



Essex County Council

Summons

To all Members of Essex County Council

You are hereby summoned to attend the meeting of the County Council to be held as shown below to deal with the business set out in the Agenda.

10:00	Thursday, 10 February 2022	Council Chamber, County Hall, Chelmsford, CM1 1QH
--------------	---------------------------------------	--

Gavin Jones
Chief Executive

Officer Support to the Council:

Andy Gribben, Senior Democratic Services Officer

Telephone: 03330134565

Email: Democratic.services@essex.gov.uk

Prayers The meeting will be preceded by Prayers led Councillor John Spence, a lay Canon in the Church of England.

		Pages
1	Apologies for Absence	
2	Declarations of Interest	
3	Minutes of the meeting held on 7 December 2021	4 - 28
4	Public Speakers	
5	Chairman's Announcements and Communications	
6	Petitions	
7	Executive Statement	
8a	Budget 2022-23 - Part 1 S151 Officer Report	29 - 42

8b	Budget 2022-23 - Part 2 Budget and Plan	43 - 200
9	Financial Regulations - Feb 2022	201 - 313
10	Independent Remuneration Panel	314 - 319
11	Council Issues	320 - 323
12	Cabinet Issues	324 - 349
13	Oral questions to the Leader, Cabinet Members, chairmen of committees or the representative of the Essex Police, Fire and Crime Panel	

Essex County Council and Committees Information

All Council and Committee Meetings are held in public unless the business is exempt in accordance with the requirements of the Local Government Act 1972. If there is exempted business, it will be clearly marked as an Exempt Item on the agenda and members of the public and any representatives of the media will be asked to leave the meeting room for that item.

The agenda is available on the [Essex County Council website](#) and by then following the links from [Running the Council](#) or you can go directly to the [Meetings Calendar](#) to see what is happening this month.

Attendance at meetings

Most meetings are held at County Hall, Chelmsford, CM1 1LX. [A map and directions to County Hall can be found on our website.](#)

Access to the meeting and reasonable adjustments

County Hall is accessible via ramped access to the building for people with physical disabilities. The Council Chamber and Committee Rooms are accessible by lift and are located on the first and second floors of County Hall.

Induction loop facilities are available in most Meeting Rooms. Specialist headsets are available from Reception.

This meeting will be live streamed to the [ECC Democracy YouTube Channel](#) and via audio broadcast [here](#). The public are entitled to be admitted to the meeting but as space for the public is extremely limited due to COVID secure requirements it is likely that the members of the public will only get a limited view of proceedings and would get a better view by watching on YouTube.

Members of the public who wish to attend are asked to email full.council@essex.gov.uk in advance so that we can reserve a seat, as numbers are limited. Members of the public who do not reserve a seat will be admitted to the meeting if there are spare seats available.

With sufficient notice, documents can be made available in alternative formats, for further information about this or about the meeting in general please contact the named officer on the agenda pack or email democratic.services@essex.gov.uk

Audio recording of meetings

Please note that in the interests of improving access to the Council's meetings, a sound recording is made of the public parts of many of the Council's Committees. The Chairman will make an announcement at the start of the meeting if it is being recorded.

If you are unable to attend and wish to see if the recording is available, you can find out by checking the [Calendar of Meetings](#) any time after the meeting starts. Any audio available can be accessed via the 'On air now!' box in the centre of the page, or the links immediately below it.

Should you wish to record the meeting, please contact the officer shown on the agenda front page.

Minutes of the meeting of the Full Council, held in the Council Chamber at County Hall, Chelmsford on Tuesday, 7 December 2021

Present: Chairman: Councillor E C Johnson
Vice-Chairman: Councillor J M Reeves

T Ball	I Grundy	P Schwier
L Barber	C Guglielmi	L Scordis
S Barker	J Henry	L Scott
K Bentley	D King	L Shaw
M Buckley	S Lissimore	K Smith
G Butland	L Mackenzie	J Spence
T Cunningham	M Mackrory	M Steel
M Durham	B Massey	M Steptoe
B Egan	L McKinlay	M Vance
P Gadd	A McQuiggan	L Wagland
M Goldman	M Platt	C Whitbread
R J Gooding	S Robinson	

Not present but attending the meeting online (these members did not vote on any item):

D Blackwell	A M Hedley	Dr R Moore
L Bowers-Flint	I Henderson	R Playle
A Brown	P Honeywood	C Pond
M Cory	J G Jowers	A Sheldon
S Crow	S Kane	C Siddall
J Deakin	D Land	M Skeels
M Foley	D Louis	C Souter
M Garnett	J Lumley	M Stephenson
A Goggin	P May	P Thorogood
M Hardware	A McGurran	A Wiles
D Harris	J McIvor	

Broadcasting

The Chairman, Councillor Johnson informed those present that the meeting would be recorded and broadcast live over the internet by way of the ECC Democracy

YouTube Channel.

The broadcast may be found as [a video on YouTube](#) or as [an audio recording on the ECC website](#).

Prayers

The meeting was preceded by prayers led by the Reverend Canon Ivor Moody, Vice Dean and Canon Pastor, Chelmsford Cathedral and Workplace Chaplain, Essex County Council.

Councillor Johnson formally opened the meeting.

The Chairman informed members that he had agreed to an item of urgent business to be considered after the Chairman's Announcements. The item was to recommend to disapply the six-month rule to prevent the risk of any member losing their seat as a result of attending this meeting via zoom. The urgent business was to be found in the published Order Paper. The Chairman had stated that the special urgency was that it was important to provide reassurance to those members who were attending via the online service that their seat was not put at risk.

1. Apologies for Absence

Apologies for absence were received on behalf of Councillors Fleming and Stamp.

2. Declarations of Interest

Informal declarations of interest were made by Councillors Bentley, Cory, Crow, Guglielmi, Harris and Henderson in respect of agenda item 9, 'Establishment of a Joint Committee for the Tendring Colchester Borders Garden Community' as they were members of either Tendring District Council or Colchester Borough Council.

3. Confirmation of the minutes of council meetings held on 12 October 2021

Resolved:

That the minutes of the ordinary meeting of council and the minutes of the extraordinary meeting of council both held on 12 October 2021 be approved as correct records and signed by the Chairman.

4. Public Speakers

The Chairman noted that there were two members of the public registered to speak, Mr Kenningham-Brown a resident of Chelmsford and Colchester Councillor Young.

- 1) The Chairman, noting that Mr Kenningham-Brown was unable to attend the meeting, agreed that his question, printed in the Order Paper, be read.

The question he had submitted was:

'Recent research by USwitch (<https://www.uswitch.com/car-insurance/guides/global-commuting-index/>) finds that Chelmsford is one of the worst areas in the country to commute in. Whilst ranking acceptably for environmental issues it was notably poor on travel times and costs. What is council's plan to support Chelmsford's residents? Will the council look at introducing a publicly owned carbon neutral bus network to support transport in and around Essex?'

In response, Councillor Scott, the Cabinet Member for Highways Maintenance and Sustainable Transport, stated that he would be responding in writing to Mr Kenningham-Brown in full but informed members that under both the Bus Service Improvement Plan and the national strategy Bus Back Better he hoped that these issues would be dealt with in the very near future.

- 2) The Chairman invited Colchester Borough Councillor Young to speak and present a petition.

She said:

'Mr Chairman I am here today to present the Cabinet Member responsible for Bus Services a petition raised in the Longridge area of my Borough Council ward of Greenstead to call for better bus services for this community which sits on the edge of the Borough of Colchester. This area is poorly served by public transport yet houses many residents who want to travel by bus. In fact, on the doorstep, lack of bus services is the most frequently mentioned issue. I therefore leave you with this petition and ask you to use your influence to appeal to providers to serve the Longridge community better who want to use their cars less and buses more'

Councillor Scott, Cabinet Member for Highways Maintenance and Sustainable Transport thanked Councillor Young for bringing the matter to his attention and acknowledged the receipt of the petition. He undertook to discuss the matter with officers in the passenger transport team and then would respond directly to Councillor Young.

5. Chairman's Announcements and Communications**Deaths****Councillor Craig Cannell**

The Chairman informed members of the death, at the age of 32, of Councillor Craig Cannell who had been only recently elected. The Chairman noted that he had been enthusiastic individual who had made Essex his home and served residents in Essex, not just on Essex County Council but also Rochford District and Rayleigh Town Councils. The Chairman speculated that he had been destined for a promising career at Transport for London ahead as well as his political career.

Several members paid tribute.

Former Councillor Bill Dick

The Chairman informed members that former County Councillor Bill Dick had died at the age of 87 years.

The Chairman noted that he had been the member for the Division of Thundersley from 1997-2013, he also served for many years on Castle Point Borough Council. He had had a keen interest in social care, and sat on many committees, including chairing the Community Care/Adult Social Care Policy Development Group.

The Vice-Chairman, Councillor Jill Reeves, paid tribute.

Former Councillor Chris Harper

The Chairman informed members of the death, on 31 October and at the age of 78, of Former Councillor Christopher Harper who, as a member of the Loughton Residents Association had represented the Division of Loughton St Mary's on Essex County Council as an Independent from 1997 until May 2000.

He had been active on many committees during his term of office, including the Environment and Education Committees, the Highways and Transportation Committee and the Community Safety Board. He had also been a member of Loughton Town Council.

Councillor Chris Pond paid tribute.

Sir David Amess MP

The Chairman noted the recent events in Southend that had led to the death of Sir David Amess MP. He noted that many Councillors had known him.

He noted that Sir David had always worked tirelessly for the people of Southend and beyond and that will not be forgotten. The Chairman informed members that he had laid a wreath with the Deputy Leader and then attended his funeral representing the County Council.

Several members paid tribute to his memory.

At the invitation of the Chairman, members stood in silent remembrance of all those who had died.

Awards

- The Chairman invited Councillor Durham, the Chairman of Visit Essex to speak. He informed members that Visit Essex (that had won the South East heat of a PR Award earlier this year which was announced at July Council) had now won the National Award.
- The Chairman invited Councillor Egan, the Cabinet Member for Children's Services and Early Years and Councillor Spence, the Cabinet Member for Health and Adult Social Care to both speak. They informed members that Essex County Council had won the Award for Social Work Employer of the year and National Adult Social Worker of the Year Gold Award Essex Social Worker.
- The Chairman invited Councillor McKinlay, the Deputy Leader and Cabinet Member for Community Engagement, Partnerships and Performance to speak. She informed members that Essex County Council had won Outstanding Contribution to Project Management in the not-for-profit sector at the Association of Project Management Awards.
- The Chairman invited Councillor Butland, the Cabinet Member for Devolution, the Arts, Heritage and Culture to speak. He informed members that seven of the County's country parks had secured Green Flag Awards for the very best parks and green spaces.

6. Urgent Business: Approval of reason for non-attendance at this meeting

At the invitation of the Chairman, Councillor Bentley, the Leader of the Council, presented the report which had been circulated to all members and published online before the meeting and, it having been moved by Councillor Bentley and seconded by Councillor McKinlay, it was

Resolved

That for the purposes of section 85(1) of the Local Government Act 1972 the Council approve the following as a reason for a Member's non-attendance of the council meeting on 7 December 2021:

That the Member took part in the meeting via zoom as a result of the public health request for a reduced attendance in the council chamber for that meeting.

7. Receipt of petitions and deputations

The Chairman invited Councillor Siddall to present a petition concerning a request for remedial work to the pavement and road in Kestrel Rise, Halstead following a vehicle fire. Councillor Scott, The Cabinet Member for Highways Maintenance and Sustainable Transport responded.

8. Executive Statement

At the invitation of the Chairman, Councillor Bentley, The Leader of the Council gave a statement entitled 'Promoting and Safeguarding Essex'.

The Executive Statement may be found in full as [a video on YouTube](#) or as [an audio recording on the ECC website](#).

In summary:

1) Covid.

The Leader paid tribute to officers at Essex County Council and at Brentwood Borough Council where an outbreak of the latest variant was discovered. The teams at both councils reacted quickly, together with the NHS to whom he paid tribute. He also thanked the Cabinet Member for Health and Adult Social Care, Councillor John Spence and members of the public.

Now that the outbreak of the variant has spread wider he thanked his colleagues in the Districts who were assisting in finding additional venues for the rollout of the boosters.

If anyone wished to volunteer to assist in any way please look on social media or elsewhere online.

2) The Armed Forces Community Covenant and the Civilian Military Partnership Board (CMPB).

The Leader informed members that the Armed Forces Community Covenant was created in 2011 to ensure that all those who had served in the armed forces and who lived in Essex are treated with fairness and respect. The CMPB had an action plan that included:

- Access to Justice Programme: providing reduced fee legal advice to members of the armed forces,
- Veterans Mental Health programme (a Mental Health summit is planned for 2022),

- Communications and Engagement and
- The Defence Employer Recognition Scheme.

Essex County Council currently holds the silver award under the Defence Employer Recognition Scheme and is ambitious to hold the gold award.

To that end we will need to:

- learn about our staff, setting up a network of ex-forces personnel
- review our policies on career progression and paid leave for reservist activity and
- publicise the Armed Forces Covenant and work with partners to deliver even more meaningful impact.

The Leader concluded by asking for help from Councillors, partners, and businesses.

3) Building Stronger Communities

The Leader reminded members that support of our communities was crucial to us delivering the aims of Everyone's Essex and building stronger communities was a key part of our approach across our priorities

We recently announced £500k to support community led initiatives around the cross-cutting aim of tackling climate change and there would be further examination of how to do something similar for levelling up our communities

4) The Arts and Culture

The Leader expressed the view that arts bodies across Essex contribute immensely to Essex County Council's priorities, helping people to reach for the stars, to thrive, and to making Essex a great place.

The Leader wished to support and encourage that, in our smallest cultural organisations just as much as in our major arts bodies and so in January there will be launched the Arts and Cultural Fund to unlock £1m of funding over five years to support Essex's cultural sectors

Grants of between £2,500 and £30,000 will be available to all types of arts organisation, of all sizes, to help to sustain a thriving cultural sector and recognise the excellent work they do in helping us to shape the county and support our residents

The qualification criteria and the way to apply will be announced shortly

9. Council Issues

At the invitation of the Chairman, Councillor Bentley, the Leader of the Council, presented the report and it having been moved by Councillor Bentley and seconded by Councillor McKinlay it was

Resolved

That the following amendments to the constitution be made with effect from the close of this meeting:

- (1) Amend paragraph 16.9.4 of the constitution to read:

16.9.4 Seconders's speech and order of speeches

- (i) The following rules apply to determine when the Secunder of a motion may speak when a motion is being debated:
 - (a) a Member who has seconded a motion other than the motion to adopt the council's budget or a motion arising from a report, will be permitted to speak at the start of the debate or, if that member declares an intention to do so, at the end of the debate on the motion;
 - (b) a Member who has seconded the motion to adopt the council's budget or a motion arising from a report budget motion, will be permitted to speak at the start of the debate or, if that member declares an intention to do so, at the end of the debate on the motion, immediately before the summing up speech;
 - (ii) The order of speeches at the end of the debate is:
 - (a) seconders of amendments not moved by a Cabinet Member who have not already spoken, followed by
 - (b) seconders of amendments moved by a Cabinet Member who have not already spoken, followed by
 - (c) the secunder of the substantive motion if they have not already spoken, and
 - (d) on a motion to adopt the Council's budget or a motion arising from a report, the proposer or Leader as provided for elsewhere in the constitution'
- (2) Amend paragraph 16.9.6(iii)(a) to read:
- '(a) The Leader of the Council or, at the discretion of the Leader of the Council, the Cabinet Member with responsibility for

Finance, when making the budget speech and summing up the debate – no time limit;’

- (3) Amend paragraph 16.9.8 of the constitution to read:

‘16.9.8 Amendments to motions

- (i) Amendments may be moved in accordance with this standing order if they are relevant to the motion and propose changes to the motion by either:
 - (a) changing the motion so that it refers a matter to a Committee, the Cabinet or a Portfolio Holder for consideration or reconsideration;
 - (b) to leave out words;
 - (c) to leave out words and insert or add others; or
 - (d) to insert or add words;but such omission, insertion or addition of words shall not have the effect of introducing a new subject matter into the motion before the Council or negating the motion.
- (ii) No amendment may be moved unless:
 - (a) it has been put in writing and handed to the Head of Democracy and Transparency by no later than 12:00 midday on the working day before the meeting in a format to be specified by the Monitoring Officer; or
 - (b) the Chairman agrees that there are exceptional reasons why (i) could not have been complied with.
- (iii) At any time before the conclusion of their speech the mover of a motion may indicate to the Chairman that they accept any amendment which has been moved and, if an amendment is accepted
 - a. the motion shall be treated as having been moved as amended by the accepted amendment; and
 - b. the amendment motion shall be considered to have been withdrawn.
- (iv) Subject to (v) below, only one amendment may be moved and discussed at any one time. No further amendment shall be moved until the amendment under discussion has been disposed of.
- (v) The Chairman may permit two or more amendments to be discussed (but not voted on) together if circumstances suggest that this course would facilitate the proper conduct of the Council's business.
- (vi) If an amendment is not carried, further amendments to the original motion may be moved in accordance with this Standing Order.

- (vii) If an amendment is carried, the motion as amended shall take the place of the original motion and shall become the substantive motion.
 - (viii) Where an amendment is carried or accepted and there are one or more further amendments which have not been disposed of which are not compatible with the motion as amended, the Chairman must either:
 - (a) give each proposer of an amendment the opportunity to revise their amendment in a way that the Chairman agrees makes it compatible with the principal changes effected by the carried or accepted amendment; or
 - (a) decide not to put the amendment to the vote if the Chairman considers the amendment cannot reasonably be made compatible.
 - (ix) After an amendment has been carried, the Chairman will, if requested to do so by Members, read out the amended motion before accepting any further amendments for debate, and, if there are none, put the amended motion to the vote.'
- (4) Insert a new paragraph 16.11.1(viii) into the constitution to read:
- '(viii) In addition, at one meeting each year, normally the meeting taking place in the autumn, a second Executive Statement relating to the Council's financial position shall be permitted to be made by the Cabinet Member with responsibility for Finance.'
- (5) Insert a temporary paragraph at the start of paragraph 16.12 of the constitution (to expire at the close of the annual meeting in 2022:
- 'Standing orders 16.12.1 – 16.12.4 are suspended until after the annual meeting of the Council taking place in 2022.'**
- (6) Insert a new paragraph at the end of section 15.3.8 (Delegations to the Director, Legal and Assurance:
- '(xiv) To amend the list of approved bodies at appendix 3 to part 26 of the constitution after consulting the Leader and the Chairman of the Council.
- PROVIDED THAT any use of this delegated power shall be reported to the next Annual Meeting of Council.'
- (7) In the list of joint committees in paragraph 13.3 of the constitution insert at the end:
- 'Association of South Essex Local Authorities Joint Committee'

- (8) Add the constitution of the Association of South Essex Local Authorities Joint Committee (appendix 1 to this report) at the end of Appendix 4 to the Constitution.
- (9) Replace paragraph 15.3.3 of the constitution with the text below and renumber remaining parts of 15.3 and agree that as a transitional provision, the authorisations issued by the Executive Director, Place and Public Health continue to have effect until replaced by authorisations issued by holders of the new posts.

‘15.3.3 To the Executive Director, Economy, Investment and Public Health

- (i) To exercise the Council’s functions relating to the economic development of Essex and its residents.
- (ii) To exercise the Council’s powers with respect to regulatory services and licensing and decisions in connection with permits, regulations, permissions or certificates.
- (iii) To exercise the Council’s functions as a local planning authority except for:
 - (a) approval of planning applications where objections are raised by other Local Authorities or where there are more than two individual representations raising planning related objections;
 - (b) approval of planning applications where it has been determined that an environmental impact assessment is required;
 - (c) approval of planning applications where there are objections and the Chairman of the Development and Regulation Committee determines, in consultation with the Chief Planning Officer, that the application should be determined by the Committee; and
 - (d) approval of planning applications which amount to a significant departure from the development Plan.
- (iv) To exercise the Council’s powers with respect to property and facilities management.
- (v) To exercise the Council’s powers with respect to towns and village greens.

15.3.4 To the Executive Director, Climate, Environment and Customer Services

- (i) To exercise the Council's functions relating to the promotion of tourism.
- (ii) To exercise the Council's functions relating to highways, transportation and traffic other than determination of applications or proposals for modification of the definitive map and statement of public rights of way.
- (iii) To exercise the Council's functions relating to recycling and the disposal of waste.
- (iv) To exercise the Council's functions relating to improving the environmental performance and wellbeing of Essex including flood management.
- (v) To exercise the Council's functions relating to
 - (a) Registration of Births, Deaths and Marriages
 - (b) The Coroner's Service

15.3.5 To the Director, Well-being, Public Health and Communities

- (i) To exercise the Council's functions relating to sport and physical activity.
- (ii) To exercise the Council's functions as a trading standards (weights and measures) authority, as a health and safety enforcement authority, as a food authority, all powers to protect animal health and welfare and all regulatory services relating to the protection of consumers and regulation of businesses.
- (iii) To exercise the Council's functions relating to unlawful encampments.
- (iv) To exercise the Council's functions relating to the prevention and reduction of crime and disorder.
- (v) To exercise the Council's powers to take steps to improve the health of the public and exercise powers under public health legislation.

10. Establishment of a Joint Committee for the Tendring Colchester Borders Garden Community

At the invitation of the Chairman, Councillor Bentley, the Leader of the Council, presented the report and it having been moved by Councillor Wagland and seconded by Councillor Cunningham it was

Resolved

1. That the Council participate in a Joint Committee with Tendring District Council and Colchester Borough Council in relation to the Tendring Colchester Borders Garden Community on the terms appended to the report.
2. That the seats on the committee be allocated to the Conservative Group.
3. That the documents appended to the report are added to appendix 4 to the constitution and that a new paragraph be added at the end of section 13.2 of the Constitution as follows:

‘The Colchester Tendring Borders Joint Committee, whose constitution and terms of reference is at appendix 4 will exercise council functions in accordance with the terms of the delegations granted to it by full Council from time to time.’

11. The Leader’s Report of Cabinet Issues

At the invitation of the Chairman, Councillor Bentley, the Leader of the Council, presented the report and it having been moved by Councillor Bentley and seconded by Councillor McKinlay it was

Resolved

To receive the list of urgent decisions taken as attached as Appendix 1 to the report and the minutes of the Cabinet meeting held on 15 October attached as Appendix 2.

12. Written Questions

The published answers to the 15 written questions submitted in accordance with Standing Order 16.12.1 were noted.

Members sought points of clarification from the relevant Cabinet Members, details of which may be found as [a video on YouTube](#) or as [an audio recording on the ECC website](#).

The written questions and answers were:

1. By Councillor Deakin of the Cabinet Member for Highways Maintenance and Sustainable Transport

'There have been an increasing number of incidents involving the cycle ways on Broomfield Road, Chelmsford.

Many instances of cyclists and motor-ability scooters riding these routes in a contra-flow direction to the traffic. This is a danger to motorists manoeuvring to turn, passengers alighting from buses who have to cross the cycle path to reach the pavement, as well as the riders themselves.

Are there any immediate plans to clearly indicate on and around these cycle paths the direction that should be travelled?'

Reply

'Thank you for bringing this concern to our attention.

We have provided cycle symbols within the lanes along the length of the cycle lanes which are orientated in the direction of travel.

Unfortunately, therefore the instances you have mentioned are down to user behaviour. We expect cyclists to follow the highway code and use the lanes correctly.

The Project Team will be holding a Technical Review meeting in due course and this item will be added for further consideration.

You may wish to consider contacting the Parish Council and asking them to remind residents how to use them correctly via one of their regular communication methods.'

2. By Councillor Gadd of the Cabinet Member for Highways Maintenance and Sustainable Transport

'I have been asked a number of questions regarding ECC's neglect of Protected Verges in Uttlesford. I understand that the same issues apply across Essex, although the problem is particularly acute in Uttlesford, which has more Protected Verges than any other district.

The principal issues are:

1. Protected Verges should be clearly marked with wooden posts, white marker plaques and reflectors but they are not being. More than 50% of the sites in Uttlesford require post and plaque work and 20% are not properly marked, which leads to them being damaged;
2. There are problems with lack of funding from ECC, lack of posts, plaques and reflectors and lack of personnel – since the work is of its nature roadside work, it is not generally safe to use volunteers and some of the work must be done by qualified staff. Uttlesford District Council have replaced some

- plaques themselves, but currently 95 plaques need replacing, and reflectors adding; UDC do not have enough plaques and ECC say they have no more;
3. There are 7 more sites – or extensions to existing sites - in Uttlesford where new rare flora has been found and which should be recognised as special verges. ECC however has a policy of not recognising new sites unless others are de-registered, which means that valuable sites are not receiving the protection they should receive.

I have separately sent you a detailed schedule of the defects in the Uttlesford network. These verges represent rare chalk grassland habitat, and the whole network, in Uttlesford and Essex more widely, should be being properly protected with marker posts, plaques and reflectors, and it is not.

Point 10 of this Council's 20-point plan commits to enhancing the natural environment in Essex; can I ask what you will do to remedy this situation please.'

Reply

'Unfortunately, damage to posts can occur, either through natural deterioration, damage by contractors cutting the verges, damage by vehicles and, in a few cases, posts being removed or knocked over by persons unknown.

We maintain a record of post and plaque issues, as reported by the verge representatives. In March 2019, 86 post and plaque replacements carried out across the county. These are programmed for maintenance in line with our maintenance programme but you may wish to put a formal request into your Local Highways Panel to see if capital funding could be allocated to the replacement of missing posts.

We conduct reviews of all Special Road Verges to ensure they are still of value to the scheme and include as part of this feedback from all verge representatives with several changes made because of this feedback. We must make choices about how we prioritise and manage this service and one of the ways we do this is to add new verges where verges which no longer meet the scheme's purposes are removed.

In August of this year, once the review had been completed, we were notified by the Uttlesford verge representative co-ordinator about four sections of verge that might be eligible for inclusion in the scheme. Three of these have been visited.'

3. By Councillor Henderson of the Cabinet Member for Highways Maintenance and Sustainable Transport

'Can the Portfolio Holder provide details of the comparable price of a bus fare for a 5 mile journey within Essex and a 5 mile journey in London.'

Reply

'The fares charged by commercial operators are a matter for them and something that the County Council has no influence over and therefore do not collate.

Similarly, I do not have access to the prices that TfL charge nor the level of subsidy reflected in these prices.

Operating a bus service in a substantially rural county such as Essex is wholly different to doing so in a city like London. Essex is twice the size of greater London but has only 17% of the population. The two are simply not comparable.

I do however recognise that bus fares and the cost to travel are of concern to many residents. It is for this reason that Cabinet approved last month's Concessionary Fares paper which enables those who qualify on grounds of age or disability to travel free at certain times, with the costs of the revenue foregone by the bus operators met by taxpayers. Passengers using the national concessionary fares represent a third of all bus journeys, so they provide a major part of bus operators' income.

The development of an affordable and sustainable bus network is something that we are focused on through our Bus Service Improvement Plan and I will bear this question in mind as this develops.'

4. By Councillor Henderson of the Cabinet Member for Highways Maintenance and Sustainable Transport

'Can the Portfolio Holder provide a full list of the comparable prices of bus fares charged for a 5 mile journey within Essex by each individual bus company operating within the County.'

Reply

'The fares charged by commercial operators are a matter for them and something that the County Council has no influence over and therefore do not collate. Different operators provide services across different routes, with different levels of patronage and so it would be difficult to provide a like for like comparison.

As highlighted in my previous response the Bus Service Improvement Plan provides us with an opportunity to deliver sustained change in the bus network across Essex and I have provided a link [here](#) should you or other members wish to read it.'

5. By Councillor Harris of the Cabinet Member for Highways Maintenance and Sustainable Transport

'In my division there are footpaths that are impassable in places due to overgrown vegetation, brambles and the like. For instance, the footpath between Colchester Army Garrison and Monkwick Avenue, and Thomas Lord Audley School. It's so bad that lampposts are 5/6ft back into the hedgerow with part of the footpath buried. I have tried many times to get the Council to treat this with 1) Maintenance schedule, or 2) Highway Rangers.

It seems the very meagre resource of The Rangers, and the lack of response on maintenance budgets has resulted in me having to consider making these paths

safe. The bird nesting season will effect ability to undertake any work and I am concerned we have only until March to do some works.

Does the portfolio holder agree that footpaths meet the criteria of “Greener, Safer, Healthier” brand logo, and if so, could extra efforts be found to make these paths safer for mums/children in buggies with brambles in their face?

I would be very happy to accompany a walk through at any time.’

Reply

‘The Public Right of Way team have investigated and it is believed that the side-growth is the adjoining landowner’s responsibility, which in this case is the Ministry of Defence/Defence Infrastructure Organisation MoD/ DIO). The PROW Team are liaising directly with the MoD/DIO in order that this overgrowth is addressed and I will endeavour to find a further update for you. As you will know, I had to cancel my second visit to your division which we have rescheduled so I would be happy to discuss this with you in more detail when I visit.’

6. By Councillor Scordis of the Deputy Leader and Cabinet Member for Community, Equality, Partnerships and Performance

‘Having recently read the Library Strategy, can you please advise what plans are in place to target those disadvantaged children who are hard to reach?’

Reply

‘As you will be aware, from 26 November 2021, residents can now have their say on Essex County Council’s new vision for Libraries, as the [draft Everyone’s Library Service 2022-2026](#) plan was published. If you have not already done so, I would encourage all members to respond and highlight it to residents in their divisions to do the same ahead of the 21 January 2022 closing date.

The draft plan emphasises helping children and adults improve their literacy, encouraging people to enjoy reading for pleasure and increasing the range of online resources available to customers. It also commits to keeping all 74 libraries open with investment in training and the upskilling of library staff.

The Library Service currently does and will, through the new plan, continue to engage and connect with hard to reach disadvantaged children through a variety of means, including:

- We publicise large scale activities (such as the Summer and Winter Reading Challenge) to the Family and Wellbeing Hubs, as well as the Children and Families Leads for Partnership Delivery.
- We coordinate with schools about library events and activities.
- We have also been doing some outreach to try to reach disadvantaged families, for example by attending the Holiday Activity and Food clubs during the summer.

- We reach every family through the Bookstart Baby packs which are given at birth registration appointments, and the Bookstart Treasure packs (via pre-schools).
- Library staff have received Bag book training (Reading packs designed to be used with children who have additional needs), and Basildon Library has already planned to do some Bag Books sessions with their local special school (Pioneer) in the new year.
- We focussed our recent author events in Basildon, Canvey, Clacton and Harwich libraries.
- We are also currently running additional BookTrust Story times in Basildon and Clacton Libraries. These sessions are specifically targeted at disadvantaged families (via their local Family and Wellbeing Service and local pre-schools and nurseries) and this is a partnership we will continue to build on, by promoting and delivering these sessions.
- As part of the Essex Year of Reading 2022 Campaign, we will be working with Children and Family Services and schools to target hard to reach children and communities.
- We will be increasing our outreach programme to reach early years settings, schools, and vulnerable communities who find it difficult to access library services for various different reasons.
- More events and activities are being planned in libraries based in areas of need.
- Through the new plan we will strengthen our outreach with local groups and vulnerable families within communities.
- We are also expanding the mobile library fleet to reach a greater number of destinations including those in traditionally hard to reach areas.'

7. By Councillor Scordis of the Cabinet Member for Highways Maintenance and Sustainable Transport

'Does the portfolio holder think the Enhanced Partnership survey, which only provides very generic 'Agree/Disagree' answers, offers bus users a real chance to feedback on our bus services?'

Reply

'The consultation on the first Enhanced Partnership for Essex is not intended to be a consultation on the entire Essex bus network; it is very specifically about what should be included in our first Enhanced Partnership – hence the yes or no questions.'

The Department for Transport has set some challenging deadlines the consequences of which would be a significant loss of funding to both ECC and the bus industry if we missed it which is why the survey has been designed this way.

