

| | |
|--|----------------------|
| Report title: 2020/21 Financial Overview as at the Half Year Stage | |
| Report to: Cabinet | |
| Report author: Nicole Wood, Executive Director for Finance and Technology | |
| Date: 20 October 2020 | For: Decision |
| Enquiries to: Adrian Osborne, Head of Strategic Finance and Insight | |
| County Divisions affected: All Essex | |

1. Purpose of report

- 1.1 The purpose of this report is to set out the forecast financial position of Essex County Council's (ECC) revenue and capital budgets as at the half year stage of the 2020/21 financial year. There is a minor forecast over spend of **£2m** (0.2%) against a net revenue budget of **£1bn**. This position includes the impact of the first claim the Council has made to government relating to the local government income compensation scheme for lost sales, fees and charges related to COVID-19. The over spend is primarily driven by additional costs and lost income as a result of the COVID-19 pandemic.
- 1.2 This is a favourable movement since the Quarter 1 report of **£10.3m**. **The reasons for this movement are set out in section 5.**
- 1.3 The impact of COVID-19 continues to make it incredibly difficult to produce an accurate forecast for the year. It is still not clear how long and to what extent impacts will be seen, or whether we could be subject to local lockdowns. A second wave in the pandemic is currently building but we do not know the impact it will have on the local community and the services ECC provides. It is therefore likely that there will continue to be volatility in the position as the year progresses.
- 1.4 To date ECC services have continued to be managed and delivered well, despite the complexities that the pandemic has created. The Council's historical investment in Digital Foundations has prepared the organisation for the new ways of working landscape, enabling staff to seamlessly work remotely. A strong level of financial control and due diligence has been in place during the pandemic, supported by transparent decision making and the welcome emergency funding received from Central Government. Despite this, it is estimated that the emergency funding so far falls short of the full costs and liabilities arising from COVID-19. There are also a range of further cost pressures that may impact in the remaining months of the year, including the impact of the cessation of the Coronavirus Job Retention Scheme on unemployment and the likelihood of this leading to an increased demand for services. At this stage it is unclear if there will be any further additional funding from Central Government.

- 1.5 An under spend of **£5.8m** (2.6%) is forecast against the latest capital budget of £227.6m. After taking account of budget change requests in this report there is a residual under spend of **£71,000**.

2. Recommendations

Approval is sought for the following:

- 2.1 To draw down funds from reserves as follows:

- i. **£4.2m** from the General Balance to the Health and Adult Social Care portfolio to mitigate loss of income due to impact of COVID-19 (section 5.9.vi)
- ii. **£2.1m** from the Adults Digital Programme Reserve to the Health and Adult Social Care portfolio to fund projects in 2020/21 (section 5.9.vi).
- iii. **£600,000** from the Service Improvement Reserve to the Leader RSSS portfolio to support the Just About Managing (JAM) programme of work (section 5.15.ii)
- iv. **£342,000** from the Reserve for Future Capital Funding to the Customer, Communities, Culture and Corporate RSSS portfolio relating to the transfer of RFID (Self Service in Libraries) budget from capital to revenue (section 5.13.iii)
- v. **£254,000** from the Service Improvement Reserve to the Health and Adult Social Care portfolio relating to Mental Health funding (section 5.9.vi)
- vi. **£160,000** from the Transformation Reserve to the Customer, Communities, Culture and Corporate RSSS portfolio relating to the Future Resourcing Services to Deliver ECC's Workforce Strategy project. This was previously approved (FP/160/05/18) but has time lapsed. (section 5.13.iii)
- vii. **£96,000** from the Recovery Reserve to Customer, Communities, Culture and Corporate RSSS portfolio (**£72,000**) and to the Leader RSSS portfolio (**£23,000**) in relation to COVID-19 additional costs for staffing and communications campaigns (sections 5.13.iii & 5.15ii)
- viii. **£4,000** from the Transformation Reserve to Customer, Communities, Culture and Corporate RSSS portfolio relating to the pilot for technological solutions for Children and Families front line teams (section 5.13.iii)
- ix. **£109,000** from the General Balance to Other Operating Costs to reduce the planned appropriation from trading activities due to impact of the

change to the terms and conditions of the Music Hub Grant (sections 5.11.ii & 6.3)

2.2 To appropriate funds to reserves as follows:

- i. **£7.5m** to the General Balance from Health and Adult Social Care portfolio due to lower demand levels than originally anticipated for COVID-19 funding approved in relation to hospital discharge beds and funding recovered from Health (section 5.9.vi)
- ii. **£1.3m** to the General Balance from the Deputy Leader and Infrastructure portfolio relating to COVID-19 losses, predominantly from enforcement income being lower than originally anticipated (section 5.3.iii)
- iii. **£761,000** to the Private Finance Initiatives (PFI) Equalisation Reserves from the Deputy Leader and Infrastructure portfolio in relation to the A130 PFI and due to lower in year predicted traffic volumes (section 5.3.iii)
- iv. **£400,000** to the Carry Forward Reserve from the Customer, Communities, Culture and Corporate RSSS portfolio (**£260,000**) and the Finance RSSS portfolio (**£140,000**) to support future years savings targets. (sections 5.13.iii & 5.14.ii)
- v. **£282,000** to the Carbon Reduction Reserve from the Deputy Leader and Infrastructure portfolio due to lower than budgeted energy prices within Street Lighting (section 5.3.iii)
- vi. **£76,000** to the Carbon Reduction Reserve from the Environment and Climate Change Action portfolio for tree planting in 2021/22. (section 5.7.ii)
- vii. **£58,000** to the Private Finance Initiatives (PFI) Equalisation Reserves from Education and Skills portfolio in relation to Clacton Secondary schools and Building schools for the future. (section 5.6.ii)

2.3 To approve the following adjustments:

- i. Vire **£175,000** from the Customer, Communities, Culture and Corporate portfolio to the Environment and Climate Change Action portfolio as a result of the staffing restructure (sections 5.2.iv & 5.7.ii)
- ii. Vire **£75,000** from the Deputy Leader and Infrastructure portfolio to the Economic Development portfolio following the Place and Public Health management restructure (sections 5.4.ii & 5.3.iii)
- iii. To amend the capital budget as shown in Appendices C (i) and C (ii) which allows for capital slippage of **£8.8m**, capital budget additions of

£5.9m, capital budget reductions of **£8m** and advanced works of **£5.2m** (see section 7.2).

- iv. To amend the capital budget in outer years to allow for additions of **£5m** within M11 Junction 8 scheme, owing to a shortfall in the original budget identified via mid-range tender returns. Note that this change does not impact 2020/21 capital budget and is predominantly an addition to 2022/23 spend.
- v. Transfer **£4.5m** of the third tranche of COVID emergency funding from the Grant Equalisation reserve to the Recovery reserve in order to support the Council's ongoing response to and recovery from the COVID-19 impact.

