57,547	£25,000 deductible
Waste Motor Fleet	£50,685	£10,000 deductible
Fidelity Guarantee	£25,760	-
Personal Accident & Business Travel	£27,577	-

We also procure an engineering inspection contract to manage our risks eg lifts etc. This is a statutory requirement.

# Payments made on claims

Policy	21/22	22/23	23/24
Property	£535,845	£1,714,488	£700,852
Public Liability excluding Highways	£959,343	£1,641,554	£337,475
Employers Liability	£141,668	£202,098	£252,187
General Fleet Motor	£102,154	£171,509	£141,316

# All Highways Claims

Date	No of Claims	Highways areas with highest number of claims	Repudiation Rate
Q1 2021/22	461	Epping Forest, Basildon	93%
Q2 2021/22	423	Epping Forest, Basildon	95%
Q3 2021/22	412	Epping Forest, Chelmsford	94%
Q4 2021/22	608	Epping Forest, Basildon	93%
Q1 2022/23	432	Epping Forest, Basildon	94%
Q2 2022/23	285	Epping Forest, Basildon	95%
Q3 2022/23	380	Epping Forest, Basildon	95%
Q4 2022/23	1133	Epping Forest, Basildon	90%
Q1 2023/24	934	Epping Forest, Basildon	87%
Q2 2023/24	481	Epping Forest, Chelmsford	90%
Q3 2023/24	634	Epping Forest, Chelmsford	95%
Q4 2023/24	1128	Epping Forest, Colchester	93%



# Highways Claims

		Claims Received		Payments made	
01.04.20- 31.03.21	Footway	303	Admitted	25	£ 634,066
			Denied	265	
	Carriageway (exc veh pothole)	175	Admitted	1	£ 387,767
			Denied	146	
	Misc Other	128	Admitted	15	£ 431,195
			Denied	84	
	Vehicle Pothole	916	Admitted	31	£ 193,293
			Denied	787	
01.04.21 - 31.03.22	Footway	298	Admitted	29	£ 1,460,226
			Denied	256	
	Carriageway (exc veh pothole)	247	Admitted	4	£ 44,263
			Denied	216	
	Misc Other	114	Admitted	3	£ 267,707
			Denied	92	
	Vehicle Pothole	1278	Admitted	46	£ 233,055
			Denied	1076	
01.04.22 - 31.03.23	Footway	307	Admitted	20	£ 1,169,825
			Denied	266	
	Carriageway (exc veh pothole)	218	Admitted	8	£ 56,081
			Denied	195	
	Misc Other	98	Admitted	8	£ 213,458
			Denied	54	
	Vehicle Pothole	1680	Admitted	98	£ 151,864
			Denied	1352	
01.04.23 - 31.03.24	Footway	292	Admitted	14	£ 783,559
			Denied	230	
	Carriageway (exc veh pothole)	227	Admitted	2	£ 131,438
			Denied	176	
	Misc Other	155	Admitted	1	£ 197,033
			Denied	49	
	Vehicle Pothole	2585	Admitted	93	£ 308,693
			Denied	1783	

# Highways Statutory Defence

As a Council we have statutory defences available to us:

S41 of the Highways Act 1980

S58 of the Highways Act 1980

- A claimant must prove that the defect that caused their injury/damage was dangerous.
- Even if the defect is dangerous we can still rely on the statutory defence in section 58 of the Highways Act if we have done all that was reasonably practicable to prevent the highway from reaching a dangerous state.
- To establish this we refer to:
  - Routine inspections which are either done monthly, quarterly or annually depending on the category of the carriageway/footway/PROW.
  - The responsive inspections of dangerous issues reported to us.

Once a claim is received the defect is risk assessed by a highways inspector.

**Reference number: CPSC/19/24**

<b>Report title:</b> Work Programme and Communications Review	
<b>Report to:</b> Corporate Policy and Scrutiny Committee	
<b>Report author:</b> Graham Hughes, Senior Democratic Services Officer	
<b>Date:</b> 27 June 2024	<b>For:</b> Discussion and identifying any follow-up scrutiny actions
<b>Enquiries to:</b> Graham Hughes, Senior Democratic Services Officer at <a href="mailto:graham.hughes@essex.gov.uk">graham.hughes@essex.gov.uk</a>	
<b>County Divisions affected:</b> Not applicable	

## 1. Introduction

- 1.1 The work programme is a standard agenda item. The work programme for the Committee continues to be developed and the current position is outlined below.

## 2. Action required

- 2.1 The Committee is asked to consider this report and issues under consideration in the Appendix and any further development or amendments.
- 2.2 The Scrutiny Board has asked scrutiny committees to also give consideration as to which work programme items may benefit from communications activity in order to promote the work of the scrutiny function both internally and externally. Members are asked to consider this when reviewing the Appendix.

## 3. Background

### 3.1 Developing a work programme

Work has continued on identifying priorities and future agenda items. This has included discussions with Committee Members, Cabinet Members and Officers as well as the other Policy and Scrutiny Committees via the Scrutiny Board.