We do expect to bring forward further Enhanced Partnership schemes in future as a result of the area network reviews which are a commitment in this first scheme. That will then provide the opportunity for detailed comments on the bus network and there will be no time constraints so full public consultation will be possible. So, in conclusion, given the constraints of the process I am indeed content that this is a suitable consultation approach.'

8. By Councillor McGurran of the Cabinet Member for Economic Renewal, Infrastructure and Planning

'Could the Cabinet Member inform me what efforts are being made by Essex County Council to engage with the Lower Thames Crossing Project to ensure the potential economic benefits actually reach our residents. I am particularly keen that the residents of Pitsea and others in the south of the county are given every opportunity – particularly when it comes to employment, upskilling and apprenticeship opportunities.

Does the Cabinet member share my concerns that everything possible has to be done to ensure these opportunities reach the residents of divisions like my own and particularly those hard to reach groups who are often excluded from such opportunities. I would be grateful given the likely timescale of the project to know what early careers advice measures are being considered to promote these potential opportunities.'

Reply

'I agree it is essential that our communities across the county and South Essex in particular benefit from the opportunities that the Lower Thames Crossing will bring, both in terms of jobs during the construction phase and the economic opportunities that the new connection across the Thames will open up. My officers have been working closely with the Lower Thames Team to ensure that the project delivers as many socioeconomic benefits to the residents of Essex as possible. This will include local training, re-skilling, apprenticeships and other opportunities for those starting out in employment and those wishing to re-train. Both Thurrock and Havering councils are also looking to ensure that such opportunities are available, which will maximise the benefits for the whole area north of the River Thames and the wider geographical area, including Pitsea.

The Council plays a strong role in the LTC Benefits Steering Group along with other partners and has helped put together proposals to inform the Economic Development Stakeholder Group (EDSG) working with other affected Authorities, which in turn has led to the recently established LTC Skills Working Group. ECC is also contributing, in consultation with Thurrock and the Association of South Essex Authorities (ASELA), to discussions with National Highways about projects outside of the route which could benefit from Designated Funds being allocated to offset the

environmental, social and economic impact of the proposal to the benefit of residents. Discussions on this matter will progress in 2022.'

9. By Councillor Grundy of the Cabinet Member for Education Excellence, Lifelong Learning and Employability

'I recently attended a site meeting for the new Primary School at St Luke's, Runwell and was impressed at the progress being made, including plans for staff recruitment. Please could the Cabinet Member outline the steps being taken in the construction to support our carbon emission programme.'

Reply

'The new Primary School and 56 place Early Years Nursery on the St Luke's Park housing development, will provide the required long-term primary school and nursery capacity to meet forecast demand from the development. Without additional provision in this area, there is a significant risk that children moving into the area will not be able to access primary education within the locality of their home and need to travel further to access provision. As this school and nursery is on a new housing development it will benefit from safe, local, cycle and walking routes and therefore reduce the need for travel by car.

The aspiration is for the proposed buildings to achieve an Energy Performance rating of an 'A+', through the use of modelling and onsite generation (PV) to offset energy in use, meeting the overall vision and goal for energy efficient developments and a drive towards a reduction in carbon emissions. The PV panels will be providing 7kWp for the Nursery and 31 kWp for the Primary School. The design basis is to provide a sustainable approach to the design, construction and production of all facilities, in delivering a cost-effective and efficient educational site for optimal learning that includes the following:

- Optimal thermal comfort for building occupiers, maintaining appropriate internal temperatures, maintaining appropriate CO2 concentration levels, providing adequate fresh air and minimising cold draughts.
- Minimising the use of all fossil fuel resources
- Reducing the demand for energy and water during peak periods, minimising waste and CO2 emissions
- Designed and constructed to respond to constraints and opportunities and adapt to future impacts of climate change.
- Effective measuring and monitoring of the performance of the buildings in operation. Automation of building service plant from a BMS system.

Climate Based Daylight Modelling has been used to assess daylight factors. Artificial lighting will comprise of high efficiency LED light fittings, with automatic controls such as daylight dimming, absence or presence detection to ensure energy efficiency. Lighting will be designed in line with CIBSE LG5 Lighting in Education.'

10. By Councillor Playle of the Cabinet Member for Economic Renewal, Infrastructure and Planning

'The proposed A12 widening scheme between Junction 19 and 25 is set to have a significant impact on reducing traffic congestion and improving road safety in North East Essex. Parts of the existing A12 between Witham and Marks Tey are set to be stood down and handed over to Essex County Council's control. Can I ask the Cabinet Member to consider undertaking a scoping exercise for the possible future uses of what will be a newly acquired asset for the Council and to investigate the merits of creating an active travel rewilded corridor with opportunities for walking, cycling and buses?'

Reply

It is our understanding that National Highways intends to submit an application for development consent for this scheme next summer (2022) and I am pleased to confirm that we are already working internally on the scope for any potential future uses for these de-trunked parts of the carriageway to maximise the benefits to Essex residents, particularly from a climate and sustainability perspective. In addition to the work we are doing internally, we are also working with National Highways on their A12 proposals and we welcome suggestions, such as a new country park, which would help enhance the local environment and mitigate against negative climate change impacts.

11. By Councillor Barber of the Cabinet Member for Education Excellence, Lifelong Learning and Employability

'Could the Cabinet Member please confirm, whether the previous administration at Colchester Borough Council's decision to only agree £1m of s.106 funding from the Chesterwell development for education, as opposed to the £14m Essex County Council said was necessary, is a significant factor as to the delay in the opening of the permanent site for Trinity School?'

Reply

'The decision by a previous administration at Colchester Borough Council to only stipulate £1M as a S106 contribution towards education, rather than the £14M requested by ECC at the time was not in itself a factor that has delayed the opening of new school buildings for Trinity School. While not delaying the project, it has placed the burden of funding the new school on the taxpayer, rather than the housing developer.

One of the issues related to the S106 agreement that has caused delay to the delivery of the new school buildings, is the condition of the new school site itself. ECC raised significant concerns at the time of signing the S106 agreement that the site would be unsuitable, however the agreement was signed, albeit with obligations placed on the developer to improve the site. These obligations have not been met to our satisfaction, and we are pursuing the developer to meet their obligations as stipulated in the S106 agreement. With these obligations unmet, hundreds of

thousands of pounds of further cost is placed on the taxpayer to mitigate the site issues.'

12. By Councillor Smith of the Cabinet Member for Highways Maintenance and Sustainable Transport

'Network Rail has chosen to close off the railway footbridge that connects Mandeville Way and Durham Road on the grounds of safety works. The works were promised in August then Network Rail rescheduled the works for October and these works were cancelled.

Network Rail has failed to communicate with the local residents.

Will the Cabinet Member for Highways please use his office to apply pressure upon Network Rail to get this well used footbridge back open to the public?'

Reply

'If you can provide me with more information with regards to these works including any contact details, I will contact Network Rail, however it may be that I have limited influence over Network Rail and their programme of works.'

13. By Councillor Smith of the Cabinet Member for Economic Renewal, Infrastructure and Planning

'Has Cllr Wagland ever taken the chance to visit Basildon town centre with her most relevant team of officers to form an opinion of how her team can support Basildon Borough Council? If so, when was this and what are the after-thoughts of Cllr. Wagland and her team for Economic Renewal?

If Cllr Wagland has not taken such a visit to Basildon town centre with officer support, when does she intend to do so and will Cllr. Wagland also meet with the members of Basildon Borough Council's Regeneration and Economic Development Committee during this visit?'

Reply

'Last week my cabinet colleagues and I were due to meet in Basildon to look at economic developments that are underway, discuss what is planned for the future and consider whether there are any other opportunities that we could pursue. Sadly, that meeting was cancelled due to Covid; however, a new date will be scheduled in the new year, where we will meet with the Chair of Basildon Borough Council's (BBC) Regeneration and Economic Development Committee to discuss our shared priorities and how we can work together to support economic growth and regeneration in the town.

Basildon's economy is one of the largest in the county and it is important that we support continued economic growth and assist residents to access the existing and future employment opportunities in and around the town.

In October we delivered a virtual Jobs Fair which attracted 2,231 viewers and was supported by over 30 businesses and Training Providers. There were more than 1,830 clicks on the virtual vacancy board and the live chat function was well received by job seekers and employers.

The exciting new Evolve project that is targeting unemployed people who have been negatively affected by covid is being promoted at the Eastgate Centre now. Evolve provides free one to one support to residents via an advisor, who can help them with opportunities for employment, training and personal development. The service is available until the end of March next year.

In January we are planning to deliver the Working Families programme which will target families who are just about managing financially. A qualified Careers Adviser will offer information, advice and guidance around opportunities for upskilling and career change.

There is also regular engagement between ECC and BBC officers, including a joint meeting between ECC's Corporate Leadership Team and the Basildon Borough Council Senior Management Team in November, where shared priorities to improve outcomes for local residents was discussed.

Essex County Council is also a member of the Association of South Essex Local Authorities (ASELA) whose members include all district and unitary Councils in Southern Essex. Our aim is to deliver improved prosperity and wellbeing by working together on a collective scale to ensure that we can make the biggest possible impact on the area. The five pioneering programmes that we are jointly working on include,

- Superfast Digital Connectivity
- Thames Freeport
- South Essex Estuary Park
- Infrastructure and housing
- South Essex Technical University

We regularly meet with regeneration and economic development colleagues from all partners of ASELA and I very much look forward to playing my role in developing these relationships as we work to address the specific issues that affect the south of Essex, including Basildon.'

14. By Councillor Mackrory of the Deputy Leader and Cabinet Member for Community, Equality, Partnerships and Performance

'Levelling up Essex – Concept to Action

At the October Council a motion regarding the above was passed which called on the Secretary of State for the Department of Levelling Up, Housing and Communities to positively engage with ECC as a matter of priority. What contact has been made by the Secretary of State as of 29th November 2021 to that request?'

Reply

'Since October we have been in dialogue with the Secretary of State regarding the Levelling Up White Paper, which is anticipated shortly. He is aware of the work Essex is undertaking and we expect to continue this conversation in more detail following the publication of the paper.

We have also received a very positive response from the Parliamentary Under Secretary of State for Levelling Up, the Union and Constitution. He was very pleased to see our commitment to levelling up all parts of the County, as set out in the 'Everyone's Essex' Plan.

His response recognised that our officers were already well engaged with his in central government and acknowledged that there was much to build on in Essex, recognising the two upcoming freeports, our commitment to tackling climate change and our request for additional funding to support and enhance our priorities. He welcomed all our ideas and stated that he looks forward to meeting up soon.

We will continue to build this relationship both on the officer side and politically. In January we will begin to launch the next phase of our levelling up plans and I look forward to sharing more information with you then.'

15. By Councillor Mackrory of the Cabinet Member for Education Excellence, Lifelong Learning and Employability

'Case of unfair dismissal of Essex Headteacher

In the light of the recent Employment Tribunal case when Judge John Crosfill severely criticised Essex County Council's handling of the headteachers dismissal, what changes in procedure have been put in place to prevent such an occurrence happening again?'

Reply

'As the Member will be aware from the judgment there are still reporting restrictions in place. The case is still live and I have been advised that it is not appropriate to give public comment beyond the published statements which have been widely reported. In general, the Council is always looking to improve how it responds, including its own procedures (what it does) and draw learning from any source possible.'

13. Oral Questions of the Leader, Cabinet Member, a chairman of a committee or the representative of the Essex Police, Fire and Crime Panel.

A recording of the questions and answers given is available as [a video on YouTube](#) or as [an audio recording on the ECC website](#).

The questions asked were:

Question asked by	Question asked to	Subject
Councillor Chris Pond	Leader	Loughton Library lift
Councillor Mick Skeels	Cabinet Member for Children and Families	Outcome of Ofsted inspection
Councillor Kerry Smith	Leader	Charges at Essex Car Parks by Thurrock Council
Councillor Mike Mackrory	Highways Maintenance and Sustainable Transport	Highways defect at Sandford Road that lacks a dropped kerb

14. Closure of Meeting

A recording of the Chairman's closing remarks and of the meeting is available as [a video on YouTube](#) or as [an audio recording on the ECC website](#).

The meeting closed at 11:55am

Chairman

Agenda item 8**Forward Plan Reference Number: FP/015/03/21**

Report title: Annual Plan and Budget 2022/23 – Part 1: Section 151 Officer Report	
Report to: Full Council	
Report author: Nicole Wood, Executive Director for Corporate Services	
Date: 10 February 2022	For: Discussion
Enquiries to: Nicole Wood, Executive Director for Corporate Services	
County Divisions affected: All Essex	

Purpose of the Report

- 1.1 The report sets out the Section 151 (S151) Officer's statement on the adequacy of reserves; robustness of the 2022/23 revenue budget; the medium term financial outlook; Financial Strategy; and the Capital and Treasury Management Strategy. The S151 Officer for the Council is the Executive Director for Corporate Services.

Recommendations

- 2.1 To note this report before making a decision on the recommendations on the budget and capital programme.

Assurance Statement of the S151 Officer (Executive Director for Corporate Services)

- 3.1 I have examined the budget proposals and, whilst the spending and service delivery proposals are challenging, they are achievable given the political and management track record and current plans to implement the changes. The resources available to the Council are being targeted to achieve the strategic aims outlined in Everyone's Essex. Since the new administration, new targeted investment has been made available, for example to climate and levelling up through the Everyone's Essex reserve.
- 3.2 The Council has a good track record on financial management and delivering savings. The Council's external auditor recently concluded that adequate arrangements are in place for budget monitoring and taking mitigating actions to eliminate the impact of any over-spends and undeliverable savings and that the Council is on track to deliver its required savings in 2021/22 of £46m against a £1bn budget. The external auditor also concluded that the medium-term resourcing strategy reflects known savings and cost pressures and that key assumptions are reasonable and hence that the Council has adequate arrangements in place to remain financially sustainable in the medium term.

- 3.3 The level of reserves is appropriate but requires continual monitoring given the risks and volatility of demand, prices and inflation. We will continue to report fully each quarter to Cabinet on the reserves position.
- 3.4 The 2022/23 revenue budget and the capital programme are included elsewhere on the agenda. Whilst the budget shown is balanced, there remains a gap between our estimated spend and assumed funding from 2023/24 and onwards.
- 3.5 There were early indications that local government would receive a multi-year settlement, however given new expectations for a Fair Funding review in 2023/24, there is only a one year settlement. The Council has certainty of government funding for 2022/23, although considerable uncertainty remains in the sector around the funding structures for local government beyond 2022/23. With the Fair Funding Review now due for 2023/24, it is expected that this will result in a multi-year settlement which will enable better medium term certain planning. However, this also presents risk to the Council notably around the potential of redistribution of grants within the sector, if, as we expect, there is no overall increase to the funding envelope for the sector in the medium term.
- 3.6 It is imperative the Council maintains focus on financial sustainability and continues the drive to deliver a balanced budget over the medium term.

Background

- 4.1 The S151 Officer is required to make a statement on the adequacy of reserves and the robustness of the budget. This is a statutory duty under section 25 of the 2003 Local Government Act.
- 4.2 The budget is a financial plan of the Organisation's Strategy and forms part of the Annual Plan. The budget is delivered through Cabinet Members who have a portfolio responsibility for several services, which will deliver the strategic aims and priorities of the Everyone's Essex plan.
- 4.3 This report concentrates on the draft 2022/23 revenue budget, level of reserves and capital programme as set out elsewhere on this agenda. It considers key medium-term risks and issues faced by the Council in arriving at the recommended budget and reserves.

Current Financial Context

- 5.1 Covid-19 has continued to have an enormous impact on our patterns of spend and activity. During 2021/22 we expect to have incurred additional exceptional expenditure and lost income of circa £120m against our £1bn 2021/22 budget, an increase of 12% against the approved budget. Most of these costs have been met through additional exceptional government grants to local authorities.

The majority of the additional expenditure has flowed to support the external market with exceptional price and demand pressures.

- 5.2 Social Care and Health portfolios represents £987m of gross spend (65% of total budget) - the Adult Social Care and Health portfolio alone represents £737m gross or 47% of the budget*. During 2021/22, it is expected that the social care portfolios will remain broadly on budget, however that has been dependent on very significant government underpinning of the market and with a backdrop of increasing demand:

- £39m of temporary funding from national Covid-19 and ECC specific funds has underpinned the adults social care market in 2021/22 which is due to end in March 2022 (building on similar support in 2020/21)
- the trajectory is one of increasing demand, before any further surges in Covid-19. For example the domiciliary market is supporting 16% more hours of care than at the same time in 2020
- higher referrals and new contacts significantly increased

** `excluding pass through DSG`*

- 5.3 For 2022/23 and beyond, it is not possible to precisely forecast the demand patterns as new waves of the pandemic approach, but what we are experiencing is increased demand and price pressure, coupled with an inflationary outlook. We will need to closely monitor underlying pent-up demand that is still expected to materialise, as well as new patterns of demand that will emerge as the pandemic ends. Retaining appropriate levels of reserves to provide for exceptional demand and price increase is critical to the financial sustainability of the Council.
- 5.4 Before the pandemic, the Council was already experiencing increasing demand for our services notably progressively complex packages for children; increasing provision for home to school and special educational need transport; and higher demand across adult social care including adults with learning disabilities and older people. The pandemic has begun to change demand, however in light of the current situation, there will inevitably be further changes and we will need to monitor and respond to those emerging patterns closely.

Revenue Budget

- 6.1 If it accepts the recommendations in the budget report, the Council plans to spend £2.1bn in 2022/23 (including schools). After income, this equates to a net expenditure budget of £1.1bn (£1,083.4m), an increase of £45.5m, (4.4%) on 2021/22.
- 6.2 The total pressures on the budget for 2022/23 are nearly £100m and the material pressures are outlined as below:

- 6.3 Recurring costs include:
- £6m pay inflation
 - £20m social care inflation, including the impact of increases to National Living Wage
 - £6m other inflation (e.g. on contracts)
 - £7m impact of the increase to the national insurance rate
 - £7m increase to the cost of financing the capital programme
 - £17m impact of demographic changes and “adult client activity” where packages of care end and may be replaced with more costly packages due to changes in need
 - £15m to provide for cost of care and demand risks in the care market
 - £7m where the 2021/22 budget was balanced using one off savings
 - £10m total impact of all other smaller pressures.
- 6.4 In addition to the known pressures reflected in the budget there are a series of risks that are being managed through the reserves strategy (see section 11 for details on reserves). Some of the emerging risks include:
- Inflation & borrowing risk on the capital programme
 - Fragility of our funding position given the ongoing pandemic and inherent uncertainty on funding beyond 2022/23, notably with rates and council tax
 - Demand and price pressures in Children’s social care.
- 6.5 Resource has also been set aside through the reserves strategy to enable additional strategic choices, including:
- New investments in strategic priorities
 - Resource to support change to our estate, unlocking revenue savings built into the medium term strategy
 - To meet the future cost of replacing key council technology systems and the digitisation of public services.
- 6.6 The combination of these pressures most significantly impacts the adults social care & health portfolio with a gross base revenue growth of £38m, in addition to increased capacity via reserves to manage the risk.
- 6.7 The budget assumes £36m of savings to balance the 2022/23 budget. Of these £32m are recurrent and £4m are one off savings. These include continuation of the Meaningful Lives Matter Programme supporting adults with learning difficulties, which is now in its second year, the ongoing Connect Programme that will continue to ensure the most appropriate support is offered to older people going into and leaving hospital, making better use of technology solutions in provision of care, improvements and efficiencies within the Essex Highways partnership, and more efficient use of our buildings.

Funding and Taxation

Taxation

- 7.1 In 2021/22, the Council determined to increase the social care precept tax but defer 1.5% of the raise to 2022/23. That deferral, combined with rates increases is expected to yield **£32.8m** in 2022/23.

	Tax Rise	Increased Tax Yield £m
Deferred 2021/22 Adult Social Care Precept	1.50%	10.9
2022/23 Adult Social Care Precept	1%	7.3
Total Adult Social Care Precept	2.50%	18.2
2022/23 Council Tax Rise	1.99%	14.6
Total Increased Tax Yield for 2022/23	4.49%	32.8

- 7.2 Upper tier local authorities have the power to raise tax by a total of 3% in 2022/23 without a referendum. Government has set the referendum cap for the core Council Tax element at 1.99%, and the Council is proposing to take up the option of raising Council Tax at this level. The 1.99% will yield **£14.6m** in 2022/23.
- 7.3 In addition, local authorities with social care responsibilities can increase council tax, if the money raised is spent on adult social care, through the 'adult social care precept' of up to 1%. This is in addition to the 1.5% adult social care precept the council approved but deferred in 2021/22. It is proposed the full combined adult social care precept of 2.5% is raised, yielding a further **£18.2m**.
- 7.4 Council tax collection has remained resilient during the pandemic and short term outlook remains robust, with a forecast increase in the collection rate of 0.2%. There is inherent risk around the volatility of the economy, which has been provided for through ensuring a balance on the collection fund risk reserve of 1.5% of the Council's annual at-risk tax funding.
- 7.5 The taxbase for 2022/23 is 545,042 Band D equivalents, which is a 1.86% increase from 2021/22. This brings in a total budgeted council tax of **£763.7m**. There has been 1% growth in housing across the county, and a decrease in households claiming Local Council Tax Support (LCTS) where their household income has fallen below a certain threshold. At present around 9% of households do not pay the full amount of council tax, with 4% exempt in whole, and 5% paying a substantially reduced rate due to their means or status.
- 7.6 It is estimated Non-Domestic rates for 2022/23 will yield **£177.9m**. However, this level of rates is underpinned through grants from government to offset the reliefs provided to businesses announced in the Spending Review – this gives

inherent risk in the sustainability of the base once reliefs end, particularly given the length of time reliefs have been applied for, and needs careful attention. It is also expected that non-domestic rates may form part of the Fair Funding review.

Government Grants

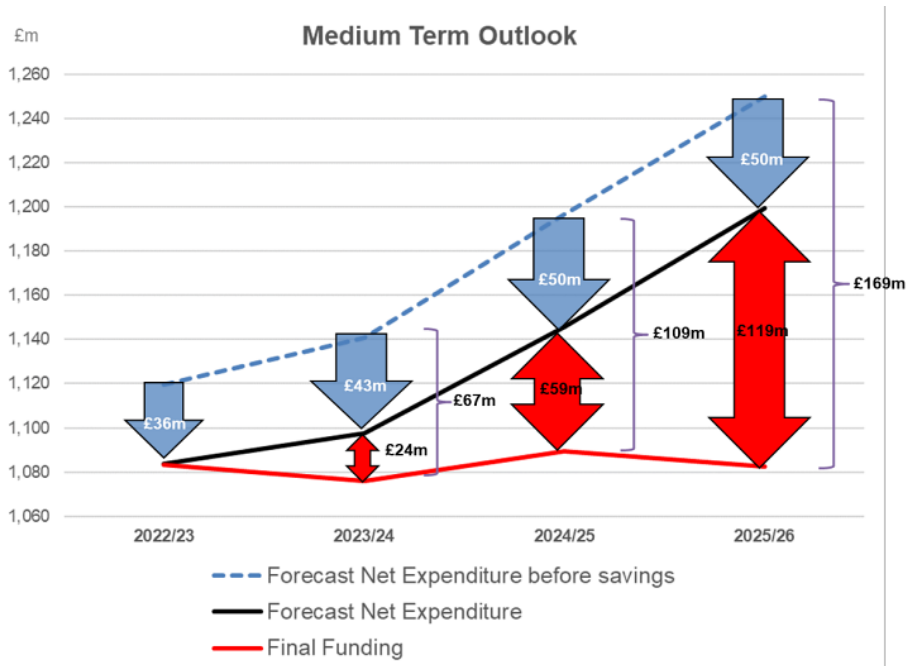
- 7.7 The Provisional Local Government Finance Settlement from Central Government confirmed the majority of announcements in the Spending Review. A new one-off “Services grant” was outlined by government. This is an un-ringfenced one year grant, and the Council will receive £12.2m. It was also announced there will be additional funding for social care, from which the Council will receive an extra £15m compared to 2021/22 allocations. Combined with the yield from the adult social care precept (£18m), funding for social care in 2022/23 has increased by £33m. This has enabled the Councils investment in social care given the pressures faced, where the combined adults and children’s social care net expenditure budgets have increased by £33m to £594m, as well as the creation of the Children’s Risk reserve for potential additional cost risks (£2.5m).
- 7.8 The Provisional Settlement also confirmed the continuation of the Revenue Support Grant (RSG) of £19m. The medium-term strategy assumes that RSG will continue at this level, however there is no formal confirmation from government of funding beyond 2022/23, so this presents an inherent uncertainty from 2023/24 and will no doubt be tied into the Fair Funding review for local government.
- 7.9 The uncertain funding position makes it more complicated to plan for the long term. We expect to receive £170m of specific government grants in 2022/23, aside from grants passported to schools. These grants are only guaranteed to 31 March 2023. Without certainty of multi-year agreements we need to plan on a broad range of funding assumptions.
- 7.10 In addition to this, for the Dedicated Schools Grant (DSG), an additional £21.9m in respect of the High Needs Block was received. There was only a one year funding announcement for DSG.

Other

- 7.11 Further, we rely on a significant amount of income from fees and charges, budgeted at £122m in 2022/23. As the pandemic continues, inevitably a number of these charges have been negatively impacted. Whilst we are confident that the services raising these charges will recover as the economy bounces back and have budgeted for that recovery, there is inherent risk which can be supported in the short term through retained Covid-19 reserves. We will manage this through close monitoring of fees and charges (of which there are just under 700) to ensure we are able to act as and when issues of sustainability arise.

Financial Strategy

- 8.1 This report proposes a balanced budget for 2022/23. There is reliance on one off savings to close the budget gap of £36m, resulting in a structural deficit of £4m or less than 0.5% which will need to be permanently resolved in future years. The reliance on one off savings is less than in recent years and it is the opinion of the s151 that it carries an acceptable level of risk, however this will still need to be appropriately managed through the 2023/24 budget.
- 8.2 The medium range scenario for future years indicates a gap between the Council's expected funding streams and the Council's expenditure. After delivering 100% of all existing planned savings, the gap is expected to be £24m in 2023/24 rising to £119m by 2025/26, before further tax rises. The outlook for the authority is set out below, however this mid range scenario is likely to change given the context of Fair Funding Reform for local government from 2023/24:



- 8.3 The Council has a robust savings, income and efficiency programme which enables setting a balanced budget for 2022/23 and with a further £14m of savings out into 2023 to 2026. In 2022, there will be renewed focus on looking at further ways to transform the Council and identify ways to drive further savings, including through use of technology and digitisation. The Council must continue to explore the redesign of services and different ways of working with its partners, local communities and the voluntary sector to ensure essential services can be provided within the context of increasing demand. The realignment of resources to ensure they are focused on the aims set out in Everyone's Essex will also continue to be a key focus.

Capital Programme and Treasury Management

- 9.1 The Council has indicated, within the budget proposals, an aspiration to invest considerable sums through the capital programme over the next four years. The capital programme aspirations will deliver a range of schemes to maintain, enhance and deliver new assets, such as investment in Chelmsford's proposed new Beaulieu Park Train Station and North Eastern Bypass and Colchester/Tendring A120 A133 link road, as well as highways maintenance and providing new school places. The capital programme also includes schemes to help to deliver revenue savings, such as the Essex Housing Programme to redevelop redundant Council property. To the extent that the Council must borrow to pay for this investment, it will incur borrowing costs, which must be funded from the revenue budget.
- 9.2 The revenue costs of borrowing to finance the capital programme will rise from 8% of the net budget in 2021/22, to an estimated 10.6% by 2025/26. This is before further rises in interest rates. There is inherent risk with cost escalation due to inflation and higher borrowing costs as base rates rise. However, it is key the Council continues to look to manage within the budgeted cost envelope of the capital programme, through reprioritisation and rescoping.
- 9.3 Whilst the Council can determine its own programmes for capital investment that are central to the delivery of quality public services, it must be satisfied, and able to demonstrate, that these programmes are affordable, prudent and sustainable. In doing so, the Council must have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities (the Prudential Code) and the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (Treasury Management Code).
- 9.4 The Prudential and Treasury Management Codes require the Council to produce a Capital and Treasury Management Strategy which explains how the Council takes capital expenditure, investment and treasury management decisions and how it takes account of stewardship, value for money, prudence, sustainability and affordability. The full strategy is shown in Appendix A, Annex 3. The Executive Director for Corporate Services is required to report explicitly on the affordability and risk associated with this strategy.
- 9.5 In order to demonstrate that capital expenditure and investment decisions are taken in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability, the Capital and Treasury Management Strategy:
- Sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

- Provides an overview of the governance process for approval and monitoring of capital expenditure. These processes are well established and have been highly effective in recent years in ensuring the delivery of the Council's capital investment plans.
 - Provides a projection of the Council's capital financing requirement, how this will be funded and repaid.
 - Sets out the Council's borrowing strategy and explains how the Council will discharge its duty to make prudent revenue provision for the repayment of debt.
- 9.6 The Capital and Treasury Management Strategy, and the indicators provided in Annexes 3A and 3B, show that the capital financing requirement, external borrowing levels and costs of borrowing are all on an upward trajectory. This reflects the substantial level of capital investment being undertaken by the Council. A focus of some of the capital programme is upon 'invest to save' initiatives and upon economic regeneration. Hence, the increases in borrowing, and the costs associated with this borrowing, may be partly mitigated by revenue savings and additional income generation (e.g. additional housing and businesses providing tax revenues).
- 9.7 In the longer term, it will not be possible to sustain this level of capital investment without the greater achievement of savings, generation of income and increased funding.
- 9.8 The Council's approach to treasury management investment activities is set out in Appendix A (Annex 3 page 83) and includes the criteria for determining how and where funds will be invested to ensure that the principal sums are safeguarded from loss and that sufficient liquidity is maintained to ensure that funds are available when needed. The treasury management investment strategy proposed for 2022/23 is consistent with that applied in previous years.
- 9.9 The Council has a good track record with regard to its treasury investment activity, adhering to statutory guidance by giving priority to security and liquidity over yield. In addition, Internal Audit has consistently issued 'good' assurance opinions on the management of these activities, confirming that internal controls are in place and adhered to.
- 9.10 The Council's policies, objectives and approach to risk management of its treasury management activities is set out in the Strategy, alongside the knowledge and skills available to the Council, and provides confirmation that these are commensurate with the Council's risk appetite.
- 9.11 The Capital and Treasury Management Strategy also provides an overview of the Council's current approach to other investment activities.
- 9.12 All other investment activities entered into so far have been subject to approval in accordance with the Council's governance framework for decision making and giving due regard to risk and proportionality.

- 9.13 The distinct, but inter-related, elements of the Capital and Treasury Management Strategy collectively demonstrate that the Council's capital expenditure and investment decisions properly take account of stewardship, value for money, prudence, sustainability and affordability, by setting out the long term context in which capital expenditure and investment decisions are made, and by having due consideration to both risk and reward and impact on the achievement of priority outcomes.

Dedicated Schools Grant (DSG)

- 10.1 The DSG is part of the Council's budget and is made up of 4 blocks: Schools, High Needs, Early Years and Central School Services. The Schools Block is passported directly to schools and is managed by schools. A significant proportion of the Early Years Block is passported to early years providers. The High Needs and Central School Services blocks are managed by the Council.
- 10.2 Total funding for 2022/23 increases by £53.4m, the Schools Block increases £37.8m, the High Needs Block increases £14.4m, the Early Years Block increases £1.2m and the Central School Services Block decreases £119,000
- 10.3 In addition to this, further funding was announced in the 2021 Spending Review which will be paid as a Schools Supplementary Grant for 2022/23 but will be baselined in DSG for 2023/24. Mainstream schools receive an additional £29.8m and funding for high needs will increase a further £7.5m. This results in a total increase in funding of £90.7m for 2022/23.
- 10.4 The increased funding is expected to return the High Needs Block to a surplus balance, however the demand for Education, Health and Care Plans continues to increase. Further increases are anticipated from £1.5bn increases in school funding in 2023/24 and 2024/25.
- 10.5 The Department for Education (DfE) has stated that with the increase in funding to the High Needs Block it expects local authorities to only request transfers from the Schools Block in exceptional circumstances. The Council has not made any requests for 2022/23. Should the increase in funding in future years not be sufficient the Council will request a transfer from the Schools Block.
- 10.6 The DSG currently has an under spend due to the Early Years Block, this position will be monitored for future volatility in the number of take up hours, plus may allow potential plans for early intervention projects to be drawn up. It should be noted that the increased demand for special educational needs and disabilities also impacts on Non DSG services, namely, Home to School Transport and Transitions.