3. Executive Summary: Revenue

3.1 Appendix A summarises the revenue budgets and forecast outturn for each portfolio. There is a full year forecast over spend of **£2m (0.2%** against a net budget of **£1bn)**. The overspend is primarily driven by the additional costs and lost income or savings, as a result of the COVID-19 pandemic and specifically:

- i. Environment and Climate Change Action **£3.8m** due to under recovery of income driven by closure of services earlier in the year due to COVID-19 and the ongoing impact of social distancing measures that need to remain in place in Country Parks and Essex Outdoors, together with waste pressures due to increased volumes driven by residents working from home.
- ii. Deputy Leader and Infrastructure **£3m** due to shortfall in Park and Ride and Bus Lane Enforcement income as a result of COVID-19 and undeliverable savings for Parking Partnerships.
- iii. Customer, Communities, Culture and Corporate **£1.4m** due to income shortfalls on Registrations and Libraries Services because of the COVID-19 lockdown restrictions put in place.
- iv. Education and Skills Non DSG **£1.3m** with income shortfalls in the Youth Service, Passenger Transport, and Adult Community Learning (ACL), together with an over spend in Home to School Transport where it was decided not to levy a parental contribution in Post 16 following the pandemic.
- v. Finance **£1.2m** over spend where the budgeted increase in Commercial income in this current economic climate is now very unlikely to be achieved.

- 3.2 With the ongoing uncertainty around a second COVID-19 wave and the potential for further lockdowns there are further cost pressures related to COVID-19 that may occur in the remaining months of the financial year. These include Local Bus, Home to School Transport for the transfer of ineligible children from the commercial network and continued income pressures across a range of services, for example Ceremonies, Libraries and Country Parks. In addition to this, with the end of the Coronavirus Job Retention Scheme in October, there is a risk increased levels of unemployment result in increasing entitlement to services and reductions in Council Tax collection rates. The current estimated impact on Council Tax is detailed in section 3.5.
- 3.3 The Council has continued to be proactive around its response to COVID-19. Since March 2020 approved decisions have agreed that £76.1m of reserves can be drawn down to meet the cost of COVID-19 related actions. Emergency funding from central government to date has totalled £72.8m, however despite this allocation there is an estimated residual COVID-19 specific pressure of £11.6m. This could be reduced to £10m assuming Government accepts our first submission for compensation of £1.6m for income losses during the period April to July. The Council has also used the Coronavirus Job Retention Scheme and claimed £1.1m.
- 3.4 A request is made within Adult Social Care to return £3.3m to reserves. £17.5m of the original COVID-19 decisions covered expenditure that is now expected to be recoverable from Health funding. £3.5m of this £17.5m is now no longer required largely due to the demand for hospital discharge beds being lower than originally predicted, together with a request to return £4m of funding that has been recovered from Health since Quarter 1. However, the impact of loss of Residential Income has been more significant than originally forecast and therefore there is a request to repurpose £4.2m of the £7.5m, to offset this increased loss of income.
- A request is also made by Deputy Leader and Infrastructure to return £1.3m to reserves in relation to funding provided for anticipated COVID-19 pressures. Estimated losses on Highways, predominantly for enforcement income, are now £1.3m lower than the original decision taken.
- 3.5 The latest estimated reduction in council tax collection fund income for the full year 2020/21 is **£25m**, although there is a high level of uncertainty with this given the level of deferred payments in place and the impact of the tapering of the Coronavirus Job Retention Scheme. The cash impact of this loss can now be spread over the next 3 financial years, creating a cash pressure of approximately £8m per annum between 2021/22 and 2023/24. If the current year collection fund loss results in a permanent reduction to the tax base, that will also create a further £25m pressure on the 2021/22 budget, which will be a significant funding reduction for the Council. Whilst there is an income guarantee scheme for fees and charges, it is not yet clear what Government support package may be made available for council tax losses.

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

4. Executive Summary: Capital

4.1 The original capital programme for 2020/21 as set by Full Council in February 2020 was **£234.8m**. The forecast outturn is **£221.8m**, before adjustments proposed within this report. This represents an under spend of **£5.8m** against latest budget of **£227.6m**. After taking account of budget change requests in this report, there is a residual under spend of **£71,000**. More detail is set out in Section 7.

4.2 The **£5.8m** under spend is mainly due to removal of £5.3m in relation to the Essex Employment Space project where ECC have decided not to proceed with the land purchase.

4.3 Summary of approvals sought:

- Slippage: £8.8m
- Additions: £5.9m
- Reductions: £8m
- Advanced Works: £5.2m

4.4 Appendix C (i) summarises current year forecasts and changes to the Capital Programme for 2020/21 since approval of the original programme in the Budget Report to Council in February 2020. Appendix C (ii) contains the detail of the budget adjustments seeking approval.

5. Revenue Position

5.1 Children and Families - £1.5m (1.1%) under spend

- i. The forecast under spend relates to an increase in the daily rate claimable via the Home Office for Unaccompanied Asylum Seeking Children (UASC). This will entitle ECC to claim an estimated additional **£1.3m** to fund the support provided in 2020/21 (and ongoing).
- ii. The favourable movement of **£821,000** since the Quarter 1 report is mainly due to an increase in the amount of UASC grant expected for the year (£350,000), a favourable movement in placement spend (£150,000) and a decrease in the staffing over spend (£100,000).
- iii. This position includes a **£2.9m** pressure built into the forecast for a possible 10% rise in Children in Care (CIC) costs for a period of four months at the end of the year due to anticipated COVID-related pressures.

5.2 Customer, Communities, Culture and Corporate - £1.4m (5.8%) over spend

- i. The forecast is due to over spends in the Registrations Service **£1.6m**, Libraries Service **£765,000** and Heritage and Cultural Service (driven by Essex Records Office) **£148,000** attributable to income shortfalls because of the restrictions put in place in response to the COVID-19 pandemic. These pressures are partly offset by under spends in Customer Services and Member Enquires **£186,000** and Deputyships **£187,000**. Offsetting the over spend is **£777,000** due to the first Government fees and charges compensation Scheme claim relating to the lost income for Libraries services and Weddings between April and July.
- ii. This is a **£1.3m** favourable movement since the Quarter 1 report. There is an adverse movement in Registrars of **£264,000** because of further reduced ceremony volumes, offset by favourable movements on:
 - Libraries, **£341,000** predominately due to changed recruitment plans in the Library Service and Customer Communities Optimisation teams
 - Deputyships, **£184,000** where there has been an agreement with the Office for the Public Guardian to charge property fees to certain clients thus increasing income
 - Customer Services and Member Enquiries, **£204,000** which is mainly due to efficiencies in the team that services Highways comments and complaints
 - Government Fees and Charges Compensation Scheme Claim of, **£777,000** in relation to the loss of income for Libraries services and Weddings.
- iii. Reserves funding of up to **£10m** has been approved for costs associated with Excess Deaths management. There is currently a forecast of **£2.6m**, after accounting for contributions from partners that will be funded by a drawdown from the General Balance.
- iv. Approval is sought in this report for the following:
 - **£175,000** to be vired to the Environment and Climate Change Action portfolio as a result of the staffing restructure that has taken place between Heritage and Cultural Service and Country Parks.