This work has reflected the adoption of the *Everyone's Essex – Our Plan for Levelling Up the County: 2021-2025* strategy at Council on 12 October 2021.

The current work programme is attached in the **Appendix**.

## 4. Everyone's Essex

The Committee should take account of the *Everyone's Essex – Our Plan for Levelling Up the County: 2021-2025* strategy when considering the work programme and future items.

Particular attention should be paid to the strategic ambitions (and associated commitments and performance measures) most relevant to the work of the Committee. Reflecting the corporate focus of the committee, this could be more looking at the How We Will Deliver section and include scrutiny of effectiveness and efficiency, value for money, and the managing and prioritising of resources, so that investment can be made in the priorities set out in the strategy. It could also include scrutinising the People Plan in the strategy which aims to ensure that the County Council has the capability to meet the demands ahead.

**5. Update and Next Steps**

See Appendix.

**6. Appendix**

Current Work Programme.

**Corporate Policy and Scrutiny - Work Programme – 27 June 2024**

<b>Date</b>	<b>Topic</b>	<b>Lead Contact</b>	<b>Purpose and Target Outcomes</b>	<b>Relevance to Scrutiny Theme</b>	<b>Cross-Committee</b>
27 June 2024	Productivity Plan (to be submitted to Government)	Leader/ Director, Policy	To consider the draft being prepared for submission by mid-July.	Ability to deliver Everyone's Essex Strategy	Scrutiny Chairmen and VCs to be invited
27 June 2024	Finance update	Chancellor of Essex/ Director Finance	To consider the 2023/24 Year-End Outturn	Ability to deliver Everyone's Essex Strategy	As above
27 June 2024	Capital Programme	Chancellor of Essex/ Director Finance/ Director: Property and Investment & Delivery	To consider a detailed review of the capital programme	Ability to deliver Everyone's Essex Strategy	As above
27 June 2024	Insurance	Chancellor of Essex/Risk and Insurance Manager	To consider (i) policies to cover highways damage (ii) approach towards risk and insurance and spend	Ability to deliver Everyone's Essex Strategy	Not applicable
25 July 2024	Leader's Update	Leader/ Director, Policy	To consider the latest quarterly Everyone's Essex update	Scrutiny of the Everyone's Essex Strategy	Scrutiny Chairmen and VCs invited
25 July 2024	LEPs update	Leader/ Director Sustainable Growth	Consider the implications of the abolition of LEPs	Ability to deliver Everyone's Essex Strategy	Yes - PSEG
25 July 2024	Finance update	Chancellor of Essex/ Director Finance	To consider the 2024/25 First Quarter financials	Ability to deliver Everyone's Essex Strategy	Scrutiny Chairmen and VCs invited

<b>Date</b>	<b>Topic</b>	<b>Lead Contact</b>	<b>Purpose and Target Outcomes</b>	<b>Relevance to Scrutiny Theme</b>	<b>Cross-Committee</b>
26 September 2024	Council owned 'for profit' organisations	Chancellor of Essex/ Director Finance	To understand investments and current approach and performance	Ability to deliver Everyone's Essex Strategy	Not applicable
26 September 2024	Provisioning and Reserves	Chancellor of Essex/ Director Finance	To consider a detailed half-year review	Ability to deliver Everyone's Essex Strategy	Not applicable
31 October 2024	Leader's Update	Leader/ Director, Policy	To consider the latest quarterly Everyone's Essex update	Scrutiny of the Everyone's Essex Strategy	Scrutiny Chairmen and VCs invited
31 October 2024	Finance Update	Chancellor of Essex/ Director Finance	To consider the 2024/25 Half Year financials	Ability to deliver Everyone's Essex Strategy	Scrutiny Chairmen and VCs invited
28 November 2024	Essex Renewal Fund - TBC	Chancellor of Essex/ Director Finance	Follow-up to include evidence of business and outside partner support	Ability to deliver Everyone's Essex Strategy	Yes - PSEG
28 November 2024	Procurement Update TBC	Chancellor of Essex/ Director Procurement	To follow-up issues identified in previous update.	Ability to deliver Everyone's Essex Strategy	Not applicable
December TBC	Leader's Update	Leader/ Director, Policy	To consider the latest quarterly Everyone's Essex update	Scrutiny of the Everyone's Essex Strategy	Scrutiny Chairmen and VCs invited
30 January 2025	Finance and Budget updates	Chancellor of Essex/ Director Finance	To consider 2024/25 Third Quarter financials and Draft Everyone's Essex Plan/draft Budget 2025/26	Ability to deliver Everyone's Essex Strategy	Scrutiny Chairmen and VCs invited

**Item for further consideration and scheduling if appropriate: Infrastructure Funding/Developer Contributions** – separately HOSC and PAF are currently also looking at related issues to their remit. Further work may result from that.