Reserves

- 11.1 Reserves are defined in Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992. This requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating their budget requirement.
- 11.2 Reserves play an essential part in the financial strategy and provide a cushion against the significant risks the Council faces, and a source of funding of business cases to change the way it provides services and achieves future savings. The continued provision of adequate reserves is essential in medium term planning. Without these, it may be necessary to take remedial urgent action in-year to mitigate challenges that arise, which could lead to longer term consequences.
- 11.3 We define our reserves in two ways:
- **Restricted reserves** – reserves where the authority to commit the funds rests elsewhere (e.g. amounts held on behalf of schools and partnerships) and those held for managing cyclical spending and long term financial commitments (e.g. those associated with long term contracts such as Private Finance Initiative (PFI) and the waste reserve). These total £200m.
 - **Unrestricted reserves** – reserves earmarked to support the medium to longer term plans of the Council (e.g. those earmarked to enable it to transform and invest to save); and contingent reserves (amounts that are available to the Council to meet contingent expenditure, including Covid-19 related exceptional expenditure). This category of reserves total £226m.

The ability to draw on unrestricted reserves has been particularly important over the last two years when significant additional costs have been incurred in response to the Covid-19 pandemic. In 2020/21 £113m was drawn down to support exceptional spending and in 2021/22 we are forecasting £117m to be applied to one-off costs. Over the next four years the Council is anticipating that this draw down trend will continue with the purpose of the funds shifting away from emergency responses towards investment in developing strategic priorities in line with the ambition of the Everyone's Essex plan.

- 11.4 During 2022/23, £107m is expected to be drawn down from unrestricted reserves – a significant proportion of this (£23m) is from the Covid Equalisation Reserve to utilise funding received from central government to manage the ongoing pandemic. £15m is expected to be applied from the Everyone's Essex Reserve to deliver short term or pilot initiatives associated with the strategic priorities of the Everyone's Essex plan. This will include positive Climate Change activities, supporting the Levelling Up agenda, Economic Recovery and Heritage and Arts investments. It is anticipated that there will be calls on the Reserve for Future Capital Funding of up to £15m to meet unavoidable inflation on the capital programme and enable carbon reduction in building, the Transformation Reserve (£13m) and Technology and Digitisation Reserve

(£8m) both to finance investment in innovation and ongoing change across the Council, the Carry Forward Reserve (£12m) where services have carried forward unspent budget from the 2021/22 financial year to support the 2022/23 budget position and the Emergency Reserve (£9m) where we have budgeted to mitigate the potential wider impact of cost pressures arising from the increase to national insurance rates. Within the budget plans are in place for net contributions of £66m to reserves in 2022/23. The largest contributions are to the Reserve for Future Capital Funding (£15m), Transformation Reserve (£12m), Technology and Digitisation Reserve (£10m) and Emergency Reserve (£9m).

- 11.5 By 2024/25 it is anticipated that the balance of unrestricted reserves will have reduced to £138m (a reduction of £87m). The reduction mainly relates to the Everyone's Essex Reserve (£44m) as it is utilised to fund strategic priorities, the Covid Equalisation Reserve where it is assumed that all remaining government funding will have been utilised (£24m), and the Carry Forward Reserve (£12m) where all amounts carried forward from 2020/21 will have been utilised.
- 11.6 Whilst the level of unrestricted reserves is not enough to cover the funding gaps longer term, as set out earlier in this report, the authority's record on financial management and delivery of savings is such that it is highly unlikely that this level of usage of reserves would be required to fund the gap.
- 11.7 The authority also has a General Balance, which is an un-ringfenced reserve set aside to allow the Council to deal with unexpected events or costs at short notice. The general reserve balance is held at 6% of net revenue budget in recognition of the level of risk associated with the pandemic response and pressures the Authority may face. The balance is £68m, which is enough to fund the Council's activities for 23 days.
- 11.8 The 2021/22 Third Quarter report, elsewhere on the agenda, requests approval to create one new reserve:
- Children's Risk reserve: to set aside resources to help manage price and demand pressures that may arise from the changing landscape of Children's services

Risks

- 12.1 There are several risks associated with the budget:
- 12.2 The ongoing pandemic and focus on recovery results in non-delivery of savings in 2022/23 with a knock-on impact in 2023/24. Officers carry out a delivery risk assessment before the budget is set to test the readiness to deliver the savings as planned in the budget. At this stage, 35% (£12.5m) have a high level of confidence, with 46% medium risk and 19% of savings have a high level of

delivery risk. At this stage these planned savings have a weaker delivery confidence than at this point last year.

- 12.3 The emergence of as-yet unknown demand or cost pressures that arise as the pandemic recedes and the possibility that pent up demand emerges, particularly in Children's services.
- 12.4 Pressures in the Adult Social Care market have increased steadily over the past 18 months and are now challenging the capacity of the market to meet demand, resulting in a destabilised market, with a heightened risk of provider failure. Circa £34m of government funds have been passported directly to providers to support pandemic related costs in the current financial year along with £14m of Council Covid-19 specific funds, and these funding streams are not expected to continue in to 2022/23, creating a high risk of additional cost pressures impacting the Council. Whilst this is currently predominantly focussed on the Adult Social Care market, there is a risk other markets may begin to be impacted.
- 12.5 The impact of the pandemic on the Council's tax base has been less than originally anticipated. However, there is still a risk that unemployment rates will rise in the new year, which may hit the local tax base and business rates. Our budget has assumed a continued economic recovery scenario based on the central projection published by the Monetary Policy Committee and OBR macroeconomic data. If economic recovery is slower than this scenario, this could create further pressure on the medium term budget. This could therefore hit our 2023/24 budgets more severely, particularly on the potential impact to the level of council tax and business rates collected. These funding sources are 87% of our total funding, with a 1% fall in council tax reducing funding by £8m.
- 12.6 If there is any material impact on fees and charges as a result of an economic downturn. The fees and charges budget for 2021/22 is £122m.
- 12.7 Any consequential impacts to recurrent government grants (which are currently assumed as continuing at 100%). The one year provisional financial settlement for 2022/23 has created uncertainty around this, as well as the expected fair funding reform, which will look at redistribution of government funding to areas of need, and could result in the Council receiving a reduced level of funding from government in the medium term.
- 12.8 The extent and management of social care demand is a significant risk given that people are living longer, may have greater care needs, and the Council is experiencing more complex cases within Children's services too. However, these areas are monitored closely to allow action to be taken at the earliest opportunity to manage this risk position. The Council has a good record of managing this risk as is evident from the financial review reports provided to Cabinet during the year.

- 12.9 The current high level of the CPI rate (5.1% for November) and the uncertainty around how high the rate may go, and over what period of time it prevails. The single greatest inflationary pressure in the budget is National Living Wage; there are assumptions made about the increase in rate however any change to this by government will have a significant financial impact on the budget, because there will be increased demand for rate increases from contractors. The Conservative manifesto guarantee is to achieve a £10.50 hourly wage by 2024, an increase of 11% on the rate set for 2022/23. The precise profile of this is unknown however the assumed implications for supply chain costs are forecast within the draft budget numbers.
- 12.10 Further potential increases to the Bank of England interest rate may create cost pressures for the Council, particularly in relation to borrowing for the capital programme, where we have an ambitious aspirational programme. This will continue to be monitored both for short term impact, and potential medium term scenarios.

Control environment

- 13.1 In building the budget and considering the risks inherent within it, it is important that the Council considers not only the level of reserves available to support it, but the wider control environment which will help to manage and minimise those risks. This includes:
- a. the approach to financial planning and monitoring with budget holders
 - b. a strong accountability framework which sets out clear roles and responsibilities in terms of financial management
 - c. regular and accurate reporting to Members and senior officers
 - d. performance reporting
 - e. internal audit function assessing controls and processes.
- 13.2 These processes are robust, and it is important that continued focus is given to these by the senior leadership of the Council to ensure this remains the case. These processes provide an early warning system to potential problems to enable appropriate action to be taken if necessary, in a calm and measured way.
- 13.3 However, it must be recognised that these steps will not eliminate risk entirely, especially for those that come externally. There are further measures that can be taken to diminish the overall financial effect of these risks, including:
- a. slowing down or stopping spending
 - b. increasing income elsewhere; or
 - c. moving funds around the organisation.

Forward Plan Reference Number: FP/015/03/21

Report title: Everyone's Essex Annual Plan and Budget 2022/23 – Part 2: Budget and Plan	
Report to: Full Council	
Report author: Councillor Christopher Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs and Councillor Louise McKinlay, Cabinet Member for Community, Equality, Partnerships and Performance	
Date: 10 February 2022	For: Decision
Enquiries to: Nicole Wood, Executive Director for Corporate Services (Nicole.Wood@essex.gov.uk) or Richard Puleston, Director, Policy (Richard.Puleston@essex.gov.uk)	
County Divisions affected: All Essex	

1 Everyone's Essex

- 1.1 Everyone's Essex sets out the Council's strategic aims and commitments for the period of the current administration along with key principles for how we operate as an organisation including commitment to ensuring excellent service delivery. In line with Everyone's Essex, this budget seeks to align our financial resources to ensure delivery against our commitments over the next three years whilst also maintaining well-funded and sustainable core and statutory services that can continue to deliver improved outcomes to our local residents.

2 Purpose of the Report

- 2.1 The report presents information to enable Full Council to consider and approve the Everyone's Essex Annual Plan and Budget 2022/23 including the revenue budget, capital programme, financial strategy and capital strategy. In doing so, the report of the Section 151 (S151) Officer on the robustness of the 2022/23 Budget and adequacy of reserves, included elsewhere on this agenda, should be considered.
- 2.2 The Annual Plan publishes the Council's plans for 2022/23, highlighting those actions that the Council will focus on. It also includes a section on performance detailing how the Council will measure performance against the organisational aims and the outcomes the Council expects to see following the implementation of those actions.
- 2.3 The statutory process for setting the budget is that a budget is recommended to the Council made by or on behalf of the Leader. On 18 January 2022 the Cabinet made recommendations to the Council, but the Cabinet Member for

Finance, Resources and Corporate Affairs was authorised to amend those recommendations in the light of any revised information, for example relating to council tax bases or actual council tax receipts collected by billing authorities.

- 2.4 The recommendations from the Cabinet are set out in section 3.
- 2.5 The statutory deadline for the final information from billing authorities was 31 January 2022. Given the proximity to the time that the Council agenda was required to be published, any potential impact arising from the confirmed district information is not reflected in this report and will be provided as an addendum report issued before or at the meeting.
- 2.6 Additionally, details of the final settlement had not been received at the time the Council agenda was required to be published. This is expected to include final allocations for grants including the Market Sustainability and Fair Cost of Care grant, and Supporting Families programme, for which no assumptions are made in this budget. If final settlement becomes available in the period between production of the report and the Council meeting, the impact will also be set out in the addendum.
- 2.7 Any revisions to the recommendations resulting from the confirmed district information and final settlement will be circulated electronically to all members as early as possible and will also be posted on the council's website.

3 Decision Areas and Recommendations

Everyone's Essex Annual Plan and Revenue Budget

- 3.1 That the Everyone's Essex Annual Plan be approved in the form appended to this report (Appendix A).
- 3.2 The net cost of services to be set at **£1,083.4 million (m)** for 2022/23 – Appendix A (page 21).
- 3.3 The net revenue budget requirement to be set at **£959.7m** (net cost of services less general government grants) for 2022/23 – Appendix A (page 25).
- 3.4 The total council tax funding requirement be set at **£763.7m** for 2022/23 – Appendix A (page 25).
- 3.5 That Essex County Council's element of the council tax be increased by 4.49% made up of a 1.99% increase in the general council tax precept, and 1% adult social care precept as set out by government for 2022/23, plus an additional 1.5% adult social care precept, deferred from 2021/22 using the flexibility set out by government for 2021/22. Therefore, the Essex County Council element of the council tax charge for a Band D property in 2022/23 will be **£1,401.12**. A full list of bands is as follows:

	2021/22	2022/23
Council Tax Band	£	£
Band A	893.94	934.08
Band B	1,042.93	1,089.76
Band C	1,191.92	1,245.44
Band D	1,340.91	1,401.12
Band E	1,638.89	1,712.48
Band F	1,936.87	2,023.84
Band G	2,234.85	2,335.20
Band H	2,681.82	2,802.24

- 3.6 Full Council approve the Essex County Council element of the council tax for each category of dwelling and the precepts on each of the council tax billing authorities for 2022/23, together with the final tax base, as set out in the table below:

Billing Authority	2021/22 Final Tax Base Band D Equivalent	2021/22 Gross precept £000
Basildon	61,376	85,995,407
Braintree	54,957	77,001,352
Brentwood	33,172	46,477,813
Castle Point	31,299	43,853,627
Chelmsford	70,142	98,276,911
Colchester	64,722	90,682,728
Epping Forest	54,865	76,872,869
Harlow	27,950	39,161,304
Maldon	25,524	35,762,607
Rochford	32,708	45,827,273
Tendring	49,892	69,904,959
Uttlesford	38,436	53,853,028
Total for ECC	545,042	763,669,878

- 3.7 That the proposed total schools budget be set at **£576.1m** for 2022/23 which will be funded by the Dedicated Schools Grant, Universal Free School Meals Grant, Pupil Premium Grant, PE and Sports Premium Grant, Sixth Form Grant,

Teachers Pay and Pension Grants and the COVID-19 Recovery Premium Grant. The majority of this will be passed through to maintained schools.

- 3.8 That the underlying balance on the General Balance be set at **£68.1m** as at 1 April 2022 (Appendix A, Annex 1, page 53).
- 3.9 That the capital payments guideline be set at **£283.6m** for 2022/23 – Appendix A (page 24).
- 3.10 That for the purposes of section 52ZB of the Local Government Finance Act 1992 the Council formally determines that the increase in council tax is not such as to trigger a referendum.

Capital Strategy

- 3.11 That the 2022/23 to 2025/26 Prudential Indicators and limits, together with updated limits for 2021/22 as set out in Annexes 3A and 3B of the Capital Strategy (Appendix A) be approved.
- 3.12 That the Treasury Management Strategy for 2022/23 be approved, comprising:
 - a. Borrowing strategy, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 78).
 - b. Treasury management investments strategy, as set out in Annex 3 and Annex 3D of the Capital Strategy (Appendix A, Annex 3, page 84).
 - c. Indicative strategy for commercial investment activities, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 87).
- 3.13 That the policy for making a prudent level of revenue provision for the repayment of debt, (the Minimum Revenue Provision policy) as set out in Annex 3C of the Capital Strategy (Appendix A, Annex 3, page 96), be approved.
- 3.14 That the revised Treasury Management Policy Statement (Appendix A, Annex 3, page 102) and Treasury Management Practices (Appendix A, Annex 3, page 103), which set out the policies, objectives and approach to treasury management, are adopted.

Pay Policy Statement

- 3.15 That the Council adopts the Pay Policy Statement for 2022/23 as set out in Appendix C.

4 Background to the changes since the Cabinet Meeting

- 4.1 Billing authorities are required to provide a final estimate of the council tax base, the deficit/surplus from the prior year, the performance of the local discount scheme and the Non-Domestic Rates (NNDR) income on 31 January 2022. Given the requirement for Council papers to be published on 2 February 2022,

the recommendations in this report remain unchanged from those put forward by Cabinet. The recommendations made by Cabinet were based upon estimates of these figures. Any potential impact arising from the confirmed district information will be provided as an addendum issued before or at the meeting.

- 4.2 If final returns are not received in time for the Council meeting 10 February 2022, the budgetary impact will be reported and dealt with in the First Quarter Report to Cabinet in July.
- 4.3 Additionally, at the time of the production of these papers, the final settlement was not known. If it becomes available in the period between production of the report and the Council meeting, the impact will be set out in the addendum.
- 4.4 If however, the final settlement is not known by 10th February, an amended budget motion will be tabled at the meeting moved, proposing that the following will apply:
- 4.5 If the final settlement provides an increase in grant funding over that already included, the additional sum will be appropriated initially to the Collection Fund Risk Reserve pending proposals for use.
- 4.6 If the settlement results in a decrease in grant funding, that amount will be appropriated from the Collection Fund Risk Reserve. In this scenario, the report on the first quarter position to Cabinet in July will set out how that amount will be recovered.
- 4.7 In either case, the action will not result in changes to net revenue budget requirement, or the level of the Council's precept on billing authorities.
- 4.8 It would also be necessary to delegate authority to the section 151 officer to determine whether or not the increase is such as to trigger a referendum. According to the draft referendum trigger, no referendum would be triggered. In the extremely unlikely event of the final published referendum threshold being lower than the draft in such a way as to trigger a referendum, it would be necessary to convene a special meeting to consider the position.

5 Statement of the Executive Director Corporate Services (S151 Officer)

- 5.1 The Executive Director Corporate Services is the Chief Finance Officer appointed under S151 of the Local Government Act 1972 and is also the Chief Financial Officer for regulatory and statutory purposes.
- 5.2 The report by the Executive Director Corporate Services (S151 officer) on the robustness of the estimates, reserves and capital strategy is set out in the separate report elsewhere on this agenda.

6 Other Issues

- 6.1 The findings of the Equality Impact Assessment (EIA) carried out are included at Appendix B of this report.

7 Relevance to the Council's Everyone's Essex Strategy and Plan

- 7.1 The Annual Plan for 2022/23 covers the action the Council will take next year to contribute to Everyone's Essex, alongside the Budget. The Annual Plan is set out in Appendix A.

8 Internal and External Consultation

- 8.1 All Executive Directors and Directors have been involved in the preparation of the Annual Plan and the Budget.
- 8.2 Through budget consultation meetings the Council engages with representatives from the unions.
- 8.3 Public consultation was undertaken during October and November 2021, for a period of 4 weeks. Through this exercise, the Council gathered the views of residents and those who run businesses within the county. The consultation was promoted via the Essex residents panel, through the Council's corporate communications channels and through digital / social media. As well as gathering responses to consultation questions, the Council convened three focus groups to enable deeper discussions and the exploration of key themes.
- 8.4 There were 1,228 responses to the consultation (including both residents and self-employed/business owners). The full report on the budget consultation is shown in Appendix D. The key messages from respondents to the consultation are that:
- the most important issues facing Essex today included:
 - National Health Service/Healthcare (42% of residents and 45% of those who are self-employed/ businesses)
 - Social Care Provision (34% across both groups)
 - Crime/Community Safety (29% of residents; 36% of self-employed/ businesses)
 - the areas of greatest concern to individuals are:
 - Condition of roads and pavements (51% of residents and 47% of business respondents)
 - Climate change (29% and 33%)

- The local environment/pollution (28% and 33%)
- Levels of crime in my town/neighbourhood (25% and 26%)
- When asked about things that should be prioritised for immediate action, participants identify:
 - Developing Essex infrastructure (41% of residents and 45% of business respondents)
 - Supporting those who care for sick or vulnerable people (40% and 32%)
 - Minimising the amount of waste generated in Essex (33% and 31%)
 - Protecting vulnerable children (32% and 37%)
 - Securing high standards in education (31% and 27%)
- Respondents (residents and the self-employed/ business owners) generally want ECC to strike a balance between spending on long-term and short-term needs. They want to find the middle ground between serving the needs of people/places facing greatest difficulty with the priorities of the county as a whole. They also have a clear appetite to see spending decisions taken as close to local communities as possible.
- When faced with financial pressure, respondents are most supportive of moves to:
 - strengthen independence - reducing the need for individuals/ families/ communities to rely on public-funded support
 - prioritise resources for the vulnerable.

But respondents were also supportive of moves to streamline services, work with partner organisations/third parties and encourage local people/communities to play a greater role.

Respondents were generally less supportive of strategies that involve the introduction of new charges for services that are currently free at the point of use. They are least supportive of moves to stop delivering services entirely.

- The majority (71% of residents and 67% of business owners/ self-employed participants) agreed that ECC should consider increases in council tax where these would protect services for the most vulnerable people. However, this should be considered only where opportunities to secure efficiencies from streamlined services have been exhausted (63% of residents and 59% of businesses), or where the alternative would be to stop delivering some services (64%).

8.5 Taken together, these results suggest that people who participated in the consultation recognise the continuing financial pressures facing the Council and

the need to prioritise and make efficiencies. They also recognise the need to balance spending on protecting the most vulnerable and on providing good universal services that most residents use.

- 8.6 In response to the key messages, the Council is investing an additional £51m in portfolio budgets for 2022/23 (£45m including other operating costs). The most significant part of the budget is spent on social care services (55% of gross expenditure, excluding dedicated schools grant (DSG)). The Council is also continuing to invest in the maintenance of roads and footways, children's services, economic regeneration and waste.
- 8.7 A briefing on the budget for members of the Corporate Policy and Scrutiny Committee was held on 27 January 2022.

9 Legal Implications (Monitoring Officer)

- 9.1 In each financial year the Council must make its budget calculation in accordance with sections 42A and 42B of the Local Government Finance Act 1992. In particular, it must calculate the total of:
- The expenditure the authority estimates it will incur in the year in performing its functions and will charge to a revenue account for the year
 - Such allowance as the authority estimates will be appropriate for contingencies in relation to expenditure to be charged to a revenue account for the year
 - The financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure
 - Such financial reserves as are sufficient to meet any estimated revenue deficit for previous financial years which has not already been provided for.
- 9.2 Those calculations are then used to determine the council tax requirement for the year.
- 9.3 The Council is required to set a balanced budget and in considering the budget the Council must have regard to the advice of its Chief Finance Officer appointed under section 151 of the Local Government Act 1972.
- 9.4 The Council must issue any precept or precepts in accordance with section 40 of the Local Government Finance Act 1992. The section prescribes what must be included in the issue of the precept. It must be issued before 1 March in the financial year preceding the year for which it is issued but is not invalid merely because it is issued on or after that date.

- 9.5 Under section 25 of the Local Government Act 2003, the Chief Financial Officer (section 151 officer) is required to report to the authority on the robustness of the estimates made for the purposes of the calculations required to be made by the Council. These are the estimates which the Cabinet is required to determine and submit to Full Council and are contained within this report. The Chief Finance Officer is also required to report on the level of reserves.
- 9.6 In deciding its Capital Programme for the year, the Council must have regard to the 'Prudential Code' established by and under the Local Government Act 2003. This is addressed in the report.
- 9.7 The budget makes provision on the basis that a number of changes to Council services which are under consideration may be made. The budget does not itself authorise any changes to services and does not assume that changes will be made. Any changes to services will need to be the subject of appropriate consideration by the Cabinet Member or the Cabinet following, where appropriate, consultation and a full report setting out options for change, the impact of the proposed changes on service users, including in particular the impact on different equality groups. Where a decision is made not to implement any changes then budgetary adjustments may need to be made but the Council is confident that whilst savings over the 2022/23 budget are assumed, each can be implemented in a number of ways, thus no particular changes are assumed.
- 9.8 The setting of the budget is a function reserved to the Full Council, but the Cabinet is required to make recommendations it wishes to make to Full Council on the various calculations the authority is required to make. Once the budget is agreed by Full Council, the Cabinet cannot make any decisions which conflict with that budget, although variations and in year changes may be made in accordance with the Council's Financial Regulations. Similarly, any decision made by the Cabinet or by an officer exercising executive functions must be made in accordance with the policies, plans and strategies agreed by Full Council, including the Everyone's Essex Strategy.
- 9.9 Section 106 of the Local Government Finance Act 1992 restricts any member of the Council from voting on the budget or council tax requirement if they owe any amount of council tax to any local authority which has been outstanding for more than two months. If this applies to a member and they attend a meeting at which the council tax requirement is to be set they must declare this fact and they cannot vote. It is an offence to vote or to fail to make this declaration.
- 9.10 Section 52ZB of the Local Government Finance Act 1992 requires the Council, when setting council tax, to determine whether or not the increase is 'excessive'. An increase is excessive unless it is within parameters determined by the Secretary of State. If an increase is 'excessive' it can only be implemented if supported by a referendum.
- 9.11 The final decision on what is an 'excessive' increase for 2022/23 has not yet been made, and a decision is not expected until early February 2022.

- 9.12 The draft principles for 2022/23 published by the Secretary of State in December 2021 state that for the Council any increase of 2% or more (excluding the 'social care precept') would be defined by the then Secretary of State as 'excessive'.
- 9.13 In addition, social care authorities are permitted to levy a 'social care precept' of up to a further 4% over two years without the overall increase being considered 'excessive', although Essex used 1½% of this in 2021-22. There is no legal requirement for the money raised to be used for adult social care services, but the Secretary of State has previously indicated that he will ask local authorities how they have spent the money. If an authority is unable to demonstrate usage for social care purposes, he may restrict that authority's ability to raise council tax in future years.
- 9.14 This means that any overall increase by ECC of 4.5% or more would trigger a referendum. The recommendations in this report would not trigger a referendum.

10 Staffing and Other Resource Implications

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

11 Equality Impact Assessment

- 11.1 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.
- 11.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation. In addition, marital status is a relevant protected characteristic for 9.1(a).
- 11.3 The equality implications have been assessed as part of the budget setting process as detailed in Appendix B. Equality impact assessments will be carried out before any decision is taken to change any services in response to the

budget or otherwise - please see paragraphs 6.1 and 9.7 of this report for further information.

12 List of Appendices

Appendix A – Essex County Council Annual Plan 2022/23

Appendix B – Equality Impact Assessment (Annual Plan and Budget)

Appendix C – Pay Policy Statement

Appendix D – Budget Consultation Report

Everyone's Essex Annual Plan

2022-2023



Essex County Council Everyone's Essex Annual Plan 2022/23

Contents

1. Foreword by the Leader
2. Everyone's Essex Strategic Aims
 - a. Aim 1: Strong, inclusive and sustainable economy
 - b. Aim 2: High quality environment
 - c. Aim 3: Health, wellbeing and independence for all ages
 - d. Aim 4: A good place for children and families to grow
3. Resources
 - a. Financial Strategy 2022/23 to 2025/26
 - b. 2022/23 Revenue Budget
 - c. 2022/23 Capital Programme
4. Annex 1: 2022/23 Revenue and Capital budgets
Annex 2: Performance
Annex 3: Capital and Treasury Management Strategy

1. Foreword by the Leader

This is the first annual plan and budget since this administration was elected in May 2021. Since the election, we have been busy delivering on our vision of Renewal, Equality and Ambition for Essex. This vision has been the golden thread running through our initial 100 Day Plan, our four-year strategy Everyone's Essex, our plan for Levelling Up the county and making real progress on climate action. This annual plan and budget ensures that the Council's resources are aligned to keep delivering on this vision for the benefit of all of our residents.

This budget is adopted at a time that is both challenging and positive. It is challenging because we know that the pandemic is not yet fully over; because there is a need to help businesses, employees and residents to recover from the impacts and losses of the last two years; and because we know that cost of living pressures are acute for many individuals and families. But it is also a positive time because, thanks to the high rollout of vaccines, there is the real prospect now of being able to move past the pandemic, to resume normal life again, and to focus on growth and renewal.

In supporting growth and renewal as we emerge from the pandemic, we need to do this in a way that meets our climate goals. Climate action is the biggest issue of our time and a successful future depends on moving rapidly to sustainable ways of working and living.

So, what have we achieved against our targets?

A strong, inclusive and sustainable economy: In 2021 with our partners in the districts, we received £42m from the Towns Fund for Colchester and Harlow, as well as £4.4m from the Community Renewal Fund for projects across Essex. We have created over 600 new roles as part of the Kickstart programme and set up a new opportunities portal to make it easier for residents to find work, as well as creating or safeguarding 120 jobs and 280 businesses supported by our Backing Essex Business Support Service. We have launched the Arts and Cultural Fund, a million pound grants scheme for those groups who already do so much to make Essex special. In the next year we will also put more than £120m of investment into our town centres, kick off our revolving economic renewal investment fund and develop both a skills plan and a growth strategy to make sure we are focused on the sectors that drive future prosperity. Our approach will create more than £1bn of investment into the fabric of the county and support the creation of thousands of new jobs.

High Quality Environment: In 2021 the Essex Climate Action Commission released the Final Report and we responded by unveiling our £200m plan on climate action. We launched a £500,000 fund to support community action on climate change, launched the Library of Things, secured £6m for Green Homes Grants and £17.3m for the Sustainable Warmth Fund. We also continue to build Net Zero schools such as the new building at Sweyne Park, as well as installing low carbon improvements across our estate. We will extend the work of the Commission beyond 2022 to the end of this administration. We will begin the first ever net zero Essex Housing development at Hargrave House. We will also make sustainable transport a much more attractive choice through Bus Back Better, e-scooters and new infrastructure. By the end of this administration we will have replaced all 128,000 street lights in Essex with LEDs, saving 6500 tonnes of carbon per year.

Health, Wellbeing and Independence for All Ages: Last year we launched the new Essex Care Technology Service to support people to access the technology to live independently for as long as they can, the Fit for the Future Strategy and My Care Record, allowing professionals to see people's care records and provide them with joined-up support. We have supported our care market through the increased pressures of covid and beyond with tens of millions of pounds of funding. We also continue to be class-leading in supporting our own social care staff, this year achieving Social Work Employer of the Year. In the coming years we will develop our approach to prevention and early intervention, improving our support to carers and our quality of practice, especially in digital technology. We will take forward work on a Centre for Excellence in Care, supporting our magnificent care workers across Essex. We will also improve access to housing and employment for vulnerable people, as well as building more and better independent living accommodation.

A Good Place for Children and Families to Grow: In 2021 we unveiled our Plan for Working Families, invested £1m in our Education Excellence Taskforce, reached 17,000 children through the summer reading challenge. We also produced a new Vision for Libraries which is currently out for consultation and had a hugely successful It's My Life Festival for children in care. Finally we launched our new commissioning strategy for domestic abuse, underpinned by £2.8m of funding, and launched the Essex Safety Advisory Group. Looking forward, the Safety Advisory Group will deliver a series of initiatives this year to help make our streets even safer. The Education Taskforce will deliver the Year of Reading, and Essex will launch the Early Years Strategy and a new strategy on corporate parenting.

Levelling Up Essex: We need to widen opportunities across Essex, so that more people can fulfil their potential. We set out our approach to doing this in our recent Essex Levelling Up White Paper. At the same time as we published the White Paper, we also published an audit of our existing work, and announced a £10m fund to support our efforts to level up the county. Since then, we have made further announcements, including: an additional £10m investment in economic growth and skills; a £500,000 Community Challenge Fund; a financial wellbeing programme; a family friendly employers charter; and a continuation of Essex holiday activity clubs. We are also seeking to invest into addressing cost of living pressures and to support Levelling Up. There will be more initiatives announced over the coming year as we continue to inject opportunity, aspiration, and achievement into all parts of our county.

I am proud of what we have achieved in the first months of this administration and this Annual Plan strengthens our ability to achieve the renewal, equality and ambition that Essex and its residents deserve.

2. Everyone's Essex Strategic Aims

Aim 1: Strong, inclusive and sustainable economy

Aim 2: High quality environment

Aim 3: Health, wellbeing and independence for all ages

Aim 4: A good place for children and families to grow

Aim 1: Strong, Inclusive and Sustainable Economy

Generating annual output of some £40 billion, larger than many City regions, Essex is a substantial, growing, and diverse economy. The County supports 700,000 jobs and 74,000 businesses and is home to world leading R&D in quantum technologies, medicine, data science and manufacturing – all underpinned by a strong corporate base and growing universities. Essex has excellent connections to London; Cambridge and the M11 Corridor; East Anglia; and the rest of the world – and we are growing rapidly as more people choose to make Essex their home. Essex also has a very significant small and medium size business sector, with a strong entrepreneurial culture highlighted by a sixth of workers in the county being self-employed.