5.3 Deputy Leader and Infrastructure - £3m (5.7%) over spend

- i. The forecast over spend is attributable to a **£1.5m** under recovery of Park and Ride income following the re-opening of all three sites with social distancing measures, **£1m** under recovery of Bus Lane Enforcement income due to the impact of COVID-19 on traffic volumes, an over spend of **£752,000** relating to undeliverable savings for Parking Partnerships that have not been agreed by all parties, an over spend within Partnership Overheads of **£682,000** linked to Ringway Jacobs savings target that was due to be delivered from the Lean review but delayed due to COVID-19

and lost income of **£190,000** within International Trade which was dependent on the training of Chinese cohorts.

- ii. These pressures are partially offset by in-year mitigations, where decisions have been made not to commission this year within Essex Highways services (**£855,000**) and lower than anticipated consumption levels within Street Lighting (**£211,000**). These also account for the favourable movement of **£582,000** since Quarter 1.
- iii. Approval is sought in this report for the following:
 - **£1.3m** to the General Balance from the Deputy Leader and Infrastructure portfolio relating to COVID-19 enforcement income losses lower than originally anticipated
 - **£761,000** return to the A130 PFI reserve following lower traffic volumes than predicted and therefore lower costs in year
 - **£282,000** to the Carbon Reduction Reserve as a result of lower than budgeted energy prices within Street Lighting
 - **£75,000** to be vired to the Economic Development portfolio in relation to the Place and Public Health management restructure.

5.4 Economic Development – on-line

- i. Approval is sought in this report for the following:
 - **£75,000** to be vired from the Deputy Leader and Infrastructure portfolio in relation to the Place and Public Health management restructure.

5.5 Education and Skills Dedicated Schools Grant (DSG) - £3.9m under spend

- i. There is an in year under spend in the High Needs Block of **£4.5m** owing to additional government funding, although the forecast closing block balance remains in deficit at **£5.7m**. The Schools and Central School Services Block is over spent by **£700,000** which will be funded through both the surplus balance brought forward on this block and the School Improvement and Brokerage Grant.
- ii. The **£3.1m** adverse movement from Quarter 1 is partly a result of better information regarding placements now a new academic year has started, and crosses Education Access supporting pupils excluded from school (£1.2m), the volume and complexity of need of pupils placed in Independent Schools (£1.1m) and increased pupil top ups in mainstream schools (£1m).

5.6 Education and Skills Non Dedicated Schools Grant - £1.3m (1.6%) over spend

- i. The Youth Service is reporting an over spend of **£393,000**, where the National Citizenship Service (NCS) is forecasting a shortfall in income.

Further over spend is reported in Passenger Transport of **£286,000**. This results from Transport Information (**£200,000**), due to non-delivery of a saving attached to slippage in procuring bus shelters contract expected to generate advertising income, plus Concessionary Fares (**£66,000**) where a pressure has arisen due to the non-delivery of a saving related to the removal of concessionary fares from Park & Ride due to reduced passengers and the closure of the Park & Ride sites following COVID-19.

Adult Community Learning (ACL) is reporting an over spend of **£253,000** due to an anticipated decrease in the amount of tuition fee income expected in 2020/21 as a result of COVID-19.

Home to School Transport is reporting an over spend of **£182,000** relating to a decision not to levy a parental contribution in Post 16 following the COVID-19 pandemic.

- ii. Approval is sought in this report for:
 - **£58,000** to be returned to the PFI reserves for Clacton PFI and Better Schools for the Future schemes.

5.7 Environment and Climate Change Action - £3.8m (4.7%) over spend

- i. Environment and Climate Change Action portfolio is reporting an over spend of **£3.8m** which mainly relates to the anticipated further loss of income as a result of social distancing measures that will need to remain in place within Country Parks and Essex Outdoors of **£1.8m**, an increase in waste of **£2.1m** which is due to increases in tonnage volumes as a result of residents continuing to work from home, and the additional cost incurred in reopening the Recycling Centre sites.

The favourable movement of **£918,000** since the Quarter 1 report is mainly due to an improvement in savings delivery, where savings have either been mitigated or progressed to delivery, and the inclusion of the coronavirus job retention scheme grant in the forecast.

- ii. Approval is sought in this report for:
 - **£76,000** to the Carbon Reduction Reserve to realign budgets with the expected profile for tree planting.
 - **£175,000** from Customer, Culture, Communities and Corporate portfolio as a result of the staffing restructure that has taken place between Heritage and Cultural Service and Country Parks.

5.8 Finance - £1.2m (7.7%) over spend

- i. The position is driven by an over spend of **£1.2m** in Commercial Traded Strategy where, due to the current economic climate, the increased income target this year is now very unlikely to be achieved. Potential options are being investigated to mitigate part of this pressure.

5.9 Health and Adult Social Care – £4.1m (0.9%) under spend

- i. The half year forecast is based on budgeted demographic growth continuing for the remainder of the year except in the area of Older People domiciliary care where scenario modelling has been undertaken to estimate the demand for the remainder of the year. The scenario in line with trend to date has been used in the forecast. Price growth for all care types has been built in based on the trend seen to date. The forecast does not include the impact of any further savings delivery in this financial year.

There remain significant risks around the impact of COVID-19 on the cost and demand for Adult Social Care services for the remainder of this financial year and future years. Any placements made on the Hospital Discharge pathway over and above the normal placement trend are currently claimable from Health funding. Recent changes to the guidance mean that any cost associated with placements made between 19th March and 31st August can be claimed until the service user has been Care Act assessed and any placements after 1st September will be funded for up to 6 weeks only.