We have strengths in a number of economic sectors including financial services, advanced manufacturing, and the knowledge economy, and are well positioned to take advantage of a growing potential in crucial growth sector sectors such as Clean Energy that will drive a more sustainable economy of the future. We will deliver and maintain high quality infrastructure to improve opportunities for people living in Essex as well as supporting a growing economy and the delivery of new homes and communities by investing in the region of £1 billion by the end of this council. With our partners we have secured £489m from the Housing Infrastructure Fund and Housing Investment Grant and £27m from Get Building Fund for projects enabling sustainable development of key places. On town centres we have worked with our partners to secure £42m investment into Colchester and Harlow from the Town's Fund and have held a successful High Street Summit. Across Essex there are ambitious plans to renew existing communities and build high quality new ones, like our 'garden communities', ECC will continue to play a full role in the delivery of these important projects.

Despite this strong position COVID-19 has had a dramatic impact on the local economy. The sectors most disrupted by the pandemic such as retail, accommodation & food services, and construction businesses employ more than 225,000 Essex residents and as a result over the past year the districts of Basildon, Braintree, Chelmsford & Epping Forest have recorded among highest proportion of furloughed workers in England. The disruption to employment, whether through furlough or the outright loss of a job has a real impact on people – we know over the course of the pandemic a fifth of unemployment claimants were aged 16-24, a group disproportionately impacted by losing employment.

The county also suffers from some long-term systemic economic challenges, exacerbated by COVID-19, which hold our residents back from achieving their full potential this includes: lower levels of productivity compared to some other areas; lower levels of residents with NVQ level 4 qualifications; gaps in earnings for people who live and work in the county and those who travel outside for work; challenges around the availability of quality housing to meet deprivation; and high levels of deprivation in pockets across the county.

We are already working hard to support businesses affected by the pandemic, so that they can protect jobs, resume profitable trading and grow sustainably in the future, and are working with partners to support those made unemployed to retrain. But our plans are not just about recovering from the impacts of the pandemic, we are also ambitious for the future of the Essex Economy. As well as supporting our existing businesses, we want to attract new medium sized and larger firms to locate to Essex, particularly those in rapidly emerging economic sectors. Working with

partners we want to support our whole workforce to upskill to enable it to progress into more gainful and sustainable employment in growing sectors of the economy. This will also deliver the necessary skilled labour supply to enable businesses to recover, adapt, innovate and grow.

Where do we want to go to by the end of the plan?

To tackle these challenges and grasp the opportunities that lie in front of us, this plan set outs a range of activity over the course of the Everyone's Essex plan for next 4 years until 2025. While we are delivering those initiatives and actions, we need set out our ambitions for the medium-term direction of our work and keep one eye on how we are progressing towards them. By 2025 we want to be able to say that we have:

1. Supported residents who become unemployed and increased the number of residents with training and skills qualifications aligned to the requirements of the Essex economy, through information, advice and guidance and job matching solutions to enable local people to access gainful employment and training opportunities
2. With partners, delivered place-based renewal and growth addressing the socio-economic determinants of health (income, education, employment, and housing) to reduce the proportion of Essex Population in the most deprived 20% of areas
3. Delivered infrastructure to support delivery of high-quality new homes & communities and sustainable growth of existing places using £516m of committed investment by 2025, using this to leverage additional funds to expand the programme
4. Created the conditions for growth for existing Essex economic sectors and those of the future, to attract high levels of new inward investment and business relocations
5. Work with employers to help them to drive local Higher, Further, and Adult Education provision and investments to meet their needs, as well as encouraging them to work with us to support unemployed people, and those with learning disabilities or Special Educational Needs and Disabilities (SEND) to (re-)enter the workforce

Across all of these ambitious end-states for the plan, collaboration with our partners will be crucial to achieving success. Anchor institutions, local businesses, education institutions like our 3 Essex Universities, and our District and Borough councils, both individually and through economic partnerships, will all play important roles in the delivery of our wider strategic aims and this is recognised throughout this delivery plan.

Aim 2: High Quality Environment

The scientific evidence of climate change is overwhelming. The impacts of climate change – both globally and locally – could be severe without significant intervention. These impacts of climate change are already being felt today by Essex residents. We can expect to see warmer and wetter winters, hotter and drier summers and more frequent and intense weather extremes overall. Our long, low coastline makes us particularly vulnerable to rising sea levels, and many areas of the Essex coastline have already experienced significant impacts. As we look ahead, the number of homes at risk of flooding in Essex could double by 2050, and the water shortages we already experience in the summer could get worse still. These changes threaten our safety, our health and our economic wellbeing.

Essex will also play its part in delivering the UK's commitment to reduce its greenhouse gas emissions and to achieve net zero emissions by 2050. Meeting this commitment will require significant changes in the way we live, including shifts from private cars to more sustainable modes of transport, a move to low carbon heating in energy efficient buildings, the increased use of energy from renewable sources, and the development of a 'circular economy' in which both waste and the unnecessary use of natural resources is minimised. Government policy and investment, business decisions and changes to individual choices will all be required to enable these changes.

Strengthening our county's natural assets will also be a vital element in our strategy to combat climate change, both to absorb carbon and reduce our exposure to climate risks including flooding and overheating. We know that over the last century the intensification of agriculture and the growth of our towns and villages has led to the loss of green spaces and biodiversity. Essex currently has one of the lowest areas of land given over to trees in the UK, and only around one in three households are within a five-minute walk of a publicly accessible green space. Again, this has a direct impact on quality of life. Green spaces are valued highly by Essex residents and the benefits they bring in terms of physical and mental health are well-recognised.

The Covid-19 pandemic has created new challenges and opportunities. In the short-term we have seen a loss of confidence in public transport and an increase in domestic waste produced through home-working. But we have also seen reductions in car use as more people have worked from home. We have also seen a more explicit appreciation of local green spaces within our communities.

Although there are significant challenges ahead, Essex residents recognise the need for a response. Around 66% of residents say they are 'extremely' or 'very' concerned about climate change, and more than three-quarters (78%) consider that they are already taking action to help tackle climate change. This is a good foundation upon which to build: we will work closely with, and empower our residents and communities to support the changes required to protect our environment, bring down emissions and safeguard our future health and prosperity.

Our work with the Essex Climate Action Commission gives us an opportunity to develop ambitious proposals, based on leading expert advice, and to build broad consensus around their implementation. We already have a strong track record in delivering projects to support climate change mitigation and adaptation, including the Essex Forest Initiative, recycling and energy efficiency programmes, renewables projects, and

flood defence. We will take this momentum and the passion of Essex residents to tackle this problem with us on our mission to make Essex a net zero county by 2050, and a home of green innovation.

Where do we want to go to by the end of the plan?

To tackle these challenges and grasp the opportunities that lie in front of us, this plan sets out a range of activity over the course of the Everyone's Essex plan for the next 4 years until 2025. While we are delivering those initiatives and actions, we need to set out our ambitions for the medium-term direction of our work, and keep one eye on how we are progressing towards them. By 2025 we want to be able to say that we have:

- 1) Significantly reduced ECC's carbon footprint through our estate, operations and supply chain, and are on track to meet our target of a net zero Essex County Council by 2030.
- 2) Made significant progress in the transition to more sustainable energy, travel and housing, and towards a circular economy that minimises waste, developing sustainable and healthy neighbourhoods.
- 3) Worked with our communities to make them more resilient against environmental challenges including flooding, heat stress and water shortages.
- 4) Worked with our communities and businesses to enable and empower local action to reduce greenhouse gas emissions and build climate resilience.
- 5) Developed the quality and accessibility of our natural environment and green infrastructure so that it enhances quality of life for all our residents.

Across all of these ambitious end-states for the plan, collaboration with our partners will be crucial to achieving success. Anchor institutions, local businesses, education institutions like our 3 Essex Universities, and our District and Borough councils will all play important roles in the delivery of our wider strategic aims and this is recognised throughout this delivery plan.

Aim 3: Health Wellbeing and Independence for All

Historically, Essex has enjoyed good health, but there are public health challenges that affect Essex as a whole, as well as significant inequalities experienced in different locations and by different groups across the county. Prior to the Covid-19 pandemic, life expectancy, healthy life expectancy, and disability-free life expectancy for both men and women were higher in our county than the England average. Below the county level however, the picture of life expectancy is much more varied. There is a gap of around 12 years in life expectancy between those living in the most and least deprived neighbourhoods. Those from more deprived neighbourhoods are also more likely to spend more years living in poor health, limiting access to economic and social opportunities. Identifying the specific cause of inequality is complex, but it is unlikely that differences in access to or the quality of local healthcare could account for all these differences. Rather, these inequalities are in part driven by socioeconomic and environmental factors or the 'wider determinants of health', including inequalities in income, employment, education and living conditions.

The challenge of inequality relates to mental health as much as physical health and there remains a particular concern around high suicide rates, with three Essex districts amongst the top four in the country. Those who have reported worsening mental health during the pandemic are often from the same groups that have been most impacted by the virus itself or by measures taken in response to it. People from an ethnic minority background, care givers, lower-income households, children and young people and people who were shielding for long periods have all been particularly affected. Frontline health and care staff have also reported heightened levels of stress and anxiety. Research with vulnerable groups suggests that during the pandemic, the risk of infection and changes in restrictions, and expectations around others' behaviours led to a loss of confidence and independence, loneliness and isolation and a decline in physical, emotional, and financial wellbeing. This is on top of the barriers and challenges already being faced by vulnerable groups before Covid-19. Tackling these inequalities will require us to work differently with our residents and communities, working with them as active partners in the system, not as passive recipients of services. They are best placed to understand their own needs and challenges, and help to design and deliver services, and build resilience locally.

Over recent years, public funding for social care has failed to keep pace with need and costs. Pressures associated with inflation, increases in the national living wage and competition for workers in other sectors, combined with the constant growth in frail older people and younger people with disabilities, has placed considerable pressure on the system. With publicly funded care being driven towards the most acute, complex and expensive services, this leaves fewer resources to support earlier interventions that could secure better long-term outcomes. We must also work to transform social care provision for the future and prepare for significant national reforms that are on the horizon, including implementation of the Health and Social Care Bill, changes to the adult social care charging system and introduction of a new national assurance regime. 2022 will also see the Integrated Care Systems (ICSs) become legal entities and there will be a huge amount of work to create effective new systems that work at different levels, from the community and district to ICS and county levels.

A key priority for the year ahead is the need to stabilise the care system, given the impacts of the pandemic, and to work with the broader social care market to build resilience, stability and viability – this will be a crucial foundation if we want to be able to focus on longer-term issues. To achieve this, we need to innovate at the local level by exploiting the potential of new technologies to enable more people, including those with more complex needs, to live independently or be cared for at home. It will mean working to secure closer integration and alignment between health care and social care provision – ensuring that service users' and patients' care is coordinated around their needs. This will also mean supporting unpaid carers – national estimates suggest that there has been a surge in the number of people providing care for older, disabled or seriously ill relatives or friends since the pandemic began. These carers face extreme pressures and there are huge challenges in supporting unpaid carers to maintain their own wellbeing and have access to opportunities in other areas of their lives. There are also challenges for the wider care system as unpaid carers begin to return to work and/or face hardship due to caring or job losses.

Where do we want to go to by the end of the plan?

To tackle these challenges and grasp the opportunities that lie in front of us, this plan sets out a range of activity over the course of the Everyone's Essex plan for the next 4 years until 2025. While we are delivering those initiatives and actions, we need to set out our ambitions for the medium-term direction of our work, and keep one eye on how we are progressing towards them. By 2025 we want to be able to say that we have:

- Developed a joined-up programme of short- and longer-term support to help to address the socioeconomic drivers of poor health, and to 'level up' the health of our deprived and left-behind communities and residents.
- Supported residents of Essex to make more informed choices that will enable them to experience better physical health and reduce their likelihood of developing long-term physical health conditions, and will have improved access to support for residents experiencing mental health concerns.
- Worked with partner organisations, communities and employers to improve outcomes for vulnerable residents and those with complex needs, to increase access to employment and suitable accommodation and to enable them to have greater choice and control over different aspects of their lives.
- Moved towards a community-based model of adult social care that is more local and helps people to get the right support at the right time to maintain their independence and quality of life.
- Worked with partners to support changes in the health care system and make better use of the total public sector spend on citizens in a place, and shifted resources from a reactive, demand-led model of health and social care towards one which underpins prevention and early intervention.

Across all of these ambitious end-states for the plan, collaboration with our partners will be crucial to achieving success. Health partners, District and Borough councils, community organisations, anchor institutions, local businesses and education institutions like our 3 Essex Universities will all play important roles in the delivery of our wider strategic aims and this is recognised throughout this delivery plan.

Aim 4: A good place for children and families to grow

Everyone should have the best chance to go as far as their talent and hard work will take them. The overarching picture for Essex is that outcomes for most children and young people are good and were improving across the county prior to the pandemic. Educational outcomes for the majority of children and young people are good, and our numbers of Looked After Children are stable and have remained low compared to elsewhere in the country. Our Children's Social Care and Youth Offending Services are now judged Outstanding and the significant majority of our schools and early years settings are also rated as Good or Outstanding. We have an effective range of community-based early help services provided both by our commissioned services and by the voluntary sector, and we deliver interventions which divert young people from care and are based on innovative and evidence-based approaches. Once in care, we work hard to improve outcomes and to enable young people to return home if safe to do so. Our Youth Services are delivered in a way that builds capacity in the communities our children and young people live and grow up in. We also have an active and large voluntary and community sector which harnesses and develops the capacity of volunteers to support early intervention and provide safe and supportive environments and activities which enable families, children and young people to grow and flourish.

Whilst we know that the majority of children, young people and their families are thriving in Essex, the long-term outcomes for children and young people from vulnerable groups or those living in deprived areas are not always as good. Out of a cohort of 217,000 school age children, there are around 5,800 "children in need" (*children and young people (under 18) who need local authority support to achieve or maintain a reasonable standard of health or development or to prevent significant or further harm*); and around 39,000 children in Essex live in neighbourhoods that are amongst the most deprived 20% nationally. In 2019 68.2% of children from deprived communities achieved a 'good level of development' at the end of their reception year, compared to 80.3% in Essex's least deprived areas. This gap grows as pupils progress through school with 43.7% of pupils from deprived communities achieving English and Maths GCSE at grades 9-4, compared to 72.7% of pupils in the least deprived areas. This trend has potential consequences for young people's future opportunities, for example 18.5% of Children receiving free school meals in Essex go on to higher education, compared to 38.6% of those who are not in receipt of free school meals. The impacts of deprivation extend beyond education settings as financial pressures can affect family life, shaping children's earliest experiences, and impacting on their wider health and wellbeing. Around three in ten children in Essex currently live in households where incomes fall below the level required to sustain a 'decent' standard of living. Amongst single parent families, this increases to almost seven in ten. Working parents in struggling households can experience low-paid work, irregular hours and limited opportunities to progress.

During the Covid19 pandemic education providers have worked tirelessly not only to ensure continued education in person and through remote learning, but also to support the welfare of children and families by providing free school meals, food parcels, activity packs and undertaking welfare checks on all children. It is thanks to this hard work that we know that some children have been able to thrive during lockdown and overall, children across Essex have returned to school eager and ready to learn and connect again with friends. Despite the efforts of schools, social care workers and the range of partners we work with, we know however that the impacts of the pandemic on our children and young

people have not been mitigated completely. The closure of schools to the majority of pupils has limited children's access to support and removed some of the protection of school, with the number of children referred from schools to children's social care being significantly lower than anticipated in the period between April and November 2020. Our most disadvantaged children and families are also more likely to have experienced loss of household income through furlough or unemployment through the pandemic; these are also the children who faced some of the greatest barriers to remote learning, with challenges around access to digital devices and study spaces.

Tackling these issues will be a challenge for partners across Essex. The pressures of the pandemic are likely to drive increases in demand for services, both across children's social care and education. But partners will also need to work to influence the early years and school system, the further and the higher education sectors, and national government policy to tackle immediate pressures and drive social mobility. We need to be influential and encourage and promote opportunities for children from marginalised communities or disadvantaged backgrounds who would otherwise be unable to access them. Crucially, we need to tackle the underlying causes and drivers of poverty, deprivation and disadvantage in our communities.

Where do we want to go to by the end of the plan?

To tackle these challenges, this plan set outs a range of activity over the course of the Everyone's Essex plan for next 4 years until 2025. By 2025 we want to be able to say that we have:

1. Improved educational experiences and outcomes for children and young people by increasing the percentage of children who are who are achieving a 'good level of development' at age 5, the percentage of young people achieving 9-4 in English & Maths at GCSE, and the percentage of children and young people attending a school rated 'Good' or 'Outstanding' by Ofsted.
2. Supported low income working families to help them build resilience and prevent them from reaching crisis points where they might require more intensive interventions from different agencies.
3. Worked with partners to continue to safeguard vulnerable children from a range of harms in at home in the community including domestic abuse and criminal exploitation; maintain low levels of youth offending and reoffending; and put in place new interventions to improve the safety of women and girls.
4. Improved the outcomes for vulnerable young people and those with poorer average outcomes including at attainment EYFS, KS2 and KS4, increased access to post 16 and higher education, and improved employment prospects. We will also put in a place a plan for sustainable SEND provision to ensure needs are addressed with the right provision at the right time.
5. Worked with partners and communities to put in place a new and comprehensive package of support to enable vulnerable families mitigate immediate pressures and build long-term resilience on matters such as financial wellbeing, low paid employment, insecure housing, and physical and mental health.

Across all these ambitious end-states for the plan, collaboration with our partners will be crucial to achieving success. Early Years providers, schools and other education providers (including Further and Higher education, and adult skills), community and voluntary sector organisations,

district and borough partners, Essex Police, Health Services, and housing providers will all play important roles in the delivery of our wider strategic aims.

Resources

Financial Strategy 2022/23 – 2025/26

The 2021/22 financial year has been challenging as the Covid-19 pandemic continues. There have been significant levels of spend to support the continuation of Adult Social Care and frontline services being delivered to residents, as well as support for those hardest hit by the pandemic, working in conjunction with partner organisations. We have also seen reductions in the level of income we receive where we charge for services, as a result of lockdowns and restrictions on activities, alongside changes in residents' behaviours. At the time of writing, spending pressures and income losses in relation to the pandemic are estimated at over £120m for ECC. To support this we have received significant funding from Government, however the medium to long-term impact of the pandemic on the economy and demand for services is still unknown and leaves us with a significant level of uncertainty in our medium-term financial strategy.

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

The budget sets out the financial resources that we have available to deliver our statutory requirements, political priorities and the Annual Plan and therefore achieve the Everyone's Essex Strategic Aims. In 2022/23, we will spend a gross budget (including schools) of **£2,082m**, which, after taking income and specific grants into account, amounts to a net cost of services of **£1,083m**, some £45m or 4% more than originally budgeted in 2021/22, and invest **£284m** in our capital programme. This budget is underpinned by a financial strategy to ensure that we can continue to live within our means, whilst also continuing to deliver essential services to residents and keep council tax as low as possible.

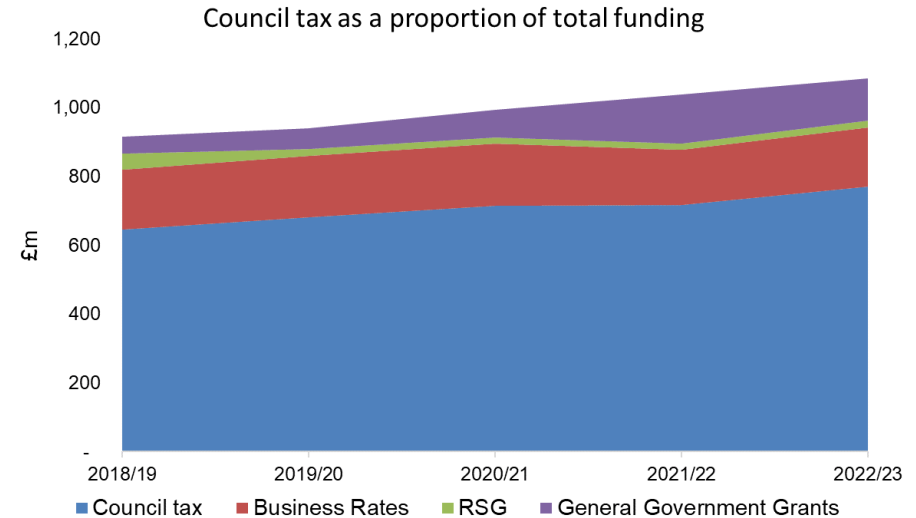
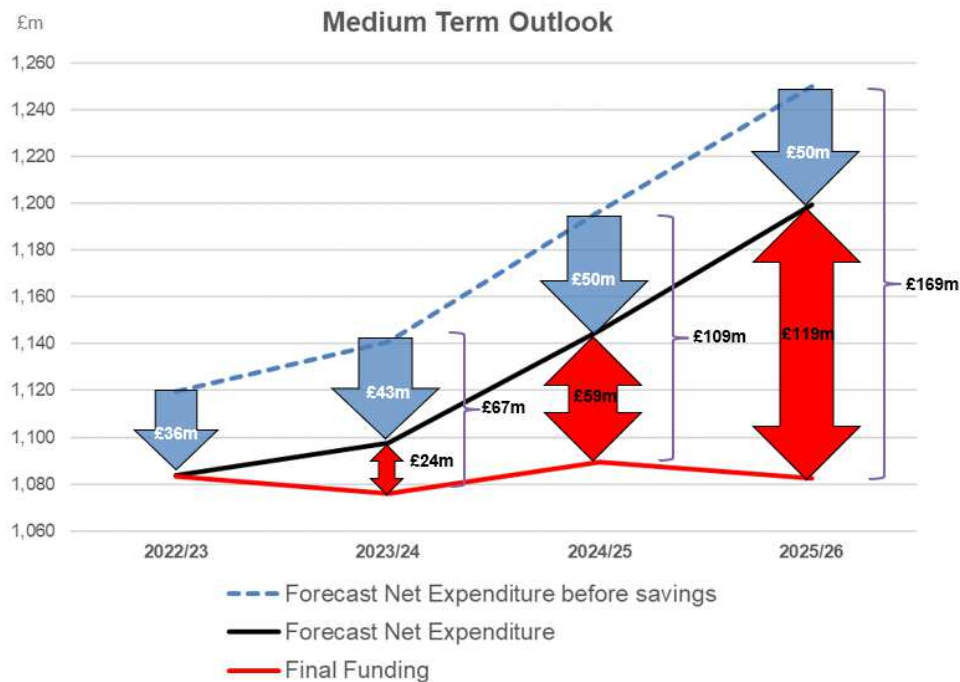
We have a strong record of sound financial management, and over the last 4 years have generated savings to taxpayers of **£222m**. A further **£36m** of new savings are forecast to be delivered by the end of 2022/23 (**3%** of net budget). The planned savings are focused around transformation of community care for Older People to deliver better outcomes, generating efficiencies through the "Meaningful Lives Matter" programme by providing better support to adults with learning difficulties, use of technology, contract efficiencies and more efficient use of buildings. We have an outstanding track record of delivering savings, generating income and delivering value to our residents, with a constant focus on strategic outcomes and financial prudence.

The Provisional Financial Settlement from Government confirmed the majority of announcements in the Autumn Spending Review. This included new monies for social care as well as a new Services grant for 2022/23. In addition to this, for the Dedicated Schools Grant (DSG), an additional £21.9m in respect of the High Needs Block was announced. There was only a one-year funding announcement for most grants. The Provisional Settlement also confirmed the continuation of Revenue Support Grant (RSG) of £19m.

Our long-term funding position is less clear. There is no funding certainty from Government beyond 2022/23, which makes it difficult to plan for the longer term. Our medium-term strategy assumes the continuation of Revenue Support Grant at the provisional 2022/23 level of **£19m**, and the continuation of social care grants at the current 2022/23 level.

Our budget for 2022/23 assumes that council tax is increased by 4.49%. This is made up of a 1.99% general council tax precept, and 1% adult social care precept as set out by Government for 2022/23, plus an additional 1.5% adult social care precept, deferred from 2021/22 using the flexibility set out by Government for 2021/22. The precept is being used to insulate Adult Social Care from higher savings, and support growth in demographics and inflation. Taking these increases into account, the council tax for a band D property will be **£1,401.12; this is an increase of £1.16 per household per week.**

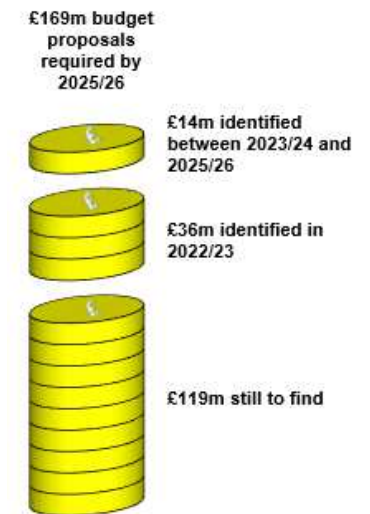
Net expenditure of **£1,083m** is funded by Council Tax, Business Rates, RSG and General Government Grants. Income from Council Tax is the largest funding stream at **£770m** and will make up **71%** of our funding in 2022/23.



Based on latest intelligence on demand for services, inflation, and likely funding levels, we are forecasting a budget gap of £24m in 2023/24 rising to £119m in 2025/26. The most significant driver of the gap is inflation which accounts for £86m, followed by new burdens and other cost pressures of £19m, including financing of the capital programme, then demographic growth of £14m. There are no assumptions made around future levels of council tax in arriving at the gap.

Some progress has been made towards balancing the budget over the medium term. Further new savings totalling £14m have been identified in the medium term to 2025/26, and are included in the forecast gap. Work will continue during 2022/23 to identify proposals to close the funding gap beyond the next year. We are fully cognisant of the challenges faced, including the funding uncertainty, and we are determined to continue to transform how we operate to tackle this enormous task. We are committed to delivery of savings and generating the income required to reach a balanced budget position but also to deliver better services for residents.

There will be a continued focus on commercialism where possible, effective contract management and working with partners to secure value for money in delivering our strategic aims and priorities. We will be redesigning services where appropriate to ensure they remain modern and fit for purpose. The capital programme includes £46m of schemes which will result in cash savings or reduced costs thus reducing the burden on taxpayers.



Capital

The capital programme presented is fully developed for 2022/23 and provides the current view of the programme for 2023/24 to 2025/26. The 4-year programme totals £1,315m, and is one of the largest four year programmes to be announced by the Council.

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

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

The approach to the development of the capital programme is:

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

Over the last three years we have invested over £208m on improving the quality of the roads and footways. As a result, we have seen significant improvements in the condition of the main road network, local roads and improvements to relieve congestion in several key locations.

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

Over the next year delivery will continue on significant packages of highway works such as a new junction on the M11 at 7a, and improvements to the M11 Junction 8 and at the A127 / A130 Fairglen Interchange. We will continue to work closely with the Department for Transport and National Highways to secure funding for our developing longer-term pipeline covering the next 10 to 15 years, which will provide greater opportunities to leverage external funding and work with third parties to enable greater outcomes for Essex.

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

Essex Housing Development Limited Liability Partnership (LLP) is our housing development arm which works with public sector partners across Essex to identify and bring forward surplus land in order to help address general, specialist and affordable housing need, generate capital receipts and deliver revenue benefits. The ambitious programme continues in bringing forward private units which offset the costs of the affordable and specialist units to ensure the model is financially sustainable. Specialist units such as Independent Living for Older People and People with Learning Disabilities help promote the independence of some of the most vulnerable in the County, improve outcomes and reduce the costs of social care provision. Our ambition over the next four years is for 443 units to be delivered.

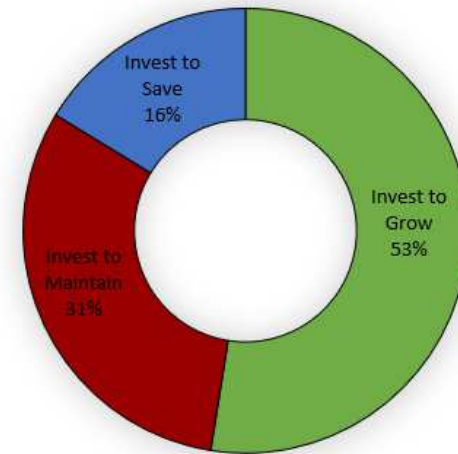
Increased investment and working in partnership with organisations and communities across the county is vital to achieving the ambitions for the Essex Climate Action Commission. We will continue the aspiration to achieve net-zero through delivering buildings that will have a net-zero carbon operational design; transforming our estate to be more energy efficient; make Essex more resilient to climate impacts such as flooding; deliver and maintain new and existing cycling infrastructure and active travel schemes which enable people to walk and cycle; replace streetlighting lanterns with LED units which will result in a significant energy saving and carbon reduction.

Our collaboration with Essex Schools has seen our special school places increase, and we will continue with this programme of works focusing on new schools and the start of the pupil referral unit programmes. This continues to represent a step change in the provision and helps to reduce distances children with Special Educational Needs and Disabilities need to travel, keeping them closer to their family and reducing associated costs. This programme continues with a further £42m being spent over the next 4 years. On top of this there is £162m being spent on mainstream education over the next 4 years to ensure that additional pupil places are being delivered in the areas of need.

The total of the 2022/23 programme is **£283.6m**. This can be analysed as follows:

- **Invest to Maintain** totals £89m and includes areas where the Council is maintaining (but extending the life of) its current assets, for example, highways and the flood programme.
- **Invest to Save / Generate Return** totals £46m and includes areas where the Council is investing to generate a return or saving, for example, accommodation for older people with disabilities, LED lighting and the Essex Housing Programme.
- **Invest to Grow** totals £149m and includes areas where the Council is expanding its capacity, for example, economic growth schemes in infrastructure and highways, creating new school places to meet additional demand from demographic changes, new housing developments and enhancing skills in key growth areas.

Capital Programme 2022/23 £283.6m



2022/23 Revenue Overview

Despite the financial challenges facing local government, the budget for 2022/23 is increasing. Gross expenditure to be incurred in the delivery of Council services in 2022/23 is **£2,082m**. After taking income and specific grants into account, the net costs of services amounts to **£1,083m**, an increase of **£45m** or 4% over 2021/22.

Budget breakdown

	2021/22 £m	2022/23 £m
Gross Expenditure	2,014.0	2,082.4
<i>Deduct:</i>		
Income	(269.6)	(277.7)
Specific Government Grants (excluding DSG)	(165.8)	(169.7)
Specific Government Grants (DSG)	(540.7)	(551.6)
Subtotal: Net Cost of Services	1,037.9	1,083.4
<i>Deduct:</i>		
Council Tax Requirement	(717.5)	(763.7)
Revenue Support Grant (RSG)	(18.7)	(19.3)
Non-Domestic Rates	(180.2)	(177.9)
Non-Domestic Rates Collection Fund Deficit *	21.2	7.8
General Government Grants	(143.0)	(123.6)
Council Tax Collection Fund Surplus*	0.3	(6.7)
Subtotal: Total Funding	(1,037.9)	(1,083.4)
Balanced budget	0.0	0.0

*Estimate of the variation of actual council tax and non-domestic rates revenue 2021/22 compared to that budgeted (technical adjustment).



Income

Within the budget, income of **£278m** is expected in 2022/23, an increase of **£8.1m** when compared to 2021/22. The breakdown of income streams by portfolio is shown on page 23.

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

A significant proportion (**88%**) of the income recharges relate to the Better Care Fund.