- ii. It is anticipated the **£4.1m** forecast under spend will be requested as a carry forward to support the budget in 2021/22 once further clarity on the full year position is known. The carry forward is not reflected in the current overall forecast over spend for the council.
- iii. Drivers of the underlying position:
 - Cash Payments, driven by lower volume and a lower average price than budgeted for, some of this impact was seen in 2019/20 after the budget was set, together with greater levels of surplus fund reclaims for dormant accounts (**£5.8m**). This under spend is offset by an over spend of **£5.8m** on Domiciliary Care, largely due to the non-delivery of the Meaningful Lives Matter savings programme
 - Under spends in Nursing (**£1.7m**) and Residential (**£2.5m**), driven by lower volumes than budgeted for, together with cessations this year that have been outside of the guaranteed payment scheme
 - Continuing Health Care Income, largely due to packages that have yet to transfer to Health, (**£1.7m**)
 - Day Care, driven by lower volume than budgeted for, some of this impact was seen in 2019/20 following a deep dive of provider billing, which showed that many of the packages had been terminated (**£1.1m**)

- Increase to the Bad Debt Provision, largely driven by Unsecured Residential Debt less than 540 days old, **£636,000**.
- iv. There is a **£3.9m** favourable movement since the Quarter 1 report, which is driven by
- Reduced volumes in Older People Residential Care (£1.6m) and Domiciliary care (£1.8m)
 - £1.2m improvement in Transitions due to delays in care packages commencing.
- v. The council received £5.8m from the government to deliver test and trace. The current service, until March 2021, will have costs contained within this amount with some contingency if the service needs to increase in scale. However, it is as yet unclear how long this money is expected to last and whether further resource will be available or indeed needed next year. The remaining Public Health grant is on trajectory and is expected to achieve its budget.
- vi. Approval is sought in this report for the following:
- **£7.5m** return to the General Balance due to COVID-19 funding that is no longer required as a result of lower demand for hospital beds (**£3.5m**) and funding recovered from Health (**£4m**).
 - **£4.2m** drawdown from the General Balance to mitigate loss of Adult Social Care client income due to the impact of COVID-19
 - **£2.1m** withdrawal from the Adults Digital Programme Reserve to fund various projects such as Care Technology Transformation and Electronic Home Care Monitoring
 - **£254,000** withdrawal from the Service Improvement Reserve relating to funding for Mental health services.

5.10 Leader - £115,000 (1.4%) under spend

- i. The position is driven by small under spends on staffing, corporate subscriptions and Member expenses. Since Quarter 1, there has been a favourable movement of **£52,000** on Member Expenses where there has been reduced activity in the lockdown period.

5.11 Other Operating Costs – £1.3m (3.5%) under spend

- i. The forecast under spend position comprises an under spend of **£1.9m** on Capital financing as a result of the following:-
- **£1m** forecast reduction in interest paid on borrowing as a result of lower interest rates
 - **£900,000** reduction in Minimum Revenue Provision (MRP) to support the Capital Programme, the MRP budget was determined based on the

2019/20 Capital Programme which was higher than activity now planned for the current year.

- ii. This is partially offset by a forecast **£600,000** reduction in interest received on balances, as a result of lower interest rates able to be achieved on investments.
- iii. Approval is sought in this report for the following:
 - **£109,000** from the General Balance to reduce the planned appropriation from trading activities (section 6.3)

5.12 Performance, Business Planning and Partnerships – on-line

- i. This forecast position reflects an adverse movement of **£200,000** since Quarter 1 which is attributable to increased staffing costs following successful recruitment to permanent positions

5.13 Customer, Communities, Culture and Corporate Recharged Strategic Support Services - £1.7m (2.5%) under spend

- i. The forecast full year under spend is attributable to a **£2.3m** under spend on Customer Services where carry forwards are held from 2019/20 of **£1.9m** that are offsetting the pressures across the wider Customer, Communities, Culture and Customer portfolio, and planned drawdowns of **£414,000** which include the £342,000 withdrawal from the Reserve for Future Capital Funding relating to the transfer of RFID from capital to revenue, and £72,000 withdrawal from the Recovery Reserve to cover senior management increased working hours due to the pandemic. Pressures in the portfolio are driven by over spends on staffing in Business Services **£500,000** and Human Resources **£165,000**.
- ii. This is a favourable movement since Quarter 1 of **£340,000** which can be attributed to additional drawdowns from reserves.
- iii. Approval is sought in this report for the following:
 - **£260,000** to the Carry Forward Reserve relating to technology services to support future years savings targets
 - **£342,000** withdrawal from the Reserve for Future Capital Funding relating to the transfer of RFID (Self Service in Libraries) budget from capital to revenue
 - **£160,000** withdrawal from the Transformation Reserve relating to the Future Resourcing Services to Deliver ECC's Workforce Strategy project. This had previously been approved (FP/160/05/18) but not drawn down in the approved timescale (financial regulation 4.3.4)
 - **£72,000** withdrawal from the Recovery Reserve to cover senior management increased working hours due to the pandemic
 - **£4,000** withdrawal from the Transformation Reserve as part of Children's' Sustainability Programme relating to the technological

solutions pilot for Children and Families front line teams to see how productivity can be improved through use of new technologies.

5.14 Finance Recharged Strategic Support Services - £67,000 (0.3%) under spend

- i. The forecast under spend is driven by delays in recruitment to vacancies in the Corporate Systems Administration team and the allocation of costs from service budgets to the Corporate Systems project in alignment with the allocated funding.
- ii. Approval is sought in this report for the following:
 - **£140,000** to the Carry Forward Reserve to support the 2021/22 budget.

5.15 Leader Recharged Support Services - £105,000 (3.9%) over spend

- i. This position is attributable to staffing over spends in Communications and Customer Relations and Equality and Diversity which are being mitigated by under spends in other parts of the function that sit outside of this portfolio. There has been an immaterial adverse movement of **£18,000** since Quarter 1.
- ii. Approval is sought in this report for the following:
 - **£600,000** from the Service Improvement Reserve to support the Just About Managing (JAM) programme of work
 - **£23,000** withdrawal from the Recovery Reserve to Communications and Marketing for pandemic related work.

5.16 Performance, Business Planning and Partnerships Recharged Support Services - £239,000 (2.5%) under spend

- i. This forecast under spend is driven by recruitment delays across Data and Analytics and Performance and Business Intelligence as a result of the creation of the new Performance and Business Intelligence team.

6. Trading Activities

- 6.1 Trading activities as a whole are reporting a shortfall of **£105,000** against the budgeted surplus of **£496,000**.
- 6.2 Place Services is reporting a net surplus of **£383,000**, which represents achievement of their target. Success in recruiting to vacant positions is expected to help delivery of stretch income targets in future financial years.
- 6.3 Music Services is reporting a net surplus of **£8,000**, which represents an under achievement of **£105,000** to target. The target for 2020/21 is requested to be reduced by £109,000 as the terms and conditions of the Music Hub

Grant have been amended and expenditure that was previously chargeable to the grant is no longer eligible.

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

6.4 These forecast positions will leave a net residual surplus in reserves of **£806,000** of which **£796,000** relates to Place Services.

6.5 Appendix B shows the position by each Trading Activity.

7. Capital

7.1 An under spend of **£5.8m** (2.6%) is forecast against the latest capital budget of **£227.6m**. After taking account of budget change requests in this report there is a residual under spend of **£71,000**.