	2021/22 £m	2022/23 £m
Fees and Charges	(119.9)	(122.3)
Contributions from Other Bodies	(50.5)	(57.5)
Interest Receivable	(0.8)	(0.9)
Rents and Lettings	(6.0)	(5.6)
Sales	(0.7)	(2.1)
Other Income:		
Appropriations Income*	(20.0)	(19.4)
Dividends	(0.9)	(1.2)
Income Recharge	(53.4)	(50.1)
Other Recharges	(17.4)	(18.6)
Capital Grants	-	-
TOTAL	(269.6)	(277.7)

* Appropriations Income is the budgeted drawdown from reserves, such as the PFI and Waste reserve, as well as the budgeted surplus from trading accounts that is attributable to the County Fund.

Specific Government Grants

The budget also includes **£721m** of specific government grants, the most significant are the Dedicated Schools Grant (**£552m**), the majority of which is passed through to schools, and Public Health grant (**£64m**), which is ring-fenced to public health activity.

Revenue Budget Summary

2020/21	2021/22	2021/22			2022/23		
Actuals	Original	Latest			Gross		Total Net
£000	Budget	Budget	Portfolio		Expenditure	Income	Specific Grants
	£000	£000			£000	£000	£000
414,173	441,280	453,414	Adult Social Care and Health		737,288	(151,389)	(115,669)
122,732	133,060	139,045	Children's Services and Early Years		249,649	(9,737)	(103,475)
14,934	22,800	27,130	Community, Equality, Partnerships and Performance		37,976	(12,298)	(2,018)
2,205	3,607	4,570	Devolution, the Arts, Heritage and Culture		8,062	(3,949)	
(2,832)	6,195	17,976	Economic Renewal, Infrastructure and Planning		10,860	(4,011)	
10,658	16,799	20,726	Education Excellence, Life Long Learning and Employability		543,321	(26,866)	(498,931)
584	10,613	11,127	Finance, Resources and Corporate Affairs		16,470	(2,477)	(256)
102,006	112,576	113,624	Highways Maintenance and Sustainable Transport		135,451	(20,059)	(995)
2,190	2,220	2,915	Leader		2,397		
81,283	81,723	81,856	Waste Reduction and Recycling		90,040	(3,307)	
194,564	115,094	52,028	Other Operating Costs		130,589	(21,483)	
15,497	16,764	19,651	Community, Equality, Partnerships and Performance RSSS		20,194	(2,268)	
955	1,099	1,067	Economic Renewal, Infrastructure and Planning RSSS		1,322	(220)	
71,887	72,280	90,821	Finance, Resources and Corporate Affairs RSSS		96,941	(19,674)	
1,960	1,810	1,970	Leader RSSS		1,860		
1,032,796	1,037,921	1,037,921			2,082,419	(277,738)	(721,343)
							1,083,338

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

2022/23 Capital Programme Overview

2020/21 Actuals	2021/22 Latest Portfolio Budget		2022/23 Budget	2023/24 Aspirational	2024/25 Aspirational	2025/26 Aspirational	Four Year Total
£000	£000		£000	£000	£000	£000	£000
260	770	Adult Social Care & Health	956	2,613	3,207	3,276	10,052
1,089	3,347	Children's Services & Early Years	2,014	655	655	655	3,979
30	554	Community Equality Partnerships & Performance	100	100	100	100	400
428	237	Devolution, the Arts, Heritage & Culture	60	-	-	-	60
68,759	89,506	Economic Renewal, Infrastructure & Planning	125,227	259,521	247,835	63,785	696,367
38,715	45,974	Education Excellence, Life Long Learning and Employability	59,832	86,555	51,465	50,426	248,278
8,961	8,571	Finance, Resources & Corporate Affairs	5,845	5,750	5,750	5,750	23,095
77,177	85,147	Highways Maintenance & Sustainable Transport	89,309	87,015	83,200	72,500	332,024
400	952	Leader	280	-	-	-	280
(5)	124	Waste Reduction & Recycling	-	-	-	-	-
195,813	235,182	ECC Capital Programme	283,623	442,209	392,213	196,492	1,314,535
504	612	Schools Cash Balance	-	-	-	-	-
717	666	Devolved Formula Capital	-	-	-	-	-
1,221	1,278	Total School Balances	-	-	-	-	-
197,035	236,460	Total Capital Programme	283,623	442,209	392,213	196,492	1,314,535

Financed by:

2020/21 Actuals	2021/22 Latest Portfolio Budget		2022/23 Budget	2023/24 Aspirational	2024/25 Aspirational	2025/26 Aspirational	Four Year Total
£000	£000		£000	£000	£000	£000	£000
3,377	1,300	Capital Receipts	5,000	5,000	-	-	10,000
14,915	13,104	Contributions	17,484	30,507	13,986	46,298	108,274
110,906	132,825	Grants	123,776	217,705	218,222	65,217	624,920
-	7,000	Reserves	6,000	7,300	7,300	3,500	24,100
67,837	82,232	Unsupported Borrowing	131,363	181,697	152,705	81,477	547,241
197,035	236,460	Capital Programme	283,623	442,209	392,213	196,492	1,314,535

Council Tax Requirement

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

Statutory disclosure requirement

	£
Net cost of Services	1,083,337,745
General Government Grants *	(123,628,409)
Budget requirement	959,709,336
Less funding available:	
Revenue Support Grant	19,294,802
Non-Domestic Rates	177,909,350
Non-Domestic Rates Collection Fund deficit	(7,847,773)
Council Tax Collection fund surplus	6,683,085
	196,039,464
Council tax requirement	763,669,872
Tax base (Band D equivalent properties)	545,042.45
Band D council tax	1,401.12

The Band D council tax charge is **£1,401.12**. The provisional council tax charge by band is set out in the table below.

	2021/22	2022/23
Council Tax Band	£	£
Band A	893.94	934.08
Band B	1,042.93	1,089.76
Band C	1,191.92	1,245.44
Band D	1,340.91	1,401.12
Band E	1,638.89	1,712.48
Band F	1,936.87	2,023.84
Band G	2,234.85	2,335.20
Band H	2,681.82	2,802.24

* General Government Grants includes PFI grants £23m, Social Care Support Grant £53m, Business Rates Compensation Grant £20m and Transitional Grant £12m

Annex 1: Revenue and Capital Budgets

Adult Social Care and Health (Cllr John Spence)

Revenue Budget

2020/21 Actuals				2021/22 Original Budget				2022/23				
Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000	Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000		Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
7,835	(1)	(6)	7,828	8,865	3		8,868	Access Assessment and Care Management				
7,649	(315)		7,333	8,357	(170)		8,187	Countywide Teams	11,226			11,226
7,322	(399)		6,923	8,269	(83)		8,186	Mid Teams	8,669	(160)		8,510
8,625	(439)		8,187	8,269	(83)		8,186	North East Teams	8,596	(208)		8,388
5,649	(209)		5,440	9,244	(414)		8,831	South Teams	9,582	(468)		9,115
				6,042	(98)		5,944	West Teams	6,658	(109)		6,549
								Care and Support				
217,769	(18,976)	(153)	198,640	231,361	(17,823)		213,538	Learning Disabilities	246,830	(18,215)		228,615
304,479	(136,533)	(78,669)	89,278	249,856	(113,260)	(45,017)	91,579	Older People	260,172	(118,025)	(41,987)	100,160
50,632	(5,425)		45,208	53,448	(4,306)		49,142	Physical and Sensory Impairment	58,361	(5,088)		53,273
190			190	142			142	Corporate and Democratic Core				
140	(14)		125	255			255		145			145
420		(328)	92	420		(328)	92	Health Reform and Integration				
5,349		(694)	4,656	4,025			4,025	Health Watch	210	(69)		141
23,422	(2,795)		20,627	4,025			4,025	Housing Related Support	420		(328)	92
				23,217	(2,317)		20,900	Mental Health	4,136			4,136
								Other Social Care	24,828	(2,363)		22,465
141	(158)		(17)	317	(317)		(0)	Essex Vulnerable Adults				
3,225	(7)	(470)	2,748	3,426		(470)	2,956	Third Sector Funding	279	(279)		
79,740	(1,134)	(86,571)	(7,964)	64,178	(187)	(65,742)	(1,750)	Public Health	3,455	3	(470)	2,988
30,323	(5,079)	(587)	24,656	27,047	(6,400)	(610)	20,036	Service Management Costs	65,947	(186)	(68,011)	(2,250)
375		(162)	213	349			349	Social Fund	27,423	(6,223)	(4,873)	16,327
11			11	0			0	Support to Carers	349			349
												-
753,297	(171,484)	(167,640)	414,173	698,818	(145,371)	(112,167)	441,280	Total Adult Social Care and Health	737,288	(151,389)	(115,669)	470,230

The Public Health grant presents a 2022/23 net expenditure budget of a £2.25m credit in the above table, due to the contribution towards support services. This grant is fully utilised, with the related costs being shown within Communities, Equalities, Partnerships and Performance RSSS portfolio, and Finance, Resources and Corporate Affairs RSSS portfolio (Recharge Strategic Support Services). The presentation is in line with accountancy regulations.

The gross expenditure and grant income actuals in 2020/21 are higher than the 2021/22 and 2022/23 budget figures because these include Covid-19 related expenditure which was one off in nature and not budgeted for in subsequent years.

Adult Social Care and Health (Cllr John Spence)

Capital Programme

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
62	118	Independent Living Older People Lexden Springs	46	6	7	76	135
-	-	Independent Living Adults with Complex Needs	304	2,196	3,200	3,200	8,900
-	-	Bridgemarsh	200	-	-	-	200
1	0	Independent Living Older People Ninefields Waltham Abbey	406	411	-	-	817
196	652	Schemes completing 2021/22 or earlier	-	-	-	-	-
260	770	Total Adult Social Care & Health	956	2,613	3,207	3,276	10,052

Children's Services and Early Years (Cllr Beverley Egan)

Revenue Budget

2020/21 Actuals £000	2021/22 Original Budget £000	2021/22 Latest Budget £000		2022/23 Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
			Childrens Services				
11,341	12,206	12,353	Children's Services and Early Years	15,392	(1,880)	(1,075)	12,438
13,498	12,425	15,351	Childrens Family Support	17,036	(76)		16,959
31,065	28,954	31,814	Childrens Fieldwork	35,269	(1,329)	(3,684)	30,256
52,513	59,504	58,130	Children Looked After	65,371		(7,959)	57,412
5,005	7,131	8,233	Childrens Strategic Management and Development	8,124	(478)	(550)	7,097
95	344	495	Domestic Violence	3,499	(735)	(2,670)	94
7,100	7,073	7,073	Early Years and Childcare	11,214	(4,141)		7,073
2,056	1,964	1,951	Emotional Wellbeing and Mental Health Service	2,015	(6)		2,008
1,901	2,244	2,244	Youth Offending Service	4,545	(684)	(1,617)	2,244
2,131	1,617	1,802	Early Years - non DSG	1,665	(409)		1,256
(3,974)	(401)	(401)	Early Years - DSG	85,519		(85,920)	(401)
122,732	133,060	139,045	Total Childrens Services and Early Years	249,649	(9,737)	(103,475)	136,436

Children's Services and Early Years (Cllr Beverley Egan)

Capital Programme

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
635	2,691	Early Years	737	5	5	5	752
259	200	Children with Disabilities	200	200	200	200	800
88	456	Adaptions	1,077	450	450	450	2,427
107	-	Family Enhancement Centre	-	-	-	-	-
1,089	3,347	Total Children's Services & Early Years	2,014	655	655	655	3,979

Community, Equality, Partnerships and Performance (Cllr Louise McKinlay)

Revenue Budget

2020/21 Actuals £000	2021/22 Original Budget £000	2021/22 Latest Budget £000		Gross Expenditure £000	2022/23 Income £000	Specific Grants £000	Total Net Expenditure £000
(11,458)	635	635	Communities	709		(62)	647
431	(0)	93	Community Initiatives Fund				-
4,688	2,799	3,054	Coroners	3,719	(771)		2,948
96	134	132	Customer Services and Member Enquiries	135			135
(614)	(475)	(486)	Deputyship Service	956	(1,330)		(375)
505	575	567	Emergency Planning	623	(34)		589
(150)	(0)	306	EU Exit				-
328	189	189	Initiatives and Partnerships	197			197
24	(0)	23	Innovation Fund				-
13,124	12,295	13,278	Libraries	14,657	(1,707)		12,950
657	(0)	785	Locality Fund				-
2,313	1,796	1,835	Members Support	1,859			1,859
(59)	(81)	1,527	Outdoor Education	3,349	(3,561)	0	(213)
(907)	(1,748)	(1,650)	Registrars	2,607	(4,343)		(1,737)
2,645	2,647	2,827	Service Design	2,611			2,611
622	621	621	Sports Development	732	(109)		623
(320)	(0)	(40)	Strategic Partnerships				-
3,009	3,415	3,434	Youth Services	5,823	(442)	(1,956)	3,425
14,934	22,800	27,130	Total Community, Equality, Partnerships and Performance	37,976	(12,298)	(2,018)	23,660
773	895	899	Democratic Services	1,168	(227)		941
813	421	1,039	Equality And Diversity	396			396
4,097	4,908	5,037	Legal Services	6,321	(1,157)		5,164
3,091	3,635	4,509	Performance, Business Intelligence, Planning and Partnerships	4,551	(360)		4,192
960	1,166	1,236	Risk Management	1,762	(524)		1,238
5,763	5,739	6,931	Transformation Support Unit	5,995			5,995
15,497	16,764	19,651	Total Community, Equality, Partnerships and Performance RSSS	20,194	(2,268)	-	17,927

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

Community, Equality, Partnerships and Performance (Cllr Louise McKinlay)

Capital Programme

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
-	300	Changing Places	100	100	100	100	400
30	254	Essex Outdoors Centres	-	-	-	-	-
30	554	Total Community Equality Partnerships & Performance	100	100	100	100	400

Devolution, the Arts, Heritage and Culture (Cllr Graham Butland)

Revenue Budget

2020/21	2021/22	2021/22			2022/23		
Actuals	Original	Latest			Gross	Income	Total Net
£000	Budget	Budget			Expenditure	£000	Grants Expenditure
£000	£000	£000			£000	£000	£000
472	793	888	Heritage and Cultural Services		1,613	(481)	1,131
			Leisure				
95	101	101	Contributions To Other Bodies		104		104
(468)	814	1,015	Country Parks		3,239	(2,368)	871
336	150	151	Cressing Temple		228	(85)	144
150	175	175	Rural Issues		175		175
117	99	672	Tourism		215	(115)	100
1,087	1,092	1,106	Trading Standards		1,434	(316)	1,118
416	383	462	Travellers		1,055	(585)	470
2,205	3,607	4,570	Total Devolution, the Arts, Heritage and Culture		8,062	(3,949)	-
							4,113

Devolution, the Arts, Heritage and Culture (Cllr Graham Butland)

Capital Programme

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
428	237	Country Parks Maintenance	60	-	-	-	60
428	237	Total Devolution, the Arts, Heritage & Culture	60	-	-	-	60

Economic Renewal, Infrastructure and Planning (Cllr Lesley Wagland) Revenue Budget

2020/21	2021/22	2021/22			2022/23	
Actuals	Original	Latest		Gross	Income	Total Net
£000	Budget	Budget		Expenditure		Expenditure
	£000	£000		£000	£000	£000
(11,145)	698	668	Developer Management and Staff	2,840	(2,110)	729
(3,801)	2,627	13,885	Economic Regeneration	3,487	(63)	3,424
1,016	1,018	1,037	Environmental Planning	1,377	(334)	1,043
617	434	684	Garden Communities	434		434
8,285	(0)	44	Housing	1,192	(1,192)	(0)
456	445	282	Housing Growth and Strategic Sites	295		295
130	0	319	International Trade	259		259
697	336	14	Inward Investment	15		15
567	606	596	Strategic Spatial Planning	962	(312)	650
346	33	447	Superfast Broadband			-
(2,832)	6,195	17,976	Total Economic Renewal, Infrastructure and Planning	10,860	(4,011)	-
955	1,099	1,067	Capital Programme, Implementation and Delivery	1,322	(220)	1,102
955	1,099	1,067	Total Economic Renewal, Infrastructure and Planning RSSS	1,322	(220)	-

The 2020/21 actuals and 2021/22 Latest Budget for Economic Regeneration includes Contain Outbreak Management and Economic Recovery funding which is one off and does not form part of the base budget.

The Housing policy line refers to charges that are being incurred and recouped from Essex Housing Development LLP.

Superfast Broadband expenditure is funded via draw down from reserves and does not form part of the base budget.

Economic Renewal, Infrastructure and Planning (Cllr Lesley Wagland) Capital Programme

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
134	91	A120 Millennium Way Slips	150	7,105	4,276	-	11,531
71	977	A127 Air Quality	255	254	254	262	1,025
509	345	A127 Auto and Connected Highway	1,100	5,500	16,695	1,092	24,387
4,246	450	A127 Fairglen Junction Improvements	900	6,300	13,502	-	20,702
2,747	2,000	A133/A120 Link Road	4,000	35,029	34,650	9,758	83,437
-	29	Abberton Rural Training	20	-	-	-	20
2,264	5,037	Advanced Scheme Design	14,271	3,750	3,750	3,750	25,521
1,264	1,300	Army & Navy, Chelmsford	816	2,680	1,941	11,770	17,208
1,261	403	Basildon Integrated Transport Package	60	-	-	-	60
1,946	3,018	Beaulieu Park Station	9,000	49,851	60,000	30,000	148,851
6,031	5,114	Broadband Delivery UK Essex Superfast Programme	6,155	-	-	-	6,155
6,024	1,882	Chelmsford Growth Area	355	-	-	-	355
4,118	3,650	Chelmsford North Eastern Bypass	10,000	47,474	29,728	-	87,202
-	550	Colchester Grow on Space	3,227	-	-	-	3,227
30,616	24,846	Sub-total Economic Renewal, Infrastructure & Planning	50,309	157,944	164,796	56,632	429,681

Economic Renewal, Infrastructure and Planning (Cllr Lesley Wagland)

Capital Programme (Cont'd)

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
3,358	2,750	Colchester Rapid Transit	5,368	16,676	14,750	-	36,794
29	85	Colchester St Botolphs	-	2,903	5,919	-	8,822
528	416	Cycling Infrastructure	1,253	2,000	2,000	-	5,253
3,887	4,686	Economic Growth Fund	6,538	3,500	3,500	500	14,038
4,315	8,831	Essex Housing Programme	28,474	36,211	28,029	6,434	99,148
-	1,000	Essex Pedal Power - Tendring	1,400	-	-	-	1,400
-	-	Harlow Investment Fund	5,000	-	-	-	5,000
594	2,506	Harlow Sustainable Transport Corridors North/South (Phase 1:Gilston t	2,160	14,500	17,811	-	34,471
-	590	Jaywick Market & Commercial Space	1,682	-	-	-	1,682
-	-	Local Space Cluster Warehouse	186	-	-	-	186
-	-	Localities	2,337	12,328	8,315	-	22,980
223	191	Loughton Library	159	8,965	2,694	-	11,818
19,788	26,185	M11 Junction 7A and Gilden Way Upgrading	11,686	-	-	-	11,686
85	2,327	M11 Junction 8	6,000	3,446	-	-	9,446
8	25	Moulsham Lodge	20	13	-	-	33
73	141	Primrose Meadow	106	12	8	205	331
164	170	Shenfield Library	2,245	1,012	-	-	3,257
-	62	St Peters Independent Living Older People	282	7	7	7	303
45	-	Westfield	22	4	6	6	38
5,047	14,697	Schemes completing 2021/22 or earlier	-	-	-	-	-
68,759	89,506	Total Economic Renewal, Infrastructure & Planning	125,227	259,521	247,835	63,785	696,367

Education Excellence, Life Long Learning and Employability (Cllr Tony Ball)

Revenue Budget

2020/21	2021/22	2021/22			2022/23		
Actuals	Original	Latest			Gross	Income	Total Net
£000	Budget	Budget			Expenditure	£000	Grants Expenditure
	£000	£000			£000		£000
Education and Life Long Learning DSG							
1,461	(73)	4,734	Schools and Central Services Block		325,069		(325,141)
(9,371)	(2,589)	(7,275)	High Needs Block		163,739	(1,264)	(165,064)
Education and Life Long Learning Non DSG							
15,261	16,267	16,766	Access To Education		29,192	(12,742)	16,450
(818)	(808)	(743)	Adult Community Learning		10,701	(2,874)	(452)
135	(833)	1,464	Schools		5,040	(5,794)	(1,201)
1,215	1,217	1,198	Skills		1,298		1,298
2,154	3,269	4,243	Special Educational Needs		7,539	(3,814)	3,725
621	347	338	Strategic Management		743	(377)	366
10,658	16,799	20,726	Education Excellence, Life Long Learning and Employability		543,321	(26,866)	17,525

Education Excellence, Life Long Learning and Employability (Cllr Tony Ball) Capital Programme

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
25,046	22,133	Basic Need Schemes	27,856	53,394	38,147	40,326	159,723
9,699	10,649	Schools Capitalised Building Maintenance	6,400	6,400	6,400	6,400	25,600
3,121	8,160	Special Schools including Pupil Referral Unit	18,591	23,061	3,218	-	44,870
675	4,471	Temporary Accommodation and Relocatable Replacement	6,735	3,500	3,500	3,500	17,235
174	560	Schools Feasibilities	250	200	200	200	850
38,715	45,974	Total Education Excellence, Life Long Learning and Employability	59,832	86,555	51,465	50,426	248,278

Finance, Resources and Corporate Affairs (Cllr Christopher Whitbread)

Revenue Budget

2020/21	2021/22	2021/22			2022/23		
Actuals	Original	Latest			Gross	Income	Total Net
£000	Budget	Budget			Expenditure	£000	Grants Expenditure
	£000	£000			£000		£000
			Central Services To The Public				
3,758	5,203	5,203	Council Tax Sharing Scheme		7,648		7,648
(6,316)	519	491	Other Services		3,233	(2,207)	771
(70)	1,490	2,032	Customer Services		2,107	(270)	1,837
			Precepts				
1,722	1,757	1,757	Environmental Agency		1,827		1,827
390	390	390	Kent and Essex Sea Fisheries		390		390
1,254	1,254	1,254	Lee Valley Park		1,254		1,254
(154)	0	0	Traded Strategy		10		10
584	10,613	11,127	Total Finance, Resources and Corporate Affairs		16,470	(2,477)	(256)
9,227	8,464	10,087	Business Support		8,885		8,885
76	88	87	Car Provision Scheme		2,715	(2,614)	101
1,506	454	2,078	Customer Services		1,969		1,969
9,197	10,026	10,273	Finance		14,868	(4,978)	9,891
7,502	6,762	6,957	Human Resources		9,138	(958)	8,180
24,071	22,745	35,501	Information Services		25,974	(1,044)	24,930
685	3,820	4,458	Insurance		5,660	(1,632)	4,027
4,629	4,742	5,877	Procurement		5,115	(195)	4,920
14,994	15,179	15,505	Property		22,617	(8,253)	14,364
71,887	72,280	90,821	Total Finance, Resources and Corporate Affairs RSSS		96,941	(19,674)	-

Finance, Resources and Corporate Affairs (Cllr Christopher Whitbread)

Capital Programme

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
204	122	Next Generation Networks	95	-	-	-	95
5,348	5,235	Capitalised Building Maintenance (Non School estate)	5,000	5,000	5,000	5,000	20,000
0	3,115	Salix Grant Projects	750	750	750	750	3,000
3,409	99	Schemes completing 2021/22 or earlier	-	-	-	-	-
8,961	8,571	Total Finance, Resources & Corporate Affairs	5,845	5,750	5,750	5,750	23,095

Highways Maintenance and Sustainable Transport (Cllr Lee Scott)

Revenue Budget

2020/21	2021/22	2021/22			2022/23		
Actuals	Original	Latest			Gross		Total Net
£000	Budget	Budget			Expenditure	Income	Grants Expenditure
	£000	£000			£000	£000	£000
1,018	1,124	1,186	Development Management		1,135	(127)	1,008
28,090	32,768	32,454	Home to School Transport		35,884	(804)	35,080
			Infrastructure				
76	0		Additional pothole works				-
2,076	1,265	1,273	Bridges		1,375	(38)	1,338
(728)	437	445	Congestion		8,356	(8,676)	(320)
482	504	500	Highways Asset Management		517		517
(283)	(2,856)	(2,669)	Highways Management and Administration		(2,970)	(1,393)	(4,363)
1,342	548	563	Localism		455		455
11,989	18,413	18,413	Ongoing Operator Payments for A130 PFI		19,466		19,466
423	738	1,179	Park and Ride		2,879	(2,063)	817
1,397	1,809	1,802	Public Rights Of Way		2,041	(193)	1,848
428	675	671	Road Safety		918	(11)	685
16,613	14,123	14,449	Roads And Footways		14,460	(123)	14,337
6,856	7,368	7,425	Street Lighting		8,188	(650)	7,538
(3,334)	94	135	Traffic Management Act		3,704	(4,696)	(992)
3,538	3,283	3,283	Winter Service		3,329		3,329
29,254	30,271	30,337	Passenger Transport		33,649	(1,285)	31,590
2,769	2,011	2,177	Transport Strategy		2,065		2,065
102,006	112,576	113,624	Total Highways Maintenance and Sustainable Transport		135,451	(20,059)	(995) 114,397

Highways Maintenance and Sustainable Transport (Cllr Lee Scott) Capital Programme

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
8,494	9,333	Bridges	9,750	9,450	9,450	9,450	38,100
1,502	2,683	Flood Management	3,561	4,061	4,561	-	12,183
8,292	8,000	Footway Maintenance	8,000	8,000	8,000	8,000	32,000
1,628	6,506	LED Rollout	7,000	7,000	3,372	-	17,372
3,789	4,550	Local Highways Panels	6,650	6,000	6,051	4,000	22,701
336	369	Passenger Transport	2,053	1,704	966	250	4,973
281	400	Public Rights Of Way	400	400	400	400	1,600
41,914	43,018	Road Maintenance	41,658	40,750	40,750	40,750	163,908
1,914	2,000	Safety Barrier Replacement	2,000	2,000	2,000	2,000	8,000
3,069	3,500	Street Lighting Replacement	3,000	3,000	3,000	3,000	12,000
2,275	2,245	Surface Water Alleviation	2,755	2,500	2,500	2,500	10,255
2,743	2,111	Traffic Signal Refurbishments	2,482	2,150	2,150	2,150	8,932
940	430	Schemes completing 2021/22 or earlier	-	-	-	-	-
77,177	85,147	Total Highways Maintenance & Sustainable Transport	89,309	87,015	83,200	72,500	332,024

Leader (Cllr Kevin Bentley) Revenue Budget

2020/21	2021/22	2021/22			2022/23		
Actuals	Original	Latest			Gross	Income	Total Net
£000	Budget	Budget			Expenditure	£000	Grants Expenditure
	£000	£000			£000		£000
825	963	1,289	Corporate Policy		1,162		1,162
972	1,024	1,010	Democratic Core		1,029		1,029
394	233	617	Environmental Strategy		205		205
2,190	2,220	2,915	Total Leader		2,397	-	2,397
1,960	1,810	1,970	Communications and Customer Relations		1,860		1,860
1,960	1,810	1,970	Total Leader RSSS		1,860	-	1,860

Leader (Cllr Kevin Bentley) Capital Programme

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
265	125	ECC Estate energy storage	65	-	-	-	65
-	-	- LoCase II (public estate)	215	-	-	-	215
135	827	Schemes completing 2021/22 or earlier	-	-	-	-	-
400	952	Total Leader	280	-	-	-	280

Waste Reduction and Recycling (Cllr Malcolm Buckley)

Revenue Budget

2020/21	2021/22	2021/22			2022/23	
Actuals	Original	Latest		Gross	Income	Total Net
£000	Budget	Budget		Expenditure	£000	Grants Expenditure
£000	£000	£000		£000	£000	£000
(8)	250	244	Management and Support Services	393		393
			Waste Management			
0	(65)	(73)	Waste Management and Support Services	87	(60)	27
1,471	1,124	1,121	Waste Strategy	1,128	(1)	1,127
25,065	25,238	25,238	Recycling Initiatives	26,094		26,094
12,359	10,909	10,909	Civic Amenity Service	14,646		14,646
42,091	42,283	42,433	Waste Disposal	40,425		40,425
1,610	3,665	3,665	Courtauld Road Waste Treatment	3,873		3,873
141	96	96	Exceptional Waste	98		98
407	423	423	Landfill Aftercare	491	(46)	445
696	969	969	Tipping Away Payments	2,804		2,804
(2,550)	(3,170)	(3,170)	Trade Waste Income		(3,200)	(3,200)
81,283	81,723	81,856	Total Waste Reduction and Recycling	90,040	(3,307)	-
						86,733

Waste Reduction and Recycling (Cllr Malcolm Buckley)

Capital Budget

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
(5)	124	Schemes completing 2021/22 or earlier	-	-	-	-	-
(5)	124	Total Waste Reduction and Recycling	-	-	-	-	-

Other Operating costs

The revenue budget in 2022/23 is **£109m**. The expenditure includes the net appropriations to reserves and restricted funds as described in the Reserves section (starting on page 52) of **£49m** and the costs of financing the capital programme of **£63m**.

The movement since 2021/22 is mainly due to changes in the appropriations and withdrawals from the reserves between the years, in line with changes in the specific liabilities, for example changes in PFI payment profiles.

2020/21	2021/22	2021/22			2022/23	
Actuals	Original	Latest		Gross	Income	Total Net
£000	Budget	Budget		Expenditure	£000	Expenditure
	£000	£000		£000	£000	£000
30,970	33,476	33,476	Capital Financing	37,799		37,799
(952)	(850)	(850)	Dividends Received		(1,150)	(1,150)
			Interest Payable			
(848)	(802)	(802)	Contributions - Transferred Debt		(511)	(511)
21,181	23,436	24,236	External Interest Payable	25,349		25,349
(80)			Loan Charges Grant			-
			Interest Receivable			
(1,346)	(881)	(881)	External Interest Receivable	(250)	(1,230)	(1,480)
260	173	173	Interest Reallocated		344	344
49,185	54,552	55,352		62,897	(2,547)	-
						60,351

Appendix A Annual Plan 2022/23

2020/21	2021/22	2021/22			2022/23	
Actuals	Original	Latest		Gross	Income	Total Net
£000	Budget	Budget		Expenditure	£000	Grants Expenditure
	£000	£000		£000	£000	£000
Approps To/(From) Reserves and Restricted Use Funds (i)						
(2,830)	(9,255)	(9,255)	A130 PFI Reserve		(10,308)	(10,308)
	10,089	10,089	Adult Social Care Risk			-
(1,581)		(1,260)	Adults Digital Programme			-
3,500		2,500	Adults Transformation Reserve			-
12,607	2,700	(13,215)	Ambition Fund Reserve	6,800		6,800
590	0	286	Building Schools for the Future			-
		(65)	Bursary for Trainee Carers			-
1,000	(0)	(0)	Capital Receipts Pump Priming	6,000		6,000
(34)			Capital Receipts Reserve			-
474	(76)	(114)	Carbon Reduction Reserve		(114)	(114)
6,469	(3,260)	(19,348)	Carry Forwards Reserve			-
			Childrens Risk	2,500		2,500
1,314		5,406	Childrens Transformation Reserve			-
208	(0)	(123)	Clacton PFI Reserve			-
2,616	12,418	2,132	Collection Fund Risk Reserve	5,951		5,951
		1,075	Commercial Investment in Essex Places Reserve		(170)	(170)
(86)	350	257	Community Initiatives Fund	350		350
37,496	28,808	17,747	Covid Equalisation		(1,831)	(1,831)
334	(0)	(528)	Debden PFI Reserve			-
12,564	4,000	4,000	Emergency	9,094		9,094
		261	Equalities Fund			-
4,750	(0)	(422)	Essex Climate Change Commission			-
		45,000	Everyones Essex			-
557	0	(13,592)	Grant Equalisation Reserves			-
(288)	2,038	1,789	Health and Safety Reserve			-
87		(1,238)	Insurance Reserve			-
306			Partnership Reserves			-

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

Appendix A Annual Plan 2022/23

2020/21	2021/22	2021/22			2022/23	
Actuals	Original	Latest		Gross	Income	Specific
£000	Budget	Budget		Expenditure	£000	Grants
	£000	£000		£000		£000
						Total Net
						Expenditure
						£000
Approps To/(From) Reserves and Restricted Use Funds (ii)						
326	326	326	Property Investment			-
(168)	500	459	Quadrennial Elections Reserve	500		500
25,000		(25,650)	Renewal Fund Reserve			-
4,995	3,074	2,989	Reserve For Future Capital Funding	14,674		14,674
8,958			Schools Reserves			-
4,964	10,000	(1,135)	Technology and Digitisation	10,000		10,000
(303)			Tendring Public Private Partnership			-
(304)	(304)	(304)	Trading Activities Reserves		(304)	(304)
17,285	5,480	(4,898)	Transformation Reserve	11,823		11,823
4,574	(6,344)	(6,494)	Waste Reserve		(6,209)	(6,209)
145,380	60,543	(3,323)		67,692	(18,937)	-
194,564	115,094	52,028	Total Other Operating Costs	130,589	(21,483)	-
						109,106

ii within appropriations to/from reserves, expenditure means a contribution to a reserve and income means a withdrawal from a reserve.