7.2 Approval is sought for:

- i. Slippage of **£8.8m**
- ii. Budget additions of **£5.9m**
- iii. Budget reductions of **£8m**
- iv. Advanced works of **£5.2m**

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

7.4 Children and Families- on line

i. There is no variance to budget

7.5 Customer, Communities, Culture and Corporate - **£442,000** under spend

- i. **Changing Place**; Approval is sought to reprofile £100,000 of spend into future years in relation to a contribution ECC would make to Brentwood Borough Council for their changing places on the King George playing fields which due to COVID-19 is being postponed.
- ii. Libraries and Community Hubs; Approval is sought to reduce the scheme by £342,000 as the Self-serve project does not meet the council's definition of Capital expenditure so will be funded from revenue.

7.6 Economic Development – £5.1m under spend

- i. Approval is sought to reduce the scheme by £5.3m in relation to Essex Employment Space project where ECC have decided not to proceed with the land purchase and the money is to be returned into the wider programme
- ii. Approval is sought to add to the scheme by £150,000 owing to Clacton Town Centre regeneration for design works in relation to the High Street fund.

7.7 Education and Skills - £3.2m under spend

- i. Approval is sought for slippage of £5.5m, scheme reductions of £1.7m, scheme additions of £3.6m and advanced works of £538,000. The most material of which relate to the following:

Tendring Secondary is requesting to reprofile **£1m** in to future years as a result of the costs for Clacton County High School being lower than expected for the financial year due to COVID-19 related issues. A further request is made to reduce the scheme by **£865,000** with the Manningtree expansion project expected to under spend by £300,000 and a budget of £590,000 relating to Tendring Technical College no longer being required due to new school places not now expected to be required for 5 years due to a slowdown in housing growth. Other projects are to be identified to make use of the funding.

Colchester Secondary is requesting to reprofile **£800,000** into future years due to Paxman Academy instructing that no works are to take place over the winter months (the same request as last year). Therefore works are now being slipped into 2021/22. It was anticipated that the all-weather pitch would be completed by March 2021.

Braintree Primary is requesting to reprofile **£754,000** into future years as design costs for Rickstones have now been joined with Southview and will be procured at the same time for programme efficiencies. It is anticipated that a contractor will not be selected until October 2020 which is causing funding for Rickstones to slip as the project timetables become aligned.

7.8 Environment and Climate Change Action - £972,000 over spend

- i. Approval is sought to reprofile **£30,000** into future years for the Empower 2.0 scheme due to the original plans for Solar Photovoltaic (PV) at a school in Danbury having to be scaled back. Alternatives are being investigated but are not likely to be delivered within this financial year.
- ii. Approval is sought to advance **£1.1m** predominantly relating to two flood schemes, which are being brought forward, as these are now anticipated

to be delivered in full within the current financial year and detailed design works for seven other schemes that are due for delivery in 2021/22.

- iii. Approval is sought to reduce **£79,000** for Energy Efficient Upgrade Phase 2 as a result of C block lighting in County Hall being removed from the project.

7.9 **Health and Adult Social Care – £408,000 under spend**

- i. Approval is sought to reprofile **£408,000** into future years due to Ninefields – Waltham Abbey’s application for planning permission was refused by Epping Forest District Council (EFDC). The planning application has been re-submitted to EFDC and a decision on the new application is still outstanding. The first brick (which is when the first milestone is due) is expected to be 8 months after planning is received.

7.10 **Deputy Leader and Infrastructure - £2.4m over spend**

- i. Approval is sought to reprofile **£2.8m** into future years which mainly relates to A127 Fairglen Interchange for stats diversions which was dependent on utilities companies being able to schedule the works prior to 31st March 2021. Confirmation has now been received that works will not start until May 2021 however, this is now to be slipped into 2022/23 as there is already sufficient funding in next year.
- ii. Approval is sought for a net addition to the scheme of **£1.5m** mainly in relation to Chelmsford Growth Area, Section 106 Schemes and Traffic Signal Management schemes to allow for additional works to be completed which is expected to be funded from the DfT grant. This reflects the current position however work is underway to ensure that the individual programmes now progress within the budget envelope given for 2020/21.
- iii. Approval is sought to advance **£3.6m**, predominantly across HIF funded schemes reflecting revised spending profiles following the recent Highways Major Schemes Change Control.

7.11 **Controlled Elsewhere – on-line**

- i. There is no variance to budget.

7.12 **Appendix C** provides a comparison of approved and forecast outturn capital payments by Portfolio and sets out the variance plan which summarise the proposals for addressing the forecast budget variances.

8. Policy context and Outcomes Framework

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

9. Reserves

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

9.2 There has been a significant amount of movement on reserves as part of the COVID-19 response. Approval is sought in this report for **£8.7m** of decisions taken on anticipated expenditure relating to COVID-19 in Adult Social Care (**£7.5m**) and Infrastructure (**£1.3m**) which are not now required, to be returned to the General Balance. From the General Balance **£4.2m** is requested to support further Adult Social Care loss of income.

10. Financial Implications

Finance and Resources Implications (Section 151 Officer)

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

11. Legal Implications

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

12. Equality and Diversity implications

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

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

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

13. List of Appendices

| | |
|-----------------|------------------------------------|
| Appendix A | Revenue Forecast Outturn |
| Appendix B | Trading Activities |
| Appendix C (i) | Capital Forecast Outturn |
| Appendix C (ii) | Capital Variance Plan |
| Appendix D | Balance Sheet - Earmarked Reserves |
| Appendix E | Treasury Management |
| Appendix F | Prudential Indicators |

(Available at www.essex.gov.uk if not circulated with this report)

14. List of Background Papers

Budgetary control reports.

Revenue

| Portfolio | Full Year | | | | | |
|--|-----------------------|-------------------------------|-----------------------|---------------------|------------------|------------------------|
| | Latest Budget £000 | Half Year Variance £000 | % of Latest Budget | Q1 Variance £000 | Movement £000 | Direction of Travel |
| Children and Families | 130,557 | (1,457) | (1.1%) | (636) | (821) | ↑ |
| Customer, Communities, Culture and Corporate | 18,970 | 1,363 | 7.2% | 2,646 | (1,283) | ↑ |
| Deputy Leader and Infrastructure | 52,148 | 2,959 | 5.7% | 3,568 | (610) | ↑ |
| Economic Development | 6,451 | (2) | (0.0%) | 320 | (322) | ↑ |
| Education and Skills DSG | (2,887) | (3,858) | (133.7%) | (6,995) | 3,137 | ↓ |
| Education and Skills Non DSG | 84,339 | 1,341 | 1.6% | 1,682 | (341) | ↑ |
| Environment and Climate Change Action | 80,965 | 3,802 | 4.7% | 4,720 | (918) | ↑ |
| Finance | 16,032 | 1,229 | 7.7% | 1,284 | (55) | ↑ |
| Health and Adult Social Care | 467,646 | (4,066) | (0.9%) | (139) | (3,927) | ↑ |
| Leader | 7,926 | (115) | (1.4%) | (57) | (57) | ↑ |
| Other Operating Costs | 38,102 | (1,347) | (3.5%) | 1 | (1,347) | ↑ |
| Performance, Business Planning and Partnerships | 2,937 | 3 | 0.1% | (198) | 200 | ↓ |
| Customer, Communities, Culture and Corporate RSSS | 66,944 | (1,698) | (2.5%) | (1,038) | (660) | ↑ |
| Finance RSSS | 21,266 | (67) | (0.3%) | 48 | (115) | ↑ |
| Fire Reinstatement Works | 0 | (0) | (0.0%) | 0 | (0) | ↑ |
| Leader RSSS | 2,697 | 105 | 3.9% | 87 | 18 | ↓ |
| Performance, Business Planning and Partnerships RSSS | 9,393 | (239) | (2.5%) | (212) | (27) | ↑ |
| Total | 1,003,487 | (2,046) | (0.2%) | 5,082 | (7,128) | |
| DSG Offset | (2,887) | (3,858) | | (6,995) | (3,137) | ↑ |
| Total Excluding DSG | 1,006,373 | 1,812 | 0.2% | 12,077 | (10,266) | |
| Funding | | 199 | | 199 | - | ⇒ |
| Revised Total | 1,006,373 | 2,011 | 0.2% | 12,276 | (10,266) | |

* The Half Year Variance is after proposed adjustments

Appendix B

Traded Services

| | Revenue reserve | Income | Budget Expenditure | (Surplus)/ Deficit | Income | Forecast Expenditure | Forecast (Surplus) / deficit | Final Outturn position | Appropriations | | | Revenue reserve |
|-----------------------|-----------------|----------------|--------------------|--------------------|----------------|----------------------|------------------------------|------------------------|---------------------------|-----------------------------|--|-----------------|
| | 1 April 2020 | | | | | | | | To County Revenue Account | To Trading Activity reserve | Variance Plan Proposals to/(from) reserves | 31 March 2021 |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| FINANCE | | | | | | | | | | | | |
| Place Services | (713) | (2,607) | 2,224 | (383) | (2,705) | 2,322 | (383) | (83) | (300) | (83) | - | (796) |
| Music Services Traded | (115) | (4,777) | 4,664 | (113) | (3,164) | 3,156 | (8) | 105 | (113) | - | - | (9) |
| Total | (828) | (7,384) | 6,888 | (496) | (5,868) | 5,478 | (391) | 22 | (413) | (83) | - | (806) |

Capital

| | Year to date | | | Budget Movement | | | Full Year | | |
|--|---------------|---------------|-----------------|-----------------|--------------------------|----------------|----------------|----------------|--|
| | Budget | Actuals | Variance | Original Budget | In year approved changes | Revised Budget | Outturn | Variance | |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | |
| Children and Families | (27) | 84 | 111 | 1,040 | (166) | 874 | 874 | - | |
| Customer, Communities, Culture and Corporate | 2,634 | 1,060 | (1,574) | 5,564 | 981 | 6,545 | 6,103 | (442) | |
| Economic Development | 5,176 | 3,031 | (2,145) | 20,960 | 1,674 | 22,634 | 17,533 | (5,101) | |
| Education and Skills | 21,732 | 15,719 | (6,013) | 58,163 | (6,960) | 51,203 | 48,020 | (3,183) | |
| Environment and Climate Change | 981 | 715 | (266) | 4,479 | (2,397) | 2,082 | 3,054 | 972 | |
| Health and Adult Social Care | 86 | - | (86) | 421 | 195 | 616 | 208 | (408) | |
| Deputy Leader and Infrastructure | 52,849 | 52,593 | (256) | 143,098 | (1,264) | 141,834 | 144,192 | 2,358 | |
| ECC Capital Programme | 83,431 | 73,202 | (10,229) | 233,725 | (7,937) | 225,788 | 219,984 | (5,804) | |
| Schools Cash Balance | 350 | 987 | 637 | - | 840 | 840 | 840 | - | |
| Devolved Formula Capital | (18) | 175 | 193 | 1,061 | (129) | 932 | 932 | - | |
| Total School Balances | 332 | 1,162 | 830 | 1,061 | 711 | 1,772 | 1,772 | - | |
| Total Capital Programme | 83,763 | 74,364 | (9,399) | 234,786 | (7,226) | 227,560 | 221,756 | (5,804) | |

Financed by:

| | Budget Movement | | | Full Year | | |
|--|-----------------|--------------------------|----------------|----------------|----------------|--|
| | Original Budget | In year approved changes | Revised Budget | Outturn | Variance | |
| | £000 | £000 | £000 | £000 | £000 | |
| ECC Capital Programme | 233,812 | (7,313) | 226,499 | 220,695 | (5,804) | |
| Grants | 100,214 | 2,945 | 103,159 | 102,615 | (544) | |
| Reserves | 6,242 | (6,242) | - | - | - | |
| Developer & Other contributions | 10,219 | 1,919 | 12,138 | 13,953 | 1,815 | |
| Capital receipts | 14,580 | (4,999) | 9,581 | 9,581 | - | |
| Unsupported borrowing | 102,557 | (936) | 101,621 | 94,546 | (7,075) | |
| ECC Capital Programme | 233,812 | (7,313) | 226,499 | 220,695 | (5,804) | |
| Grants | 974 | 87 | 1,061 | 1,061 | - | |
| Unsupported borrowing | - | - | - | - | - | |
| School Balances | 974 | 87 | 1,061 | 1,061 | - | |
| Total ECC & Schools Capital Funding | 234,786 | (7,226) | 227,560 | 221,756 | (5,804) | |

Appendix C(ii)