Trading Activities

This section sets out the budgets relating to those services that are currently set up as Trading Activities, which operate under separate Trading Accounts. For 2022/23, the Trading Activities have a target operating surplus of **£304,000**

	Revenue reserve 1 April 2022	Income	Expenditure	(Surplus) / deficit	Appropriations		Revenue reserve 31 March 2023
	£000	£000	£000	£000	To County Revenue Account	To Trading Activity reserve	£000
Place Services	(1,113)	(3,459)	3,159	(300)	(300)	-	(1,113)
Music Services Traded	(228)	(3,891)	3,887	(4)	(4)	-	(228)
Total	(1,341)	(7,350)	7,046	(304)	(304)	-	(1,341)

Reserves

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

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

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

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

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

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

We also use these specific cash backed reserves to generate interest receipts and minimise the cost of debt. We expect to earn **£235,000** in 2022/23 from temporarily investing surplus cash in the market, which is included in the budget, and will be used to fund services. However, it saves substantially more by using the reserves to offset what would otherwise be external borrowing costs. In 2022/23, it is estimated that this will enable us to avoid borrowing costs of **£4.1m**, thereby allowing funds to be used instead for front line service delivery.

Reserves

	Estimated closing balances						
	Balance at 1 April 2021 £000	Balance at 1 April 2022 £000	Budgeted Contributions/ Withdrawals £000	2022/23	Closing balance £000	2023/24	2024/25
				Assumed usage £000		£000	£000
General Balance	(68,096)	(68,096)	-	-	(68,096)	(68,096)	(68,096)
Reserves earmarked for future use (cont'd)							
Adults Digital Programme	(1,288)	0	-	-	0	0	0
Adult Social Care Risk	-	(10,089)	-	2,522	(7,567)	(5,045)	(2,522)
Adults Transformation	(3,500)	(8,087)	-	2,022	(6,065)	(4,044)	(2,022)
Ambition Fund	(16,578)	(2,861)	(6,800)	3,220	(6,441)	(3,221)	-
Bursary for trainee carers	(500)	(397)	-	397	-	-	-
Capital Receipts Pump Priming	(4,204)	(3,704)	(6,000)	2,500	(7,204)	(5,704)	(4,204)
Carbon Reduction and Energy Risk	(1,096)	(982)	114	4	(864)	(712)	(522)
Carry Forward	(21,273)	(11,533)	-	11,533	-	-	-
Childrens Risk	-	-	(2,500)	625	(1,875)	(1,250)	(625)
Childrens Transformation	(1,314)	(6,720)	-	-	(6,720)	(6,720)	(6,720)
Collection Fund Risk	(4,029)	(7,014)	(5,951)	-	(12,965)	(12,965)	(12,965)
Commercial Investment in Essex Places	(12,583)	(13,658)	170	-	(13,488)	(13,428)	(13,428)
Community Initiatives Fund	(401)	(308)	(350)	350	(308)	(308)	(308)
Covid Equalisation	(37,496)	(24,367)	1,831	22,536	0	0	0
EES Pensions	(4,000)	(4,000)	-	-	(4,000)	(4,000)	(4,000)
Emergency	(12,564)	(12,564)	(9,094)	9,087	(12,571)	(12,571)	(12,571)
Emergency Planning	(300)	(300)	-	-	(300)	(300)	(300)
Essex Climate Change Commission	(5,000)	(3,200)	-	1,401	(1,799)	(1,035)	(397)
Essex Crime and Police	(73)	(73)	-	-	(73)	(73)	(73)
Everyones Essex	-	(44,346)	-	14,782	(29,565)	(13,355)	(0)
Future Capital Funding	(9,847)	(11,262)	(14,674)	14,674	(11,262)	(11,262)	(11,262)
Health and Safety	(2,812)	(4,602)	-	-	(4,602)	(4,602)	(4,602)

Reserves

	Estimated closing balances						
				2022/23		2023/24	2024/25
	Balance at 1 April 2021 £000	Balance at 1 April 2022 £000	Budgeted Contributions/ Withdrawals £000	Assumed usage £000	Closing balance £000	£000	£000
Reserves earmarked for future use (cont'd)							
Insurance	(7,498)	(6,260)	-	-	(6,260)	(6,260)	(6,260)
Newton Reserve	(122)	(122)	-	-	(122)	(122)	(122)
Property Investment	(977)	(1,303)	-	-	(1,303)	(1,303)	(1,303)
Quadrennial Elections	(925)	(875)	(500)	-	(1,375)	(1,875)	(2,375)
Renewal Fund	(27,900)	-	-	-	-	-	-
Social Distancing and Hygeine	(900)	(900)	-	-	(900)	(900)	(900)
Technology and Digitisation	(8,749)	(3,870)	(10,000)	8,470	(5,400)	(5,430)	(10,430)
Transformation	(54,686)	(42,266)	(11,823)	12,500	(41,589)	(40,909)	(40,229)

Restricted Funds

	Estimated closing balances						
			Budgeted Contributions/ Withdrawals	2022/23		2023/24	2024/25
	Balance at 1 April 2021 £000	Balance at 1 April 2022 £000		Assumed usage £000	Closing balance £000	£000	£000
Long Term Contractual Commitment							
PFI Reserves							
A130 PFI	(36,448)	(27,193)	10,308	-	(16,885)	(6,820)	(1,778)
Building Schools for the Future PFI	(823)	(1,267)	-	(163)	(1,430)	(1,597)	(1,768)
Clacton Secondary Schools' PFI	(740)	(721)	-	(107)	(828)	(938)	(1,051)
Debden School PFI	(964)	(949)	-	(528)	(1,477)	(2,021)	(2,581)
Waste Reserve	(116,850)	(109,077)	6,209	892	(101,976)	(95,368)	(89,689)
Grant Equalisation Reserve	(50,409)	(13,655)	-	13,655	(0)	(0)	(0)
Trading Activities	(1,341)	(1,341)	304	(304)	(1,341)	(1,341)	(1,341)
Partnerships and Third Party	(1,764)	(1,764)	-	-	(1,764)	(1,764)	(1,764)
Schools	(43,601)	(43,601)	-	-	(43,601)	(43,601)	(43,601)

Annex 2

Performance

Introduction

Outlined below are the measures that we will use to assess whether we are meeting our ambitions of Everyone's Essex over the next year.

Our approach to performance recognises that there are different types of performance measures and that they need to be treated differently and used appropriately, and progress will be monitored by the Council and reported regularly:

Contextual measures – these capture high-level, real-world outcomes that reflect ECC's ambition for Essex residents and communities. Securing change in these measures may require long-term changes in local social and economic conditions – while ECC has a role in influencing these changes, no single agency can directly affect outcomes.

Strategic measures – measures identified as critical to delivery in the coming year to make progress towards our ambition for Essex. Core measures are limited in number to provide clarity and focus for strategic discussions. Some core measures may be reported annually, but regular updates will be provided for most indicators, and are chosen on the basis that ECC can influence performance improvement over the coming year.

These measures will be supported locally in the functions with indicators that support the day to day operation of the council, and will be used by Cabinet members and Executive Directors

STRATEGIC MEASURES: STRONG, INCLUSIVE & SUSTAINABLE ECONOMY

Good jobs

Levelling Up the Economy

Infrastructure

Future growth and
investment

Green growth

Strategic Performance Measures	Baseline	Targets (indicative in 23-24 and 24-25)			
		2021/22	2022/23	2023/24	2024/25
Number of people benefiting from ECC skills and employability programmes	N/A	3000	1720	1720	1720
Jobs created a) directly through ECC programmes; and b) indirectly through ECC investments	a) N/A	655	550	tbc	tbc
	b) n/a	We will track and publish details of jobs created through ECC investment, but no target can be meaningfully set over the plan period.			
Investment secured from third parties to fund local regeneration programmes	N/A	£96m	£20m	£20m	£20m
Infrastructure investment secured from developers (via S106)	£9,690,124*	Increase on baseline	Increase on previous year	Increase on previous year	Increase on previous year
New homes delivered (via Essex Housing and ECC Independent Living programme)	N/A	113	31	304	315

* Based on quarter 1 (April – June) 2021/22

Measures where further development work is required:

“Improvement in the Culture and Arts offer in Essex” - we are looking to develop an appropriate measure to track the impact of investment in culture and the arts (£500k in 2021/22 with an additional annual commitment in year 2 – year 4).

CONTEXTUAL MEASURES: STRONG, INCLUSIVE & SUSTAINABLE ECONOMY

Good jobs

Levelling Up the Economy

Infrastructure

Future growth and
investment

Green growth

Contextual Performance Measures	Baseline	Desired trajectory (indicative in 23-24 and 24-25)			
		2021/22	2022/23	2023/24	2024/25
Housebuilding: percentage of annual local plan targets for new homes achieved	92% (2020)	Increase	Increase	Increase	Increase
Job density: local jobs per head of the working-age population	0.79 (March 2019)	0.79	0.79	0.87	0.87
Unemployment rate	4.5% (July 2021)	4.50%	4.40%	2.30%	2.20%
The number of Essex businesses operating in high-growth sectors	30285 (2020)	Increase	Increase	Increase	Increase
The value of the tourist economy in Essex	N/A	Re-baseline year	Increase	Increase	Increase
The proportion of working age residents qualified to level 4 or above	35.3% (2020)	37.2%	37.2%	38.1%	39.2%
The proportion of working age residents qualified to level 3 or above	55.5% (2020)	55.5%	56.2%	56.9%	57.6%
The proportion of working age residents with no qualifications	5.1% (2020)	5.1%	5%	4.9%	4.8%
The number of jobs created in Essex in growth sectors (including green growth)	N/A	Baseline year	Increase	Increase	Increase

Measures where further development work is required:

“Income inequality”- we are looking to develop an appropriate measure to track the difference in income between the highest and lowest earning percentiles/places in Essex, ensuring that that this does not create a pressure to reduce incomes for any residents/communities.

STRATEGIC MEASURES: HIGH QUALITY ENVIRONMENT

Net zero	Transport and built environment	Minimise waste	Levelling Up the environment	Green communities
----------	---------------------------------	----------------	------------------------------	-------------------

Strategic Performance Measures	Baseline	Targets (indicative in 23-24 and 24-25)			
		2021/22	2022/23	2023/24	2024/25
ECC's carbon rating (based on Carbon Disclosure Project)	B (2020)	B	B	A-	A
% of ECC electricity from renewable sources (GWh)	-	TBC	TBC	TBC	100%
Retrofit in Low Income Households	N/A	80	TBC	TBC	TBC
Replacement LED streetlights	N/A	27,500	27,500	27,359	Completed
Sections of coastal path completed	-	2	9	Project completed	
Number of National Flood Management Schemes delivered	-	13	12	TBC	TBC
Number of trees planted by Essex Forest initiative	38,305 (2020/21)	50,000 (Cumulative)	75,000 (Cumulative)	Current phase of initiative completed	
Total household waste collected per household (kg)	1,070kg (2020/21)	1,100kg	1,050kg	1,020kg	980kg
Percentage of household waste sent for reuse, recycling or composting	51.8% (2020/21)	50%	53%	55%	56%

Measures where further development work is required:

"Coverage of Cycleways"- we are looking to develop an appropriate measure to assess the coverage and availability of cycleway across Essex cities, towns and villages. This work is dependent on the development of a new methodology for capturing new cycleway construction through major schemes, development management, local highways panels and other investments.

CONTEXTUAL MEASURES: HIGH QUALITY ENVIRONMENT

Net zero	Transport and built environment	Minimise waste	Levelling Up the environment	Green communities
----------	---------------------------------	----------------	------------------------------	-------------------

Contextual Performance Measures	Baseline	Desired trajectory (indicative in 23-24 and 24-25)			
		2021/22	2022/23	2023/24	2024/25
Total Essex GHG emissions (MtCO ₂ e)	-	7.02	TBC	TBC	TBC
Total number of direct jobs in Low-Carbon and renewable energy sector	-	TBC	TBC	TBC	TBC
% EV take up in Essex	0.65% (2020)	0.76%	1.12%	1.83%	2.90%
EV Charging points across Essex	N/A	Increase	TBC	TBC	TBC
Increase in the modal share from cars and into bus/bike/foot)	-	31%	32.5%	34%	35.5%

STRATEGIC MEASURES: HEALTH WELLBEING & INDEPENDENCE FOR ALL AGES

Levelling Up health

Healthy lifestyles

Promoting independence

Place-based working

Carers

Strategic Performance Measures	Baseline	Targets (indicative in 23-24 and 24-25)			
		2021/22	2022/23	2023/24	2024/25
Percentage / number of target population who took up an NHS Health Checks in the quarter	4,394 (Q1 2021/22)	23,000	46,000 (subject to covid)	46,000 (subject to covid)	46,000 (subject to covid)
% schools in Essex participating in the 'Daily Mile' initiative	62.4% (June 2021)	65.6%	68.6%	71.6%	74.4%
Number Receiving Weight Management Support (YTD)	-	12,000	7,000	12,000	25,000
Percentage of residents who report being lonely	-	5.5%	4.0%	3.0%	2.5%
Non re-presentation to treatment within 6 months of successful completion - Opiates/Non-opiates /Alcohol	Opiates 80.5% Non Opiate 96.6% Alcohol 97.2% (Q4)	Opiates 83% Non Opiate 97% Alcohol 97%	Opiates 85% Non Opiate 98% Alcohol 97%	Opiates 87% Non Opiate 98% Alcohol 97%	Opiates 88% Non Opiate 98% Alcohol 97%
Percentage of physically active adults	67.6% (2019/20)	68%	69%	70%	72%
% of CYP seen by the CAMHS service	32.7%	35%	TBC	TBC	TBC

Measures where further development work is required:

- Child obesity – ECC's public health function is looking at the development of a specific indicator and targets that focus on supporting children and families to lose weight as part of an overall weight management programme.

STRATEGIC MEASURES: HEALTH WELLBEING & INDEPENDENCE FOR ALL AGES

Levelling Up health	Healthy lifestyles	Promoting independence	Place-based working	Carers	
Strategic Performance Measures	Baseline	Targets (indicative in 23-24 and 24-25)			
		2021/22	2022/23	2023/24	2024/25
Percentage of older people (aged 65+) who received reablement/ rehabilitation services after hospital discharge	2.9%	3.6%	4.2%	4.2%	4.2%
Number of adult social care users in receipt of care technology	N/A	2877	4195	5566	6444
Number of adults with LD known to social services in paid employment	323	344	391	456	537
Number of adults with LD known to social services who secure new employment	N/A	86	115	144	173
% adults known to secondary mental health services in paid employment	15.6%	Increase	Increase	Increase	Increase
% of adults with a learning disability that transition into adult social care in residential care	18%	Decrease	Decrease	Decrease	Decrease
The proportion of adults in contact with secondary mental health services living independently, with or without support	72.9%	Increase	Increase	Increase	Increase
The proportion of new clients who received short term services, where no further request was made for ongoing support	48%	50%	52%	54%	55%
The proportion of carers who stated they were ‘extremely’ or ‘very’ satisfied with social services	34.9%	Increase	Increase	Increase	Increase

Measures where further development work is required:

- Stability and development of the workforce - we are looking to develop an appropriate measure to track changes in the care workforce to ensure that this continues to support a strong care market and the provision of quality services."

CONTEXTUAL MEASURES: HEALTH WELLBEING & INDEPENDENCE FOR ALL AGES

Levelling Up health

Healthy lifestyles

Promoting independence

Place-based working

Carers

Contextual Performance Measures	Baseline	Desired trajectory (indicative in 23-24 and 24-25)			
		2021/22	2022/23	2023/24	2024/25
Healthy Life expectancy at birth	Male 64.2 Female 65.6 (2017-19)	Male 64.6 Female 65.6	Increase for males and females at each point of measurement		
Inequality in life expectancy at birth	Male 8 Female 6.5 (2017-19)	Male 7.1 Female 5.4	Reduction for males and females at each point of measurement		
Number of Essex residents living in communities in IMD bottom 20%	c.123,000 (2019)	Data unavailable until 2024			60,000
Under 75 mortality rate from all cardiovascular diseases	60.7 per 100,000 (2017-19)	60.1	59.5	58.9	58.4

STRATEGIC MEASURES: A GOOD PLACE FOR CHILDREN AND FAMILIES TO GROW

Education outcomes	Levelling Up outcomes for families	Family resilience and stability	Safety	Outcomes for vulnerable children
--------------------	------------------------------------	---------------------------------	--------	----------------------------------

Strategic Performance Measures	Baseline	Stability thresholds			
		2021/22	2022/23	2023/24	2024/25
% of families with successful intervention (Family Solutions)	84%	85%	85%	86%	86%
% of CYP who do not enter the care system following D-Bit intervention	78%	80%	80%	82%	82%
The number of children known to social care per 10,000	196.9	190-210			
The number of children subject to Children in Need plans per 10,000	46.5 (1473)	47.3 - 63.1 (1500- 2000 children)			
The number of children subject to child protection plans per 10,000	21.3 (675)	17.3 - 20.5 (550-650 children)			
The number of looked after children per 10,000	33.8 (1073)	34.7 - 39.4 (1100-1250 children)			
Begin to understand the overrepresentation of BAME CYP across the statutory social care system	BAME CYP account for 23.5% of all open to social care; 22.5% of CIC; and 25% of CP Plans	Understand and appropriately manage the overrepresentation of BAME children across social care.			
Percentage of those supported by youth offending services who reoffend within 12 months	32%	32%	32%	32%	32%
Average number offences per re-offender in 12 months	3.1	3.1	3.1	3.1	3.1

Measures where further development work is required:

- Percentage of children at risk of exploitation who de-escalate risk level – a new data collection tool is being developed that will allow us to track de-escalation of risk levels for individual children. The tool is likely to go live within the next few months, but we would anticipate the need to establish a baseline position before management thresholds are defined.
- Ensuring pathways to domestic abuse support are accessible to all: ECC's Children and Families Service are currently undertaking work examining the needs of victims in marginalised groups and with protected characteristics with a view to encouraging individuals to come forward and seek the support they need. From 2022 onwards we will be able to target those groups that are requiring support in accessing services and see more victims from these protected groups accessing support.

STRATEGIC MEASURES: A GOOD PLACE FOR CHILDREN AND FAMILIES TO GROW

Education outcomes	Levelling Up outcomes for families	Family resilience and stability	Safety	Outcomes for vulnerable children
--------------------	------------------------------------	---------------------------------	--------	----------------------------------

Strategic Performance Measures	Baseline	Targets (indicative in 23-24 and 24-25)			
		2021/22	2022/23	2023/24	2024/25
Percentage of a) eligible 2 year olds and b) all 3 and 4 year olds, accessing funding for childcare in a setting rated at least good by Ofsted	a) 96.6% b) 95.2% (2020/21)	a) 96.6% b) 95.2%	a) 97.1% b) 95.7%	a) 98.1% b) 96.7%	a) 99.1% b) 97.7%
New a) primary and b) secondary school places created	N/A	a) 410 b) 360	a) 510 b) 1860	a) 735 b) 450	a) 1670 b) 930
Percentage of 16-18 year olds who are NEET/unknown (Dec/Jan/Feb average)	4.3 (2020/21)	4.3	4.1	4	3.8
Percentage of a) schools and b) settings fully engaged in Trauma Perceptive Practice	N/A	a) 42% b) 7%	a) 60% b) 30%	a) 80% b) 50%	a) 100% b) 75%

CONTEXTUAL MEASURES: A GOOD PLACE FOR CHILDREN AND FAMILIES TO GROW

Education outcomes

Levelling Up outcomes for families

Family resilience and stability

Safety

Outcomes for vulnerable children

Strategic Performance Measures	Baseline	Desired trajectory (indicative in 23-24 and 24-25)			
		2021/22	2022/23	2023/24	2024/25
Percentage of children and young people attending at a school judged at least good by Ofsted	85.0 (2020/21)	Re-establish baseline	Year-on-year improvement		
Percentage of pupils achieving a Good Level of Development in early years (age 5)	74.4 (2018/19 – Pre-COVID)	Re-establish baseline	Year-on-year improvement		
Percentage of pupils achieving at least the expected standard in Reading, Writing & Maths (KS2 - age 11)	66.3 (2018/19 – Pre-COVID)	Re-establish baseline	Year-on-year improvement		
Percentage of pupils achieving 9-4 in English & Maths (KS4 - age 16)	63.9 (2018/19 – Pre-COVID)	Re-establish baseline	Year-on-year improvement		
Percentage of children and young people in the following groups achieving desired outcomes at EYFS, KS2 and KS4: a) Disadvantaged children; b) Children in Care; c) Young Carers; d) Children with SEND; e) White British boys; and f) Gypsy, Roma, Traveller community	N/A	Re-establish baseline	Year-on-year improvement		
Gap between Essex's most/least deprived neighbourhoods/districts and the county average with respect to: a) School absence rates; and b) School exclusions	N/A	Re-establish baseline	Year-on-year improvement		

STRATEGIC MEASURES: SERVICE EXCELLENCE

Strategic Performance Measures	Baseline	Targets (indicative in 23-24 and 24-25)			
		2021/22	2022/23	2023/24	2024/25
Residents who think Essex County Council provides good value?	46% (2020)	48%	50%	52%	54%
Collection rate of Council Tax achieved for the year	96% (2020/21)	96%	97%	98%	98%
IMPOWER Council Productivity Ranking	7	1-10	1-10	1-10	1-10
Deliver social value through procurement and practice to increase availability of entry level jobs	N/A	50	100	210	Exceed 210
Percentage of websites that have had full accessibility audit	N/A	24	Increase	Increase	Increase
Percentage of users rating their online experience as 5/5 (satisfied)	N/A	Baseline being established	Increase	Increase	Increase
Total number of websites	91	87	Decrease	Decrease	Decrease

Measures where further development work is required:

- “Digital Inclusion” – work is underway to present Members with options on how to tackle issues around digital inclusion. Effective performance measures on this issue will need to be developed as part of this work/ as this work closes.
- “Representativeness of workforce” - we are looking to develop an appropriate measure to track the difference in income between the highest and lowest earning percentiles/places in Essex, ensuring that that this does not create a pressure to reduce incomes for any residents/communities.
- “Staff wellbeing” – data collection has been delayed. ECC’s current benchmark for staff wellbeing is ‘I feel positive about my mental wellbeing right now’ (captured in the October Remote Working survey), where 76% of respondents answered positively. Further development work is required to ensure this measure captures social, financial and physical wellbeing too.
- “Employee engagement” - we are looking to develop an appropriate measure to track employee engagement. Given the level of change that employees have experienced over the past 18 month, we would anticipate the need to re-establish a baseline prior to setting future targets.

Annex 3

Capital and Treasury Management Strategy

CAPITAL AND TREASURY MANAGEMENT STRATEGY

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

- **Capital expenditure**

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

- **Capital financing and borrowing**

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

- **Treasury management investments**

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

- **Other investments**

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

- **Treasury management Policy Statement and Treasury Management Practices**

This section contains the Council's Treasury Management Policy Statement and Treasury Management Practices.

- **Knowledge and skills**

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

Further details are provided in the following sections.

CAPITAL EXPENDITURE

Capitalisation policies

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

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

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

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

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

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

The limits are currently as follows:

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

Governance

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

Each project that is added to the Capital Programme is for the provision and for the purposes of delivering public services (including housing, regeneration and local infrastructure) or in support of joint working with others to deliver such services. No schemes are added to the Capital Programme if their only purpose is to achieve a financial return.

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

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

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

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

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

Executive Directors will ensure that:

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

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

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

Capital Expenditure Plans

The proposal is for capital investment of **£284m** for the 2022/23 programme, with an indicative programme for the subsequent three years totalling **£1,030m**. These planning levels represent a continued major investment in the infrastructure and economy of Essex. Further details are presented elsewhere within the Council's 2022/23 Annual Plan.

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

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

Actual capital expenditure and financing sources for 2020/21 (*provisional, pending conclusion of the external audit of the Council's Statement of Accounts for 2020/21*), together with the original and updated plans for 2021/22, proposals for 2022/23 and the indicative guidelines for the subsequent three years, are summarised in **Annex 3A**, with detailed plans presented elsewhere within the Annual Plan.

CAPITAL FINANCING REQUIREMENT AND BORROWING

Context

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

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

A summary of the Prudential Indicators for the period 2020/21 through to 2025/26 is provided in **Annex 3A**. The Prudential Indicators for 2020/21 are provisional, pending conclusion of the external audit of the Council's 2020/21 Statement of Accounts.

Explanatory comments are provided in the following paragraphs.

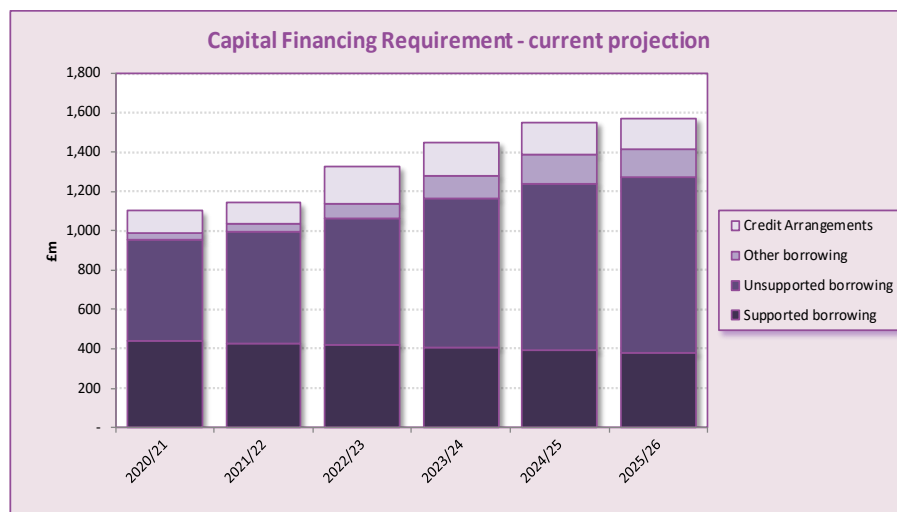
Capital Financing Requirement

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

The actual Capital Financing Requirement (CFR) for 2020/21 is derived from the Council's Balance Sheet for 2020/21 and it provides a measure of the amount of capital expenditure that the Council has already spent that has yet to be funded from cash resources. That is, it provides a measure of the Council's indebtedness, and hence of its need to borrow for capital financing purposes.

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

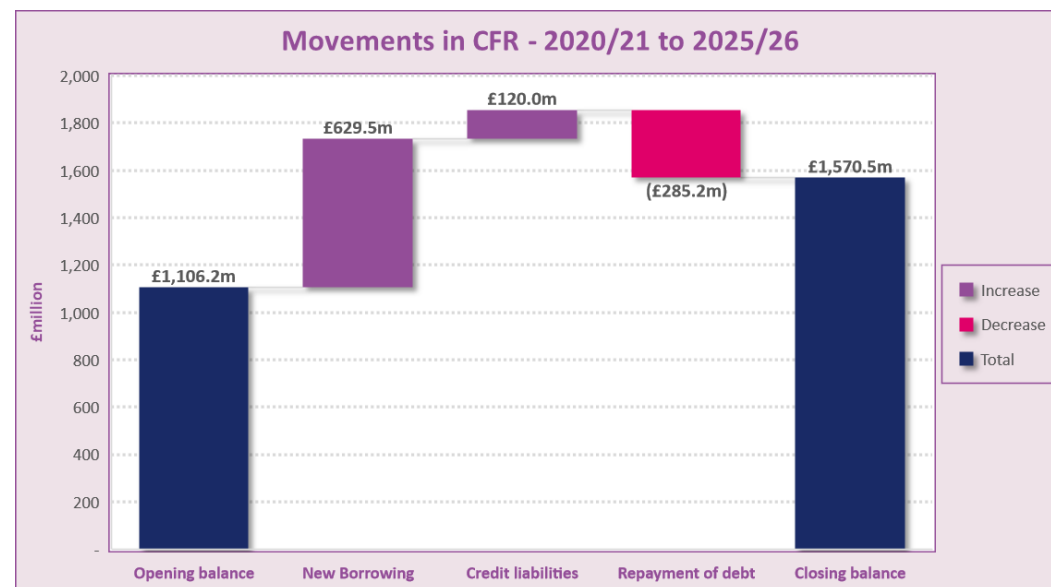
The actual CFR for 2020/21 and forward projections for the current and forthcoming years are illustrated in the graph below:



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

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

The CFR is on an upward trajectory because the amount of capital expenditure that the Council plans to finance from borrowing over the period to 2025/26 (at **£629.5m**) exceeds the amount of debt that will be repaid (**£285.2m**) over the same period.



There is also a substantial increase in credit arrangements (**£120m**), largely reflecting the estimated impact of bringing leases currently classified as operating leases onto the Council's Balance Sheet in 2022/23, which is a requirement of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. This does not change the costs to the Council of these arrangements.

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

Revenue Provision for the repayment of debt policy

The Council sets cash resources aside from the Revenue Budget each year to repay debt. This practice is referred to as making **minimum revenue provision** (or MRP) for the repayment of debt.

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

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

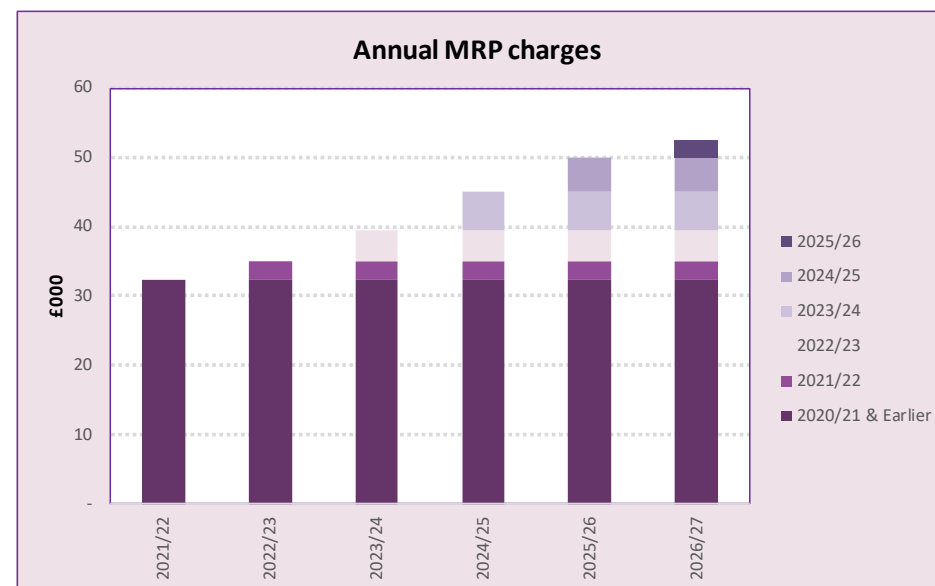
- MRP charges on government **supported** and **pre-April 2008** borrowing should (as a minimum) be made over a period commensurate with the period implicit in the determination of the original grant; and
- MRP charges on **unsupported** borrowing should be made over a period commensurate with the period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

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

In accordance with the requirement to make a prudent 'revenue provision for the repayment of debt', the Council ensures that

debt is repaid over a period that is commensurate with the period over which the capital expenditure provides benefit. This is achieved by applying the methodologies explained in **Annex 3C**.