Capital Variance Plan

| Portfolio | Approved changes | | | | | Variance Plan | | | | | |
|--|------------------|---------------|-----------------|----------------|------------------|----------------|--------------|----------------|----------------|-------------------|----------------|
| | Slippage | Additions | Reductions | Advanced Works | Approved changes | Slippage | Additions | Reductions | Advanced Works | Residual Variance | Total Variance |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Children and Families | 159 | 981 | (1,306) | - | (166) | - | - | - | - | - | - |
| Customer, Communities, Culture and Corporate | 981 | 5,000 | (5,000) | - | 981 | (100) | - | (342) | - | - | (442) |
| Economic Development | 1,674 | 10,251 | (10,251) | - | 1,674 | - | 150 | (5,251) | - | - | (5,101) |
| Education and Skills | (2,500) | 14,828 | (19,868) | 579 | (6,961) | (5,550) | 3,638 | (1,663) | 538 | (146) | (3,183) |
| Environment and Climate Change | (2,397) | 623 | (623) | - | (2,397) | (30) | - | (79) | 1,066 | 15 | 972 |
| Health and Adult Social Care | 202 | 388 | (388) | (7) | 195 | (408) | - | - | - | - | (408) |
| Deputy Leader and Infrastructure | (9,414) | 9,179 | (3,543) | 2,514 | (1,264) | (2,752) | 2,096 | (640) | 3,594 | 60 | 2,358 |
| ECC Capital Programme | (11,295) | 41,250 | (40,979) | 3,086 | (7,938) | (8,840) | 5,884 | (7,975) | 5,198 | (71) | (5,804) |
| Schools Cash Balance | 840 | - | - | - | 840 | - | - | - | - | - | - |
| Devolved Formula Capital | - | 71 | (200) | - | (129) | - | - | - | - | - | - |
| Total Capital Programme | (10,455) | 41,321 | (41,179) | 3,086 | (7,227) | (8,840) | 5,884 | (7,975) | 5,198 | (71) | (5,804) |

Appendix C(ii) cont'd

| Portfolio & Scheme | Slippage | Additions | Reductions | Advanced Works | 2020/21 Changes |
|---|----------------|--------------|----------------|----------------|-----------------|
| | £000 | £000 | £000 | £000 | Requested |
| CHANGING PLACES | (100) | - | - | - | (100) |
| Libraries Self Service | - | - | (342) | - | (342) |
| Customer, Communities, Culture and Corporate | (100) | - | (342) | - | (442) |
| A120 Millennium Way Slips | - | - | - | 75 | 75 |
| A120 PREFERRED ROUTE | - | 100 | - | - | 100 |
| A127 FAIRGLEN INTERCHANGE | (2,400) | - | - | - | (2,400) |
| A127 Autonomous and Connected Highway for South Essex | - | - | (100) | - | (100) |
| A133-A120 Link HIF | - | - | - | 949 | 949 |
| ADVANCED SCHEME DESIGN | - | 100 | (100) | - | - |
| Army and Navy RAB, Chelmsford | - | - | - | 294 | 294 |
| BASILDON INTEGRATED TRANSPORT PACKAGE | - | 138 | - | - | 138 |
| BEAULIEU PARK STATION | (352) | - | - | - | (352) |
| Bus & Passenger Transport Infrastructure | - | 90 | (90) | - | - |
| CHELMSFORD GROWTH AREA | - | 693 | - | - | 693 |
| CHELMSFORD NORTH EASTERN BYPASS | - | - | - | 496 | 496 |
| Colchester Rapid Transit System (HIF) | - | - | - | 1,680 | 1,680 |
| HARLOW STC NTH/STH (Ph1:GILSTON TO TC) (HIF) | - | - | - | 100 | 100 |
| PASSENGER TRANSPORT | - | 250 | (251) | - | (1) |
| ROAD MAINTENANCE | - | - | (100) | - | (100) |
| SECTION 106 | - | 321 | - | - | 321 |
| TRAFFIC SIGNAL REFURBISHMENT | - | 404 | - | - | 404 |
| Deputy Leader and Infrastructure | (2,752) | 2,096 | (641) | 3,594 | 2,297 |
| Clacton Town Centre FHSF | - | 150 | - | - | 150 |
| ESSEX SPACE PROGRAMME | - | - | (5,251) | - | (5,251) |
| Economic Development | - | 150 | (5,251) | - | (5,101) |
| BASILDON PRIMARY BASIC NEED | - | 73 | - | - | 73 |
| BRAINTREE PRIMARY BASIC NEED | (754) | - | - | - | (754) |
| BRAINTREE SECONDARY BASIC NEED | (432) | - | - | - | (432) |
| BRENTWOOD PRIMARY BASIC NEED | (260) | - | - | - | (260) |
| CHELMSFORD PRIMARY BASIC NEED | (590) | - | - | - | (590) |
| COLCHESTER PRIMARY BASIC NEED | (103) | - | (55) | - | (158) |
| COLCHESTER SECONDARY BASIC NEED | (800) | - | - | - | (800) |
| EPPING FOREST PRIMARY BASIC NEED | (268) | 52 | (141) | - | (357) |
| EPPING FOREST SECONDARY BASIC NEED | - | 135 | (190) | - | (55) |
| HARLOW PRIMARY BASIC NEED | - | 45 | - | 494 | 539 |
| MALDON SECONDARY BASIC NEED | (59) | - | - | - | (59) |
| ROCHFORD PRIMARY BASIC NEED | (205) | - | - | 36 | (169) |
| SCHOOLS CAPITALISED BUILDING MAINTENANCE | - | 3,090 | - | - | 3,090 |
| SPECIAL SCHOOLS | (875) | 244 | - | - | (631) |
| TEMPORARY ACCOMMODATION | (204) | - | (368) | - | (572) |
| TENDRING PRIMARY BASIC NEED | - | - | (44) | - | (44) |
| TENDRING SECONDARY BASIC NEED | (1,000) | - | (865) | - | (1,865) |
| UTTLESFORD PRIMARY BASIC NEED | - | - | - | 8 | 8 |
| Education and Skills | (5,550) | 3,639 | (1,663) | 538 | (3,036) |
| ECC ESTATE ENERGY STORAGE | - | - | - | 116 | 116 |
| EMPOWER 2.0 | (30) | - | - | - | (30) |
| ENERGY EFFICIENCY LIGHTING PH2 | - | - | (79) | - | (79) |
| FLOOD MANAGEMENT | - | - | - | 950 | 950 |
| Environment and Climate Change | (30) | - | (79) | 1,066 | 957 |
| INDEPENDENT LIVING OLDER PEOPLE NINEFIELDS WAL | (408) | - | - | - | (408) |
| Health and Adult Social Care | (408) | - | - | - | (408) |
| ECC Capital Programme | (8,838) | 5,886 | (7,975) | 5,198 | (5,733) |
| Total Capital Programme | (8,838) | 5,886 | (7,975) | 5,198 | (5,733) |

Appendix D

Reserves

| | 2020/21 movements | | | | |
|--|-------------------|------------------|------------------|-------------|-----------|
| | Balance at 1 | (Contributions)/ | Adjustments | Future | Estimated |
| | April 2020 | Withdrawals | proposed in | commitments | Closing |
| | £000 | agreed | quarterly report | £000 | balance |
| | | £000 | £000 | | £000 |
| Long Term Contractual Commitment | | | | | |
| PFI Reserves | | | | | |
| A130 PFI | (39,278) | 3,809 | (761) | - | (36,230) |
| Building Schools for the Future PFI | (233) | (234) | (2) | - | (469) |
| Debden School PFI | (630) | 327 | - | - | (303) |
| Clacton Secondary Schools' PFI | (532) | 501 | (56) | - | (87) |
| Waste Reserve | (112,276) | - | - | - | (112,276) |
| Grant Equalisation Reserve | (49,853) | 38,993 | 4,500 | 6,360 | - |
| Trading Activities (not available for use) | (830) | 413 | - | - | (417) |
| Partnerships and Third Party (not available for use) | (1,653) | - | - | - | (1,653) |
| Schools (not available for use) | (29,283) | - | - | - | (29,283) |
| General Balance | (56,439) | (15,333) | (4,447) | 9,605 | (66,614) |
| Reserves earmarked for future use | | | | | |
| Adults Digital Programme | (2,869) | 320 | 2,077 | 472 | 0 |
| Bursary for Trainee Carers | (500) | - | - | 500 | - |
| Capital Receipts Pump Priming | (3,204) | (1,000) | - | 500 | (3,704) |
| Carbon Reduction | (622) | 76 | (358) | - | (904) |
| Carry Forward | (14,803) | 11,086 | (400) | 3,718 | (399) |
| Collection Fund Risk | (1,412) | - | - | - | (1,412) |
| Commercial Investment in Essex Places | (12,583) | - | - | - | (12,583) |
| Community Initiatives Fund | (487) | (194) | - | 194 | (487) |
| EES Pension Risk | (4,000) | - | - | - | (4,000) |
| Emergency | - | (10,000) | - | - | (10,000) |
| Emergency Planning | (300) | - | - | - | (300) |
| Essex Climate Change Commission | (250) | (4,750) | - | 1,000 | (4,000) |
| Future Capital Funding | (1,905) | 926 | 342 | - | (637) |
| Health and Safety | (3,100) | 120 | - | 308 | (2,672) |
| Highways | - | (5,000) | - | 5,000 | - |
| Insurance | (7,411) | 1,151 | - | - | (6,260) |
| Property Fund | (651) | (326) | - | - | (977) |
| Quadrennial Elections | (1,093) | (500) | - | - | (1,593) |
| Recovery | (2,900) | - | (4,405) | 55 | (7,250) |
| Service Improvement | (3,971) | (2,600) | 854 | 160 | (5,557) |
| Social Distancing & Hygiene | (900) | - | - | 900 | - |
| Technology Solutions | (3,785) | (2,745) | - | 3,146 | (3,384) |
| Tendering PPP | (303) | - | - | - | (303) |
| Transformation | (37,401) | (16,069) | 164 | 13,715 | (39,591) |

Appendix E

| TREASURY MANAGEMENT SUMMARY - 2020/21 | | | | | | |
|--|--------------------------------------|------------------|-----------------|-------------------------|--------------------------------|--|
| | Actual Balance 1 April £000 | Movements | | | Balance at 31 March £000 | Interest payable / (earned) to date £000 |
| | | Raised £000 | Repaid £000 | Net movement £000 | | |
| Borrowing | | | | | | |
| Long Term | 616,709 | - | (18,349) | (18,349) | 598,360 | 8,806 |
| Temporary | 1,977 | 772 | - | 772 | 2,749 | - |
| Total External Borrowing (A) | 618,686 | 772 | (18,349) | (17,577) | 601,109 | 8,806 |
| Investments | | | | | | |
| Long Term | 10,000 | - | - | - | 10,000 | (192) |
| Temporary | 402,800 | 128,900 | - | 128,900 | 531,700 | (547) |
| Total External Investments (B) | 412,800 | 128,900 | - | 128,900 | 541,700 | (739) |
| Net indebtedness (A-B) | 205,886 | (128,128) | (18,349) | (146,477) | 59,409 | 8,067 |
| Borrowing | | | | | | |
| Average long term borrowing over period to date (£000) | | | | | | 599,350 |
| Opening pool rate at 1 April 2020 | | | | | | 3.38% |
| Weighted average rate of interest on new loans secured to date | | | | | | N/A |
| Average pool rate for year | | | | | | 3.38% |
| Investments | | | | | | |
| Average daily cash balance over period to date (£000) | | | | | | 499,288 |
| Average interest earned over period | | | | | | 0.34% |
| Benchmark rate - average 7 day LIBID rate | | | | | | 0.00% |

Appendix F

Prudential Indicators - Summary

| | | Approved Indicator | Provisional Outturn |
|---|----|--|---------------------|
| Affordability | | | |
| Incremental impact on Council Tax of 2020/21 and earlier years' 'starts' | £ | £93.03 | £96.82 |
| Ratio of financing costs to net revenue streams (<i>excl. gen. govnt. grant</i>) | % | 9.4% | 8.9% |
| Ratio of financing costs to net revenue streams (<i>incl. gen. govnt. grants</i>) | % | 8.7% | 8.0% |
| Prudence | | | |
| Net borrowing and Capital Financing Requirement | | <i>Net borrowing is well within the medium term forecast of the Capital Financing Requirement.</i> | |
| Capital Expenditure | | | |
| Capital expenditure | £m | 235 | 221 |
| Capital Financing Requirement (<i>excluding credit arrangements</i>) | £m | 1,040 | 1,009 |
| External Debt | | | |
| Authorised limit (<i>borrowing only</i>) | £m | 930 | N/A |
| Operational boundary (<i>borrowing only</i>) | £m | 810 | N/A |
| Actual external borrowing (<i>maximum level of debt during year</i>) | £m | N/A | 621 |
| Treasury Management | | | |
| Interest rate exposures | | | |
| Upper limit for exposure to fixed rates | | | |
| Net exposure | £m | 930 | 459 |
| Debt | | 100.0% | 100.0% |
| Investments | | 100.0% | 96.0% |
| Upper limit for exposure to variable rates | | | |
| Net exposure | £m | 279 | 241 |
| Debt | | 30.0% | 1.1% |
| Investments | | 100.0% | 58.0% |
| Maturity structure of borrowing (upper limit) | | | |
| Under 12 months | % | 40.0% | 3.0% |
| 12 months & within 24 months | % | 40.0% | 2.1% |
| 24 months & within 5 years | % | 40.0% | 6.0% |
| 5 years & within 10 years | % | 40.0% | 15.3% |
| 10 years & within 25 years | % | 78.0% | 32.1% |
| 25 years & within 40 years | % | 40.0% | 29.1% |
| 40 years & within 50 years | % | 20.0% | 0.0% |
| 50 years & above | % | 20.0% | 12.5% |
| Total sums invested for more than 364 days | | | |
| Authorised limit | £m | 50 | N/A |
| Actual sums invested (<i>maximum position during year</i>) | £m | N/A | 10 |

Summary

All Treasury Management activities have been undertaken in accordance with approved policies and procedures.

External debt is within prudent and sustainable limits.

Credit arrangements have been undertaken within approved indicators

Maturity Structure of borrowing: maturity dates for market loans are based on the next review date, not the final maturity date.