The 'revenue provision' charges that result from applying the policies set out in **Annex 3C** are illustrated below. The charges increase incrementally as a consequence of the proposals presented elsewhere in the Annual Plan to incur capital expenditure that will be financed from borrowing in each year of the Council's current financial planning horizon.



External Borrowing Limits

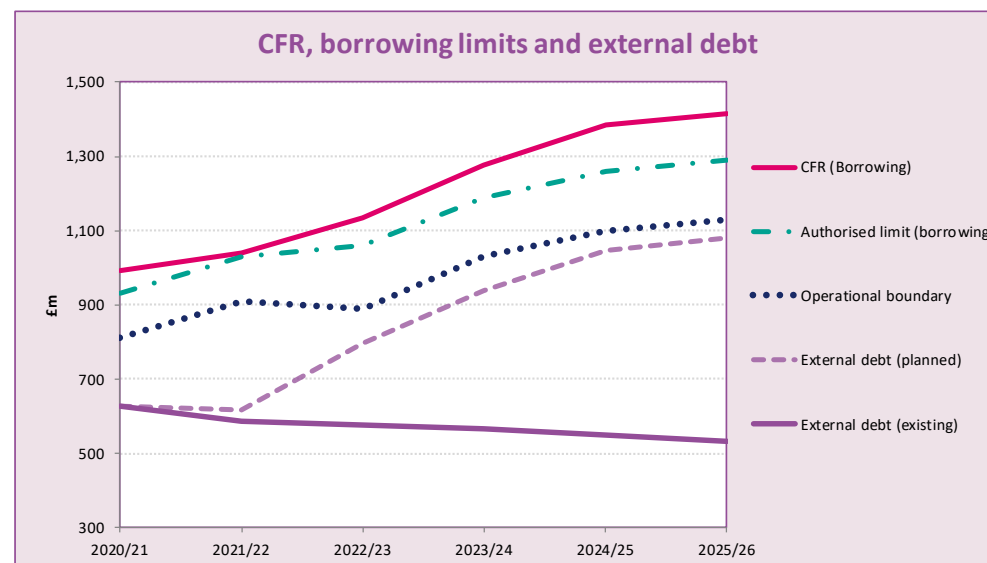
The Council is only permitted to borrow externally (including via credit arrangements) up to the level implied by its Capital Financing Requirement (CFR).

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

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

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

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



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

Borrowing Strategy

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

Currently, long-term external borrowing amounts to **£586m** which is equivalent to around **57%** of the estimated CFR for borrowing as at 31 March 2022. It is however possible (and assumed for the purposes of this Strategy) that further external borrowing (up to **£32m**) will be undertaken before 31 March 2022. This would increase external borrowing to **£618m** as at 31 March 2022, which will be equivalent to **61%** of the estimated CFR at that point.

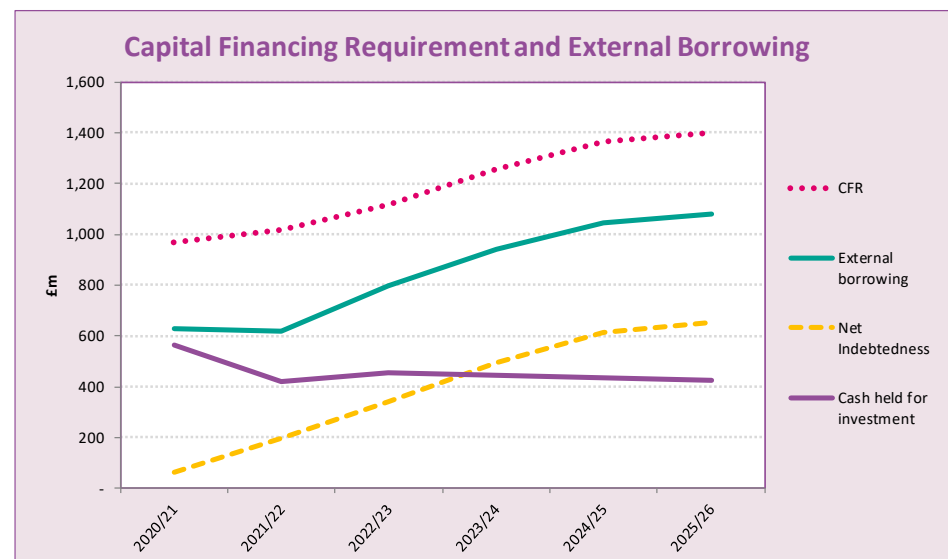
The Council is able to sustain external borrowing at a level below its CFR because it is able to temporarily utilise the cash balances it has by virtue of holding funds in reserves and balances as an alternative to external borrowing. This practice is referred to as 'internal borrowing'.

Internal borrowing does not reduce the magnitude of funds held in reserves and balances; the funds are merely being borrowed until they are required for their intended purpose. The use of internal borrowing will enable the Council to avoid external borrowing costs of up to **£4.1m** in 2022/23.

The Council will externalise its borrowing when it needs to do so to ensure that it has sufficient liquidity to meet its day-to-day cashflow requirements. It has been assumed, for the purposes of this Strategy, that further long-term external borrowing will be

undertaken when the cash held for liquidity purposes falls below **£400m** on a sustained basis.

The adjacent graph provides a graphical representation of the expected position – that is, it shows that the Council expects to maintain external borrowing at a level well below its Capital Financing Requirement over the Council's current planning horizon, and that cash balances of circa **£400m** will be held for investment over this period too.

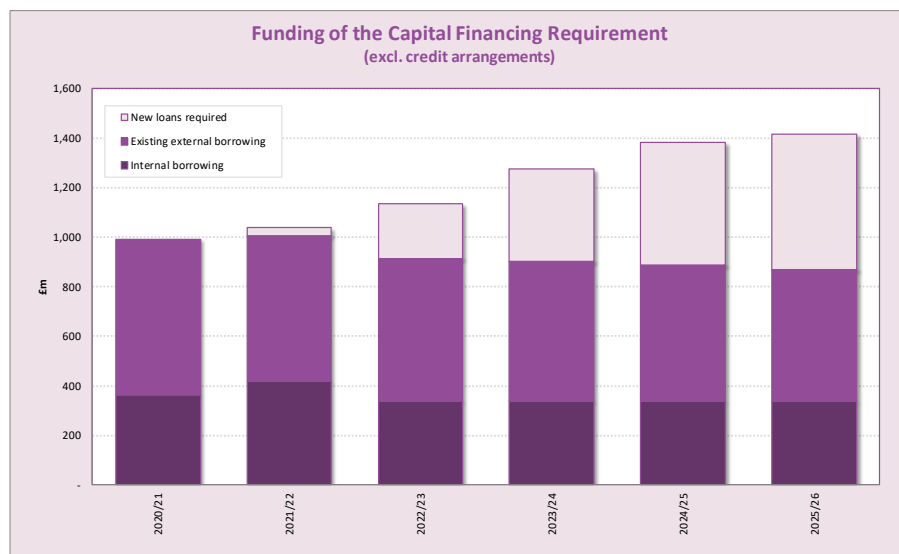


The graph also shows the Council's net indebtedness. Net indebtedness is the amount borrowed externally by the Council, reduced by the cash the Council expects to invest externally.

The measure of net indebtedness shows that, if the Council does not hold any cash for investment, external borrowing

could be much lower. However, as already noted, the Council needs to hold some cash balances for investment, to ensure that it has funds available when they are needed to meet the Council's outgoings.

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



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

This translates into the following forecasts of long-term external borrowing over the current planning horizon:

Current Forecast	Long term borrowing requirement				
	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Existing external loans	586	575	565	549	532
New external borrowing	32	221	374	498	547
Total external borrowing	618	796	939	1,047	1,079
Internal borrowing	420	338	338	337	337
Total borrowing	1,038	1,134	1,277	1,384	1,416

However, the external borrowing requirement will be kept under review, and new long-term external loans will only be secured:

- When the funds are required to meet the Council's expected cash flows and to provide liquidity; and
- Within the parameters established by the **authorised limit** and **operational boundary** for external debt (as set out within **Annex 3A**).

Prospects for interest rates

The Council predominantly expects to satisfy its borrowing requirement from the Public Works Loan Board (PWLB). PWLB interest rates are set with reference to gilt rates.

Since the start of 2021, there has been a lot of volatility in gilt yields, and hence in PWLB rates.

Whilst there is likely to be a steady but slow rise in gilt yields over the course of the next few years, there will undoubtedly be a lot of unpredictable volatility over this period too.

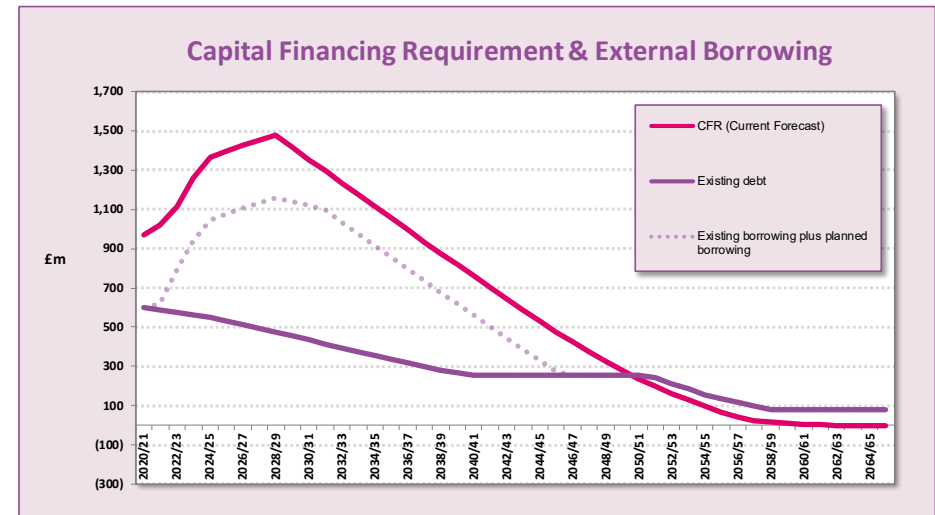
Monetary policy in the UK will have a major impact on gilt yields, but rising treasury yields in America could also impact on UK gilt yields, although gilt yields and treasury yields do not always move in unison.

Maturity structure of borrowing

Limits are proposed, in **Annex 3C**, for the maturity structure of borrowing. The purpose of these limits is to guide decisions about the period over which new borrowing will be secured, to ensure that the Council does not have:

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

Although external borrowing is currently at a level well below the CFR, this only remains the case until 2050/51; in 2050/51, the CFR falls below existing loans on a sustained basis, as illustrated in the graph below:



No assumptions are included in the above forecast of the CFR for additional capital expenditure beyond the current planning horizon. Therefore, it is probable that the longer-term forecast of the CFR will exceed that shown above. However, any new loans secured over the period covered by this Strategy will be repaid before 2050/51, to ensure that external loans do not further exceed the longer-term forecast of the CFR.

Interest rate exposure

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

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

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

Performance indicators

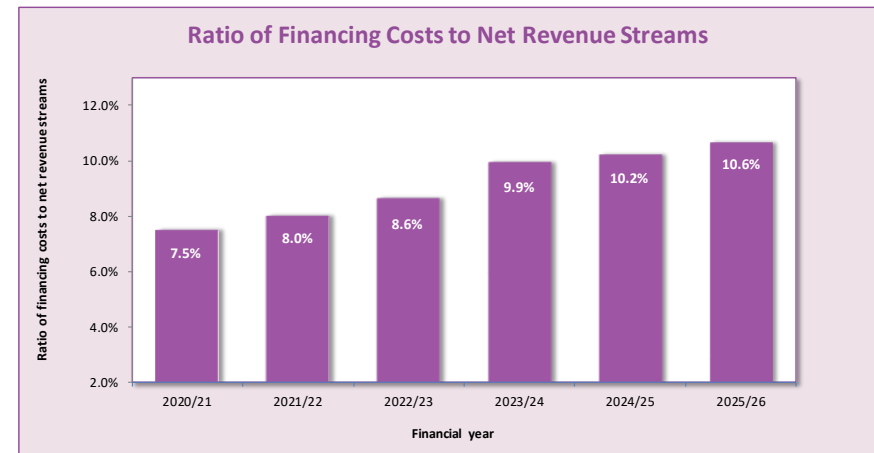
If long-term borrowing is undertaken, performance will be assessed against the average PWLB rate for the year for the applicable loan type and interest rate banding.

Short term borrowing will be assessed against the Sterling Overnight Index Average (SONIA). SONIA is published by the Bank of England and is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.

Ratio of financing costs to net revenue streams

The trend in the '**cost of capital**' is provided by the '**ratio of financing costs to net revenue streams**'. This ratio provides a key indicator of affordability, as it shows the proportion of the annual revenue budget that is being consumed year on year in order to finance the costs of borrowing (*i.e. interest payable on external loans and leases and the amount required for the statutory provision for the repayment of debt*).

The actual ratios for 2020/21 and the latest estimates for 2021/22 and the forthcoming four years, are provided in **Annex 3C**. The trend in this ratio over this period is illustrated as follows:



This shows that the proportion of the revenue budget that is required to fund borrowing costs is expected to increase from **7.5%** in 2020/21 to **10.6%** by 2025/26.

Incremental impact upon Council Tax

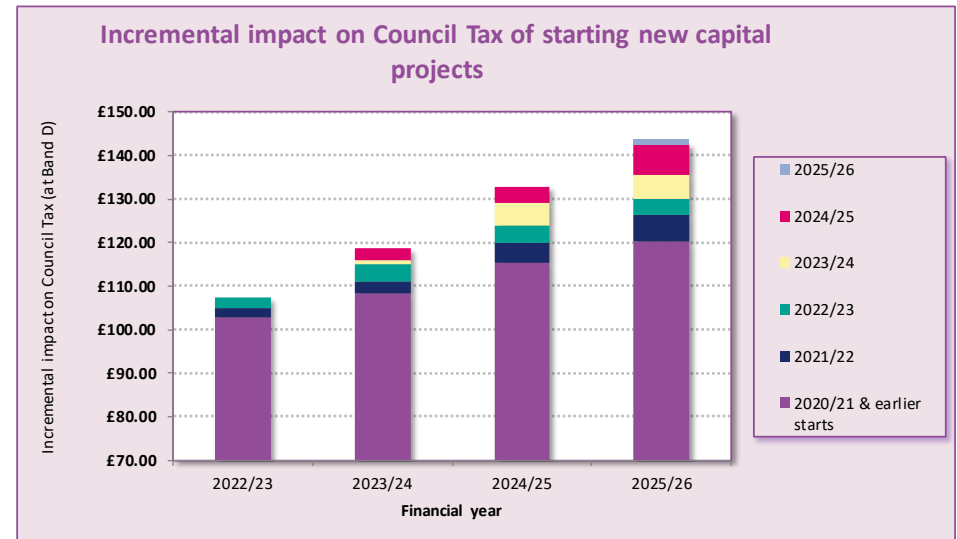
Another measure of the affordability of the capital programme proposals is their impact upon council tax.

The incremental impact upon council tax (at **band D**) from continuing with capital schemes started in, and prior to, 2020/21 and the additional amounts that result from commencing new capital projects in 2021/22 and the subsequent four years is set out in **Annex 3A**.

The adjacent graph shows the amount of council tax required to meet the costs of borrowing (*i.e. interest payable on external loans and leases and the amount required for the statutory provision for the repayment of debt*) split between the amounts that arise because of capital projects that started in 2020/21 or earlier years, and the amounts arising as a consequence of commencing additional capital projects in each year of the Council's current planning horizon.

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

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



TREASURY MANAGEMENT INVESTMENTS

Introduction

The Council holds cash balances as a consequence of timing differences between its cash inflows and outflows. These cash balances need to be invested until they are required for use in the course of the Council's day to day activities. The investment of funds for this purpose is referred to as treasury management.

The Council's treasury management investment activities must be undertaken in compliance both with the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (referred to as the Treasury Management Code) and with statutory guidance.

The Treasury Management Code and statutory guidance require the Council to prepare an annual strategy that explains how the Council will invest its funds for treasury management purposes, giving priority to security and liquidity, and then to yield.

Outlook for interest rates

The coronavirus outbreak has done huge economic damage to the UK and economies around the world.

After the Bank of England took emergency action in March 2020 to cut the Bank Rate firstly to **0.25%**, and then to **0.10%**,

it became the first western central bank to put interest rates back up (to **0.25%**) in December 2021.

With inflation expected to peak at around **6%** in April 2022, the Monetary Policy Committee (MPC) may increase the bank rate again in February or May 2022, although this could depend on the severity of the Omicron variant.

Bank rate increases beyond May 2022 are more difficult to forecast, as inflation is likely to drop sharply in the second half of 2022. However, the MPC will want to normalise the bank rate over the next few years so that its main monetary policy tool is ready to use in time for the next downturn.

Investment projections

As noted elsewhere, the Council must use its cash balances to defer external borrowing for as long as possible. However, it must also retain sufficient liquidity of funds to ensure that it has cash available when it needs it, to cover its outgoings.

In practice, this means that the cash balances the Council holds for investment can be subject to significant fluctuation. However, for planning purposes, it is assumed that the Council will maintain cash balances for investment of circa **£400m** for the duration of the current financial planning horizon (as set out in **Annex 3C**).

Investment strategy

When the Council has surplus cash balances, these are invested until they are next required. Usually, this means that funds are invested on a short-term basis (i.e. up to a maximum period of 365 days), but up to **£30m** may be invested for periods beyond 365 days.

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

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

Funds may also be invested according to the Secretary of State's definition of **non-specified investments**. Non specified investments are any financial investments that do not meet the criteria to be treated as a specified investment. The inclusion of non-specified investments in the Council's

investment strategy is to allow funds (up to a maximum of **£30m**) to be invested for periods of in excess of one year.

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

The criteria for choosing counterparties (as set out within **Annex 3D**) provide a sound approach to investing in normal market circumstances. However, the Executive Director, Corporate Services will determine the extent to which the criteria set out within **Annex 3D** will be applied in practice.

Interest rate exposure

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

Liquidity

Liquidity is defined as having adequate, but not excessive cash resources, borrowing arrangements and overdraft or standby facilities to ensure that funds are always available for the achievement of the Council's objectives. In this respect, the Council will seek to maintain liquid short-term deposits of at least **£50m** available with a week's notice.

Performance

Performance on cash invested short term, in order to maintain liquidity of funds, will be benchmarked against the Sterling Overnight Index Average (**SONIA**) rate; the aim being to achieve investment returns that are equivalent to, or greater than, the average SONIA rate for the year.

Treasury Management advisors

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

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

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

Support to subsidiaries and partnerships

The Council currently provides treasury management support to its subsidiaries Essex Cares Ltd and the Essex Housing Development LLP and holds cash balances on behalf of the partnerships for which it is the 'accountable' body (principally the South East Local Enterprise Partnership).

As part of the agreement to provide treasury management support to its subsidiaries, the Council provides a working capital loan facility of up to **£5m** to each of Essex Cares Ltd and the Essex Housing Development LLP. These are bridging facilities that enable both entities to manage temporary shortfalls of cash. In addition, in relation to Essex Cares Ltd and the partnerships for which the Council is the accountable body, the Council temporarily borrows any surplus cash balances they have and returns these sums when they are required to cover their outgoings.

Any amounts lent to, or borrowed from, these organisations are consolidated with the Council's own cash balances daily, and the Council invests or borrows on the net position.

The Council charges interest on amounts lent to these organisations and pays interest on any amounts it borrows from them, in accordance with the terms of formal agreements between the respective parties.

Other matters

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

OTHER INVESTMENTS

Introduction

Other Investments are those made or held:

- Primarily to generate a financial return and are neither linked to treasury management activities or directly part of delivering services.
- For service purposes (including housing, regeneration and local infrastructure) which may achieve a commercial return but obtaining these returns is not the primary purpose of the investment.

Both categories of 'other' investment invariably constitute capital expenditure. However, it is only permissible to finance the latter category from borrowing.

The following paragraphs provide an overview of the Council's current 'other' investments and those included within the proposed 2022/23 capital programme or in the indicative programme for the subsequent three years.

Investment properties

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

A proportion of the annual rental income from these properties has been set aside in the Property Investment earmarked revenue reserve to mitigate against the risk of future losses.

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

As these properties were acquired primarily to generate a financial return, the Council will not add to the current portfolio of properties.

Shareholdings

Medtech Accelerator Ltd

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

Harlow Investment Fund

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

The Council's investment in the Fund (included in the proposed capital programme for 2022/23) will be capped at **£5m** (equivalent to a 10% equity holding).

Loans to local enterprises and third parties

The Council has awarded several loans towards expenditure which would, if incurred by the Council, be capital expenditure. Both loans were awarded on behalf of the South East Local Enterprise Partnership.

The loans that are currently outstanding are as follows:

South East Local Enterprise Partnership loans	Year to be repaid	Loan amount (£000)	Interest rate (%)
Essex University - Centre for advanced engineering			
First instalment	2025/26	1,000	0%
Second instalment	2026/27	1,000	0%
Total		2,000	
Colchester Northern Gateway	2021/22	1,350	0%
Total		3,350	

Loans to subsidiaries of the Council

As noted in the Treasury Management Investments section, the Council provides treasury management support to its subsidiary companies, **Essex Cares Ltd** and **Essex Housing Development LLP**.

In addition to providing treasury management support to these entities, the Council has also provided (or will provide) them with capital loans, for the following purposes:

- **Essex Cares Ltd**

The Council awarded a loan of **£610,000** to Essex Cares in 2014/15 for the refurbishment of the Freebournes site.

The loan is repayable over a maximum of 10 years; at the time of writing, the principal sum outstanding is **£183,000**.

- **Essex Housing Development LLP**

The Council has agreed to provide a development loan facility to the LLP in relation to approved housing development projects.

Based on the current capital programme proposals, loans totalling **£107.3m** could be advanced to the LLP over the period 2021/22 to 2025/26. However, each housing project will be subject to Cabinet approval, following submission of robust business cases and delivery plans.

A separate loan agreement will be put in place for each Essex Housing project that the Council agrees to support. These loan agreements will set out the repayment terms and the interest charges.

TREASURY MANAGEMENT POLICY STATEMENT AND TREASURY MANAGEMENT PRACTICES

The Chartered Institute of Public Finance and Accountancy (CIPFA) published a revised version of its Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (the Treasury Management Code) in December 2021.

The Council must have regard to the Treasury Management Code under the provisions of the Local Government Act 2003.

The Treasury Management Code contains the following definition of treasury management activities which has been adopted by CIPFA:

The management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

'Investments' in this definition include those arising as a consequence of managing the Council's cash flows and those held primarily for financial return.

The Treasury Management Code identifies several key principles for treasury management, including that:

- Objectives, policies, practices, strategies and reporting arrangements should be in place to ensure that treasury

management activities are effectively managed and controlled.

- The policies, practices and strategies should prioritise security and liquidity when investing treasury management funds.
- The policies, practices and strategies should also explain how value for money will be secured, and the arrangements to ensure effective control of risks.

The Council's Treasury Management Policy Statement (which set out the policies, objectives and approach to risk management of its treasury management activities), and its Treasury Management Practices (which set out the way the Council sought to achieve its policies and objectives for treasury management) have been updated to reflect the requirements of the updated Treasury Management Code.

They are presented for approval in the following annexes:

- **Annex 3E** – Treasury Management Policy Statement
- **Annex 3F** – Treasury Management Practices
- **Annex 3G** – Management practices for non-treasury investments

KNOWLEDGE AND SKILLS

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

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

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

- **Providing training and technical guidance**

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

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

By employing external providers of treasury management services, the Executive Director, Corporate Services ensures that the individuals involved in delivery of the Council's

treasury management activities have access to specialist skills and resources.

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

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

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

ANNEX 3A - PRUDENTIAL INDICATORS

Summary of prudential indicators		2020-21 Actual	2021-22		2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast
			Original Estimate	Updated Estimate				
Capital expenditure & financing								
Capital Expenditure	£m	197	235	236	284	442	392	196
Capital Financing								
Borrowing	£m	68	103	82	131	182	153	81
Grants and contributions	£m	126	111	146	142	248	232	111
Capital receipts and earmarked reserves	£m	3	21	8	11	12	7	4
Total capital financing	£m	197	235	236	284	442	392	196
Capital financing requirement								
Capital financing requirement (CFR)								
Opening CFR	£m	1,076	1,123	1,106	1,145	1,323	1,451	1,548
Add								
Additional borrowing	£m	68	115	82	131	182	153	81
Additional credit liabilities (PFI / Finance leases)	£m	5	5	5	100	5	5	5
		1,149	1,243	1,193	1,376	1,510	1,609	1,634
Less								
Revenue provision for debt repayment	£m	(40)	(47)	(46)	(53)	(59)	(61)	(63)
Capital receipts applied to repay debt	£m	(3)	(5)	(2)	-	-	-	-
Capital Financing Requirement	£m	1,106	1,191	1,145	1,323	1,451	1,548	1,571

Summary of prudential indicators		2020-21	2021-22		2022-23	2023-24	2024-25	2025-26
		Actual	Original Estimate	Updated Estimate	Forecast	Forecast	Forecast	Forecast
Analysis of the Capital Financing Requirement								
Supported borrowing and pre 2008/09 unsupported borrowing	£m	442	430	430	418	406	394	382
Unsupported borrowing								
General	£m	533	606	586	664	774	866	907
Deferred (loans, housing and investment properties)	£m	15	44	22	52	97	124	127
Sub total - borrowing	£m	990	1,080	1,038	1,134	1,277	1,384	1,416
Credit arrangements (PFI / Finance leases)	£m	116	111	107	189	174	164	155
Total	£m	1,106	1,191	1,145	1,323	1,451	1,548	1,571
Gross borrowing and the CFR								
Medium term forecast of CFR	£m	1,323	1,333	1,451	1,548	1,571	1,589	1,603
Forecast external debt (long term) and credit arrangements	£m	742	848	692	764	740	713	686
Headroom	£m	581	485	759	784	831	876	917
External debt								
Authorised limit								
Borrowing	£m	620	1,030	870	1,060	1,190	1,260	1,290
Other long term liabilities	£m	284	111	107	189	174	163	155
Total authorised limit	£m	904	1,141	977	1,249	1,364	1,423	1,445
Operational boundary								
Borrowing	£m	520	910	740	890	1,030	1,100	1,130
Other long term liabilities	£m	265	107	102	184	170	159	150
Total operational boundary	£m	785	1,017	842	1,074	1,200	1,259	1,280
Actual external debt (incl. credit arrangements)	£m	742	N/A	N/A	N/A	N/A	N/A	N/A

Summary of prudential indicators		2020-21	2021-22		2022-23	2023-24	2024-25	2025-26
		Actual	Original Estimate	Updated Estimate	Forecast	Forecast	Forecast	Forecast
Financing to net revenue streams								
Financing to Net Revenue Streams	%	7.70%	8.80%	8.00%	8.60%	9.90%	10.20%	10.60%
Incremental impact on Council Tax								
Effect of capital schemes starting in:								
2020/21 and earlier years	£	78.34	92.15	100.12	102.92	108.26	115.35	120.14
2021/22	£	1.86	0.88	0.65	1.95	2.84	4.65	6.26
2022/23	£		-	-	2.50	3.81	3.77	3.73
2023/24	£		-	-	-	1.11	5.32	5.27
2024/25	£		-	-	-	2.66	3.63	7.27
2025/26	£		-	-	-	-	-	1.02
2026/27	£		-	-	-	-	-	-
Total	£	80.20	93.03	100.77	107.37	118.68	132.72	143.69

ANNEX 3B - TREASURY MANAGEMENT SUMMARY

Treasury Management Summary		2020-21 Actual	2021-22		2022-23 Estimate	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast
			Original Estimate	Latest Estimate				
Estimated debt and investments								
Investments (estimated balance at each 31st March)	£m	555	212	412	445	435	425	416
External debt (operational boundary for borrowing)	£m	520	910	740	890	1,030	1,100	1,130
Expected movement in interest rates								
Bank Rate (at each 31st March)	%	0.10%	0.10%	0.25%	0.75%	1.00%	1.25%	1.50%
PWLB (borrowing) rates								
5 year	%	1.44%	0.85%	1.50%	1.70%	1.90%	2.00%	2.10%
10 year	%	1.95%	1.20%	1.70%	1.90%	2.10%	2.30%	2.40%
25 year	%	2.39%	1.70%	1.90%	2.20%	2.30%	2.50%	2.60%
50 year	%	2.19%	1.55%	1.70%	2.00%	2.10%	2.30%	2.40%
Source: Link Asset Services (Treasury Solutions) (December 2021)								
Effect of 1% increase in interest rates								
Interest on borrowing	£000	N/A	1,695	160	1,265	2,975	4,360	5,225
Interest on investments	£000	N/A	(2,284)	(4,217)	(4,542)	(4,441)	(4,346)	(4,259)
Interest attributed to reserves & balances	£000	N/A	2,231	2,155	2,052	2,052	2,052	2,052
Interest attributed to other bodies	£000	N/A	36	61	61	61	61	61
Net total	£000	N/A	1,678	(1,841)	(1,164)	647	2,127	3,079
Borrowing requirement (external borrowing)	£m	-	91	32	189	153	124	49

Treasury Management Summary		2020-21 Actual	2021-22		2022-23 Estimate	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast
			Original Estimate	Latest Estimate				
Interest rate exposures								
Upper limits for exposure to fixed rates								
Net exposure	£m	620	1,030	870	1,060	1,190	1,260	1,290
Debt	%	100%	100%	100%	100%	100%	100%	100%
Investments	%	100%	100%	100%	100%	100%	100%	100%
Upper limits for exposure to variable rates								
Net exposure	£m	186	309	261	318	357	378	387
Debt	%	30%	30%	30%	30%	30%	30%	30%
Investments	%	100%	100%	100%	100%	100%	100%	100%
Maturity structure of borrowing (upper limit)								
Under 12 months	%	1%	40%	40%	40%	40%	40%	40%
12 months and within 24 months	%	3%	40%	40%	40%	40%	40%	40%
24 months and within 5 years	%	5%	40%	40%	40%	40%	40%	40%
5 years and within 10 years	%	15%	40%	40%	40%	40%	40%	40%
10 years and within 25 years	%	35%	75%	73%	75%	64%	60%	60%
25 years and within 40 years	%	29%	40%	48%	40%	40%	40%	40%
40 years and within 50 years	%	0%	20%	20%	20%	20%	20%	20%
50 years and above	%	12%	20%	20%	20%	20%	20%	20%
Maturity structure of borrowing (lower limit)								
All maturity periods	%	0%	0%	0%	0%	0%	0%	0%
Total sums invested for more than 364 days								
Upper limit for sums invested for more than 364 days	£m	13	50	50	30	30	30	30

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

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

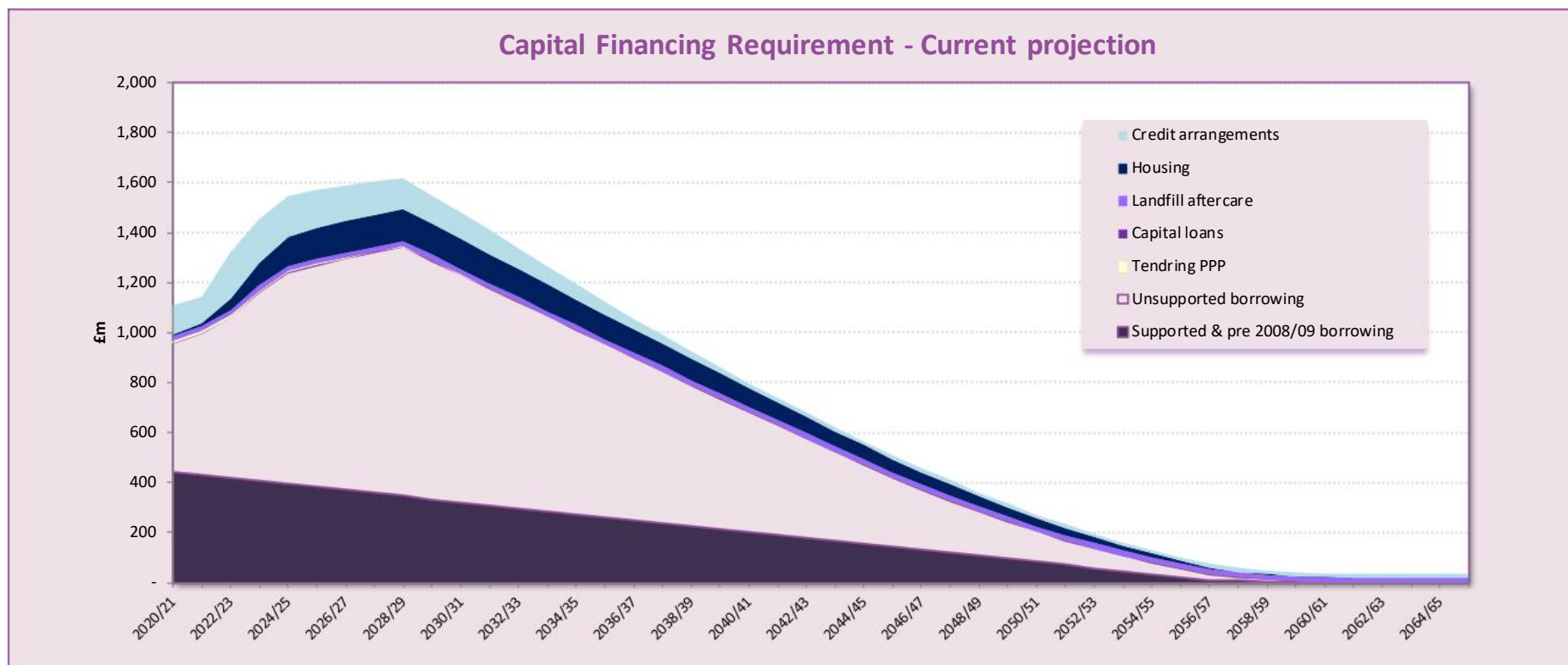
Borrowing	MRP repayment basis
Pre 1st April 2008 debt	This element of the Capital Financing Requirement is being repaid on a 50-year ' Equal instalments ' basis, with commencement of the 50-year term in 2007/08.
Government supported debt (2008/09 onwards)	This element of the Capital Financing Requirement is being repaid on a 50-year ' Equal Instalments ' basis, with commencement of the 50-year term in the financial year following the capital expenditure.
Unsupported borrowing General	This element of the Capital Financing Requirement is being repaid using the Asset Life method. This spreads the unsupported borrowing over the useful life estimated at the start of the relevant asset lives (or over a shorter period where use of

Borrowing	MRP repayment basis
	the standard useful life would not be supportable as prudent).
Unsupported borrowing Loans awarded for capital purposes	This element of the Capital Financing Requirement is being repaid using the Asset Life method, which spreads the unsupported borrowing over the estimated useful life of the assets for which the loans are awarded. Where the Council receives the repayment of an amount loaned, the income is classified as a capital receipt. The first call on the capital receipt will be to repay the related Capital Financing Requirement.
Credit arrangements	MRP is met by a charge equal to the element of rent/charge that goes to write down the balance sheet liability.

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

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

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



ANNEX 3D - COUNTERPARTY CRITERIA FOR INVESTMENTS

1. Context

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

2. Banks and building societies

The Council will invest funds with:

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Money Market Funds

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

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

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

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

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

5. UK Government

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

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

6. Other local authorities

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

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

7. Property Funds

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

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

8. Time and monetary limits applying to investments

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

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

Time and monetary limits

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

Notes:

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

ANNEX 3E – TREASURY MANAGEMENT POLICY STATEMENT

The following statement defines the policy and objectives of the Council's treasury management activities:

1. The Council defines its treasury management activities as:

- The management of its investments and cash flows, its banking, money market and capital market transactions.
- The effective control of the risks associated with those activities.
- The pursuit of optimum performance consistent with those risks.

2. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.

3. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives.

It is therefore committed to the principles of achieving value for money in treasury management, and of employing suitable performance measurement techniques, within the context of effective risk management.

4. The Council's policies for borrowing and investments are set out within the annual Capital and Treasury Management Strategy.

ANNEX 3F – TREASURY MANAGEMENT PRACTICES

TMP 1 - Risk Management

A key objective of the Council's treasury management activities is to safeguard the principal sums it invests from loss.

The Section 151 Officer will ensure there are arrangements in place for the identification, management and control of treasury management risk and will report on the adequacy of these arrangements and on the circumstances of any actual or likely difficulty in achieving the Council's objectives in this respect.

[1] Credit and counterparty risk management

The Council will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited. The Council will also maintain a formal policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

[2] Liquidity risk management

The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it to have the level of funds available to it which are necessary for the achievement of its business objectives.

The Council will not borrow earlier than required to meet its cash flow needs, unless there is a clear business case for doing so and will only do so for the current capital programme, to fund future debt maturities and/or to ensure an adequate level of liquidity of funds.

[3] Interest rate risk management

The Council will manage its exposure to fluctuations in interest rates with a view to containing its net interest costs in accordance with its treasury management policy and strategy.

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates.

[4] Exchange rate risk management

The Council will manage its exposure to fluctuations in exchange rates to minimise any detrimental impact on its budgeted income and expenditure levels.

[5] Inflation risk management

The Council will keep under review the sensitivity of its treasury management activities to inflation and will seek to manage the risk accordingly in the context of its wider exposure to inflation.

[6] Refinancing risk management

The Council will ensure that its borrowing, private financing and lease arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are as competitive as can reasonably be achieved in the light of market conditions prevailing at the time.

The Council will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective.

[7] Legal and regulatory risk management

The Council will ensure that its treasury management activities comply with its statutory powers and regulatory requirements.

The Council will also ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may affect with the Council, particularly with regard to duty of care and fees charged.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the Council.

[8] Operational risk, including fraud, error and corruption

The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through inadequate or failed internal processes, people and systems or from external events. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements.

[9] Price risk management

The Council will seek to ensure that its treasury management policies and objectives are not compromised by adverse market fluctuations in the value of the sums it invests and will accordingly seek to protect itself from the effects of such fluctuations.

TMP 2 - Performance measurement

The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

TMP 3 - Decision-making and analysis

The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of

learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were considered.

TMP 4 - Approved instruments, methods and techniques

The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in its annual Capital and Treasury Management Strategy.

The Council has reviewed its classification with financial institutions under MIFID II and will set out in its annual Capital and Treasury Management Strategy those organisations with which it is registered as a professional client.

TMP 5 - Organisation, clarity and segregation of responsibilities, and dealing arrangements

The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is always a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management

policies and those charged with implementing and controlling these policies, particularly regarding the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If it is intended to depart from these principles, the Section 151 Officer will ensure that the reasons are properly reported, and the implications properly considered and evaluated.

The Section 151 Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Section 151 Officer will also ensure that those engaged in treasury management will follow the policies and procedures set out.

The Section 151 Officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

The delegations to the Section 151 Officer in respect of treasury management are set out in the Council's Financial Regulations and Scheme of Delegation for Financial Management. The Section 151 Officer will fulfil all such responsibilities in accordance with the Council's policy statement and TMPs and the CIPFA Standard of Professional Practice on Treasury Management.

TMP 6 - Reporting requirements and management information arrangements

Regular reports will be prepared and considered on the implementation of the Council's treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum:

- Full Council will receive an annual report on the strategy and plan to be pursued in the coming year.
- The Cabinet will receive reports on the performance of the treasury management function, and on any circumstances of non-compliance with the Council's Treasury Management Policy Statement and TMP's, as part of the Council's quarterly financial overview reporting.

The Council's Corporate Policy and Scrutiny Committee have responsibility for the scrutiny of treasury management policies and practices.

TMP 7 - Budgeting, accounting and audit arrangements

The Section 151 Officer will prepare, and full Council will approve and, if necessary, from time to time will amend, an

annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income.

The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk management, TMP 2 Performance Measurement, and TMP 4 Approved instruments, methods and techniques. The Section 151 Officer will exercise effective controls over this budget and will report upon and recommend any changes required in accordance with TMP 6 Reporting requirements and management information arrangements.

The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

TMP 8 - Cash and cash flow management

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Section 151 Officer and will be aggregated for cash flow and investment management purposes.

Cash flow projections will be prepared on a regular and timely basis, and the Section 151 Officer will ensure that these are adequate for the purposes of monitoring compliance with TMP1[2] liquidity risk management.

TMP 9 - Money laundering

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staff involved in this are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in the Council's Anti-Money Laundering Policy.

TMP 10 - Training and qualifications

The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

The Section 151 Officer will recommend and implement the necessary arrangements, including the specification of the expertise, knowledge and skills required by each role or member of staff.

The Section 151 Officer will also ensure that elected members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

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

TMP 11 - Use of external service providers

The Council recognises that responsibility for treasury management decisions remains with the Council at all times. However, the Council recognises that there may be value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources.

When it employs such service providers, it will do so following a full evaluation of the costs and benefits and will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed.

The monitoring of such arrangements rests with the Section 151 Officer.

TMP 12 - Corporate governance

The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and

its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

This organisation has adopted and has implemented the key principles of the CIPFA Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes.

ANNEX 3G - Investment management practices for non-treasury investments

The Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management.

New investments will only be undertaken following the Council's business case and governance framework for decision making.

Each proposal to make a non-treasury management investment will articulate:

- The objectives and management arrangements for the investment.
- The risk of loss and the arrangements for mitigating such losses.
- The decision making and reporting arrangements.
- The performance management arrangements.

The Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the Council's risk exposure.

Appendix B – Equality Impact Assessment (Annual Plan and Budget)

1. Overview

- 1.1 This appendix describes the most significant equality pressures confronting each main service area, informed by an equality analysis. It highlights the effect of policy and governance changes; an overview of positive and neutral impacts; and a service impact overview. These outcomes are based upon spending decisions taken during the last two years and changes resulting from the 2022/23 budget. The analysis also highlights a number of cumulative impacts that may arise resulting from the 2022/23 budget.
- 1.2 It is important to note that the budget is the financial expression of the Everyone's Essex Annual Plan and our operational intent, and where known, the equality impact of change is disclosed. However, there are a number of individual decisions that will arise over the period of the 2022/23 budget. These will be subject to specific and more detailed equality impact assessments in line with the Council's Equality Impact Assessment (EIA) guidance. Political decisions will only be taken once effective and meaningful engagement has taken place on a need-by-need basis.
- 1.3 In making this decision we must have regard to the Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010, i.e. have due regard to the need to:
 - (a) Eliminate unlawful discrimination, harassment and victimisation and other conduct 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.
- 1.4 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. In addition, marital status is a relevant protected characteristic for 1.3(a)
- 1.5 The PSED is a relevant factor in making this decision but does not impose a duty to achieve the outcomes in s149. It is only one factor that needs to be considered and may be balanced against other relevant factors.
- 1.6 Part of the equalities governance is to ensure that equality impact assessments are undertaken when considering new and/or revised policies to inform and underpin good decision making processes. This also helps us pay due regard to our equality obligations.
- 1.7 The Equality Act also says that public bodies must pay 'due regard' to equality. This means that we must:
 - Remove or minimise disadvantages suffered by people due to their protected characteristics;

- take steps to meet the needs of people from protected groups where these are different from the needs of other people.

2. Identified high level cumulative equality impact

- 2.1 At this stage, it is not possible to fully measure the cumulative impact of the proposals on those people who have protected characteristics under the Equality Act 2010, or how the geographic spread of budget proposals will be felt across rural and urban areas of Essex.
- 2.2 However, a preliminary equality analysis of the planned activity and budget proposals for 2022/23 indicates that the council will continue to make the majority of identified savings through efficiencies linked to internal systems and processes. The Covid-19 pandemic has continued to change the way in which most council employees carry out their work. The savings proposals that have been identified to frontline services have been developed to ensure cost effectiveness whilst maintaining a high standard of service delivery. Consequently, it is likely that the budget proposals in the coming year will have limited negative impacts on the communities that we serve.
- 2.3 Key impacts from this initial analysis across the portfolios are outlined from section 5 below.

3. Mitigating actions which will be considered

- 3.1 **Monitoring of impact:** Services must ensure ongoing equalities monitoring of the impact of service changes, to identify trends in disproportionate or unanticipated impact at an early stage to address them. This reporting should be monitored Council-wide at senior levels within the Council in order to identify cumulative impacts and mitigating actions. Consideration should be given to working with other partners in this monitoring and evaluation where appropriate.
- 3.2 **Informing decision-making:** The findings of this monitoring should be used to inform the budget-setting process year on year.
- 3.3 **Equality Impact Assessments:** As the budget proposals are developed, individual equality impact assessments will be undertaken. This will include an assessment of who is likely to be impacted by the changes, whether they are considered to have 'protected characteristics' under the Equality Act 2010 and if they are, what mitigation activity is proposed to ensure that they will not be disproportionately affected. These will all be reviewed to provide an assessment of the cumulative impact of the budget decisions.
- 3.4 **Targeting based on need:** Resources and services should clearly identify specific needs of different groups at an early stage in order to be most effective and meet needs at first contact wherever possible e.g. through consultation.
- 3.5 **Gaps in monitoring:** Where gaps in monitoring have been identified during the equality impact assessment process, steps should be taken to fill these in the

forthcoming year. This will enable better modelling of potential impacts and assessments in future.

4. Strategic focus on Equality, Diversity and Inclusion

- 4.1 The Council is fully committed to addressing the challenges facing communities and supporting residents to live better lives. Everyone's Essex: our plan for levelling up the county 2021-2025 sets out how services are responding to and are planning for these challenges with a key focus on tackling inequalities across the County. Three themes have been identified – Renewal, Equality, Ambition – to ensure we are well placed to address the challenges ahead. Alongside these themes, that run through everything we do, we are focused on 4 areas where outcomes really matter for the quality of life of our residents.

They are:

- the economy
 - the environment
 - children and families
 - promoting health, care and wellbeing for all the parts of our population who need our support
- 4.2 This commitment to equality and inclusion is shared by partners and is firmly rooted in the long-term Vision for Essex: The Future of Essex. This outlines commitments to improve the life chances and experiences for all Essex residents. A key ambition within the Vision for Essex is to share prosperity with everyone, an ambition that is vitally important to the Council.
- 4.3 The Everyone's Essex Annual Plan and Budget for 2022/23 gives effect to this in the following ways:
- By ensuring that the savings are balanced across service areas and are not targeted at the most vulnerable
 - By driving savings through the delivery of efficiencies and through the reform of services to improve outcomes and make them more cost effective
 - By continuing to invest in services and activities that will reduce inequalities and support better lives for all residents

5. Policy and Governance Context

- 5.1 The proposed social care precept may adversely impact some residents of Essex; however residents on the lowest incomes will remain eligible for support with their bills via their local council tax support schemes (operated and maintained by the city, district and borough councils). The increase proposed relates to a specific social care precept that will be ring-fenced for adult social care. This should positively impact on vulnerable adults within Essex by helping to protect and improve social care services.
- 5.2 The localisation of council tax benefit (introducing new payees to council tax as a result of national policy changes) was implemented in 2013/14 alongside a

scheme for hardship and investment in collection initiatives including Citizens Advice support. Over this time, the 12 billing authorities have sustained collection rates against this backdrop, ensuring no negative impact on other council tax payers. However, during the Covid-19 pandemic we have seen a reduction in collection rates, although they are still at a high level. Our budget proposes continuation of the investment into collection and hardship for 2022/23.

- 5.3 We have joined forces with the borough, district and city councils and police and fire authorities to tackle council tax fraud across the county. The programme:
- ensures those entitled to discounts or exemptions on their council tax are receiving the right support;
 - has introduced extensive regular reviews to ensure the levels of benefits people receive are correct;
 - encourages people to notify councils if their circumstances change, and the consequences of not doing so, to enable councils to take swift and appropriate action against people fraudulently claiming council tax benefit.
- 5.4 The budget will be discharged against a background of continuing intense pressure across the health and care system in Essex, particularly in light of the ongoing Covid-19 pandemic.

6. Portfolio Impacts Overview

Adult Social Care and Health

- 6.1 The priority is to operate sustainably while fully meeting our legal obligations and in so doing ensure adults, carers and families have access to the information, advice and tools they need to enable them to live ordinary lives, safely and independently, for as long as possible. The Council currently supports around 17,000 adults, of which about 9,000 are older people, some 5,000 are people with learning disabilities, over 2,000 are people with physical or sensory impairments and around 800 are people with mental health needs.
- 6.2 Operational conditions remain exceptionally challenging with the combined impact of the ongoing pandemic, labour shortages and market fragility being felt across the system as a whole.
- 6.3 In practical terms this means that our priority remains ensuring the safety of vulnerable adults and the continuity of the services they depend on. Over the last year we have taken a number of urgent decisions that have allowed us to implement a range of measures to support the market and promote continuity of supply. It is anticipated that further measures of this sort will be required this year.
- 6.4 We have an excellent relationship with our providers, working with them very closely and we are confident that this will continue. Together we are

developing a Market Strategy that recognises the challenging times we are in and sets out our approach to maintaining and developing our market in this context.

- 6.5 Against this background it is important that we continue to operate as efficiently as possible to help ensure we can continue to support the most vulnerable in our communities.
- 6.6 It is against this challenging background that included within the total net budget of **£470.2m** (total gross budget is **£737.3m**) are budget savings proposals of **£21.7m** (4.6% of the net budget or 2.9% of the gross budget) that need to be made in order to achieve financial sustainability and to accommodate demographic and inflationary pressures in 2022/23.
- 6.7 The main areas that will see changes as a result of our budget proposals are set out in the following paragraphs.

- (a) **Learning Disability** – The Council aims to support individuals with learning disabilities and/or autism to ensure their needs are being met and to enable them to achieve their outcomes and life aspirations. The main vehicle for this is the Meaningful Lives Matter Programme (MLM) which is now in its second year.

The programme seeks to:

- a) develop individual potential and independence by providing the infrastructure, opportunities and support people need to flourish and
- b) to make this happen by working with the market to ensure there are appropriate alternatives to traditional care models that support this approach, including reducing reliance on residential care.

It is anticipated that MLM will ensure that people's needs are appropriately and sustainably met, promote better and more sustainable long-term outcomes and in so doing generate **£4.6m** in efficiencies.

The detailed Equality Impact Assessment undertaken indicates that no equality group will be adversely impacted by the 'Meaningful Lives' approach detailed above. Indeed, with specific regards to the Learning Disability, this approach is expected to have a high positive impact on this equality group.

- (b) **Mental Health** – We are undertaking a review of our partnership arrangements and a new partnership agreement with our provider has been put in place to support the delivery of the outcomes of this review as they emerge. The intention is to ensure that we provide effective support for adults in the most efficient manner possible, ensuring they are receiving the least restrictive but appropriate levels of support to meet their needs, support and enable their recovery and build resilience. This approach will promote better outcomes for the adults and allow us to use our resources more efficiently. It is anticipated that this review will generate efficiencies of some **£647,000** in 2022/23 whilst allowing us to continue to fully meet our

legal obligations and provide more person centred support for individual adults for example through the development of more flexible accommodation options that better reflect individual needs.

(c) Technology, and Information Advice and Guidance (IAG) -

In July 2021 the Council launched a new county-wide care technology service to ensure that people have a better technology support offer from the Council to enable them to live independently and to prevent the escalation of needs. This is a key enabler to helping the Council fulfil its Care Act 2014 duties to prevent, reduce and delay the onset of care needs and can reduce:

- the need for Hospital admission
- the need for residential care
- the need for increased domiciliary care packages
- loss of independence

Care technology can support people of all ages, including working age adults with learning disabilities, older people, and those with physical and sensory impairments.

We will only use technology solutions to meet need where we have assessed this option as being safe and appropriate for the adult. Where it is not appropriate, we will ensure alternative support is offered where the adult has been assessed as having eligible needs in line with provisions of the Care Act 2014.

Through a combination of more efficient provision and the cost avoidance that appropriately meeting need through technology solutions provides we expect to generate efficiency savings of **£4.9m** in 2022/23.

(d) Older People – Through our “Connect” programme we are undertaking a full review and change programme, addressing 5 key areas that were identified from a 2019 diagnostic exercise. 3 of these cover the critical pathways that support adults going into and leaving hospital, one looks at Community Social Care decision making, and one addresses process and practice within our Reablement at Home offer.

The objective is to ensure that the adult is offered the most appropriate support for them by optimising services around what adults need, and by working to improve the volume of adults who can be supported, with an emphasis on people being enabled to return home where this is possible, with support to regain as much independence as possible.

Pressures in the domiciliary care market and workforce pressures mean there is a risk that not as many older people benefit from reablement and domiciliary care services as is desired, leading to an increased use of residential placements on discharge from hospital. This will be regularly monitored and mitigated through joint working with partners to ensure the focus remains on supporting people’s independence and return home and

that, in the event of a temporary residential admission, that the person is supported home as soon as appropriate.

It is anticipated that this approach will enable us to both fully meet the needs of adults and generate some **£9.8m** in efficiencies in 2022/23 and pave the way for a more sustainable operating model in future years and offer better outcomes for adults requiring support. Alongside these new ways of working, data points will be developed that, alongside a Lived Experience capture, will be used in local and countywide improvement cycles to ensure we mitigate any negative impacts on adults who use services.

- (e) **All care groups** - In addition to the work set out above we will continue to work with our market to develop new models for meeting need, for example through the development of micro-providers to enable adults with Direct Payments to have more choice over how they use them. In parallel we will develop the infrastructure required to support this new approach. We anticipate that as this model develops it should generate some **£895,000** in efficiencies in 2022/23.

- 6.8 In order to ensure that the Council pays due regard to the PSED, individual equality impact assessments will be undertaken in order to ensure there are mitigating actions, where possible, to minimise any adverse impact on citizens accessing Adult Services.

Children's Services and Early Years

- 6.9 Children's Services and Early Years purpose is to protect children and young people from neglect and abuse, and to promote their development and wellbeing. The Council will continue to work with partners to provide a wide range of early help, family support and social work interventions, to help families improve their lives and support children to overcome early childhood trauma, look forward to a brighter future and achieve their aspirations. As Corporate Parents, the Council will do its best to see that this happens for children in care and care leavers.
- 6.10 To do this well and get best value for money, the Council aims to be at the forefront of best practice. It will always learn from the most forward-thinking innovations and positive developments in the social work profession, as well as from the children, young people and families the Council works with.
- 6.11 The portfolio has identified budget savings proposals of **£2m** for 2022/23.
- 6.12 £1.75m is made through one-off use of carried forward under spend (from 2021/22), or contribution from partners and will have no impact to service users.
- 6.13 £250,000 relates to the Dedicated Schools Grant (DSG) and proposals to maximise the use of grant funding into the portfolio. No impact on service users is anticipated.

- 6.14 In order to ensure that the Council pays due regard to the PSED, individual equality impact assessments will be undertaken in order to ensure there are mitigating actions, where possible, to minimise any adverse impact on children, young people and their families.

Community, Equality, Partnerships and Performance

- 6.15 The portfolio has identified budget savings proposals of **£318,000** in 2022/23.

- 6.16 £250,000 relate to efficiencies following lean reviews and support service redesign within Customer Services, £40,000 relate to additional income expected from the Leading Greater Essex Programme, with the remaining £28,000 linked to realising efficiencies across the Strategy, Insight and Engagement team.

- 6.17 These changes are not expected to impact on the level of service provided to residents. Individual equality impact assessments will be undertaken where necessary.

Finance, Resources and Corporate Affairs

- 6.18 The portfolio has identified budget savings proposals of **£4.9m** in 2022/23.

- 6.19 £2.5m of which relate to more efficient use of our buildings. These changes are not expected to impact on the level of service provided to residents.

- 6.20 A further £1.1m of proposed savings relates to a reduction in planned contributions to the insurance reserve owing to a downward trend in insurance claims over recent years.

- 6.21 Other savings across the portfolio relate to one-off under spends carried forward, reducing waste, controlling demand and contract management. These changes are not expected to impact on the level of service provided to residents.

- 6.22 It is not considered that the savings proposals will have an adverse impact on persons who share any relevant protected characteristic. However, an equality impact assessment will be completed as part of the governance and decision making for each individual project.

Highways Maintenance and Sustainable Transport

- 6.23 Savings proposals of **£5.6m** have been identified for the 2022/23 financial year. These are categorised into the main areas outlined below:

- (a) Partnership improvements and efficiencies within the Essex Highways partnership (highways maintenance) has proposals totalling **£4m**; Benefits are being achieved through seeking continuous improvements, economies of scale, energy efficiencies, increasing income opportunities and different ways of delivering services more efficiently.

(b) Efficiencies of **£860,000** through changes in approach to working with other partners which will be subject to thorough service review.

(c) Ongoing energy efficiencies from the transfer to LED across the Highways infrastructure which will generate cost reduction of **£428,000**.

(d) Other contractual efficiencies have been identified totalling **£283,000** as a one-off opportunity within Park and Ride.

6.24 For the majority of these proposals above it is not considered that they will have a disproportionate impact on people who share any relevant protected characteristic, if there are some cost reductions that could potentially impact people with protected characteristics as detailed implementation plans are worked up.

Leader

6.25 The portfolio has identified savings proposals of **£52,000** in 2022/23. The majority of which relates to efficiencies through support services.

6.26 These changes are not expected to impact on the level of service provided to residents.

6.27 Individual equality impact assessments will be undertaken where necessary.

Other Operating Costs

6.28 The portfolio has identified budget savings proposals of **£550,000** in 2022/23.

6.29 £300,000 of savings relates to increased dividend contribution from the Council's wholly owned Local Authority Trading Company Essex Cares Ltd.

6.30 The remaining £200,000 of saving is proposed through better cash management and reducing the interest payable on borrowing.

6.31 These changes will not impact on the level of service provided to residents.

6.32 Individual equality impact assessments will be undertaken where necessary.

Waste Reduction and Recycling

6.33 The portfolio has identified savings proposals of **£762,000** for 2022/23.

6.34 £212,000 of which will be delivered by efficiencies through undertaking a forensic review of budgets and analysing current and historic trends to accurately forecast waste tonnage volumes, contractual and non-contractual spend and optimising our waste infrastructure for maximum utilisation.

- 6.35 The remaining £550,000 is anticipated to be delivered by reviewing the waste infrastructure we operate, in particular Recycling Centres, to ensure that the service is fit for purpose to meet the demands of Essex residents in the future.
- 6.36 There are not expected to be any impacts to protected groups at this stage but an equality impact assessment will be completed as part of the governance and decision making for each individual project.

Appendix C

Essex County Council Pay Policy Statement 2022/23

1. Introduction

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

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

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

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

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

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

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

3. Salary

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

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

The definition of the lowest paid employee used by the Council is for those undertaking an approved apprenticeship programme and where the apprenticeship pay rate of the national minimum wage applies as described by law. For all other employees on Essex main grades, salaries will be no less than the National Living Wage, or 85% of the rate for the job, whichever is the highest.

All employees who are new to the organisation or who secure a new job within it are appointed at a salary in accordance with Essex Pay / Essex Pay Social Care guidance agreed by the Chief Executive. Employees will be provided with an appropriate progress plan in accordance with the Essex Pay Policy and subject to satisfactory progress, salary will be increased accordingly up to Rate for the Job (RFJ).

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

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

Where clear evidence exists and can be balanced with business need, the use of an additional market supplement payment to a job role or group of job roles where external market pressures would otherwise prevent ECC being able to recruit or retain will be considered.

In exceptional circumstances the use of an individual supplement may be required where a business case exists.

4. Appointment of Chief Officers

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

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

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

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

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

6. Pay Progression for Chief Officers and Deputy Chief Officers

Levels of increase and any unconsolidated payments for Chief Officers are set by the SMEC considering a number of factors including market conditions, benchmarking data and affordability.

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

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

7. Other Allowances/Payments

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

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

8. Definition of Lowest and Highest Paid Employees

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

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

9. Pay Ratios

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

For the start of financial year 2022/23 that ratio is 1:6.8. This is a reduction in the differential from last year, driven by increases in pay to the wider workforce whilst no increase was paid to the Chief Executive

10. Publication of Pay Data

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

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

11. Governance

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

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

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

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

The Committee can delegate functions relating to Layer 2 employees (Directors and Heads of Service) to a Sub-Committee which is a politically balanced group of elected councillors.

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

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

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

12. Termination of Employment of Chief Officers

The Council's Policy on the termination of Chief Officers' employment is as detailed at paragraph 10 of this Statement and within the Constitution.

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

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

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



Consultation on the 2022/23 budget

Final report

Chief Executive's Office
November 2021

BUDGET CONSULTATION: SUMMARY

Essex-wide issues and resident concerns

The National Health service/health care is viewed by participants as **the most important issue facing Essex today**. Participants also see **social care provision** and **crime/community safety** as key issue to be addressed.

This is largely reflected in personal concerns of participants, though road repairs and traffic congestion become far more prevalent.

Commitment priorities

When asked about things that should be prioritised for immediate action, participants identify; Developing Essex infrastructure; Supporting those who care for the sick or vulnerable children; Minimising the amount of waste generated in Essex; Protecting vulnerable children & securing high standard education.

Residents feel accessibility to health services and housing is a key priority, that ECC needs to support local businesses and to tackle the green agenda we need to review our processes.

Spending decisions

Participants are torn between strategies of spending allocation and acknowledge that these are difficult decisions for ECC, but there is a need for a **balanced approach** to ensure all residents are catered for.

Strategies for dealing with financial pressures centre around:

- **Strengthening individual and community capabilities**, in order to prevent long-term public service reliance;
- **Outsourcing services**, though keeping this within ECC powers to ensure value for money and the quality of service delivery remains
- **Increasing council tax**, in order to prevent services from being reduced or stopped. Yet, there is an expectation to see the results tax in terms of it going back into local communities.

BUDGET CONSULTATION: BUSINESS OWNERS / SELF-EMPLOYED SUMMARY

Essex-wide issues and resident concerns

Business owners largely reflect the sentiment of Essex residents that the National Health service/health care is **the most important issue facing Essex today**. Followed by crime / community safety which is seen as a more pressing issue vs. residents. **Social care provision**, the **environment and education** are also top priorities for business owners.

This is largely reflected in personal concerns, though road repairs and traffic congestion become far more prevalent, and public transport features as a higher concern vs. residents

Commitment priorities

When asked about things that should be prioritised for immediate action, business owners largely identify similar priorities to Essex residents; Developing Essex infrastructure; Protecting vulnerable children; Supporting those who care for the sick or vulnerable children; Minimising the amount of waste generated in Essex; though enabling healthier lifestyles and supporting vulnerable families hold more of a focus, and good jobs significantly less so.

When prompted, businesses feel that transport infrastructure and public transport in particular are key considerations when developing Essex's infrastructure.

Spending decisions

Business owners perceptions of spending allocation are in line with Essex residents. Largely torn between strategies of spending allocation with the acceptance that there is a need for a **balanced approach**, but with a slightly stronger focus on individuals and places with the most need.

Strategies for dealing with financial pressures centre around:

- **Strengthening individual and community capabilities**, in order to prevent long-term public service reliance;
- **Outsourcing services**, though keeping this within ECC powers to ensure value for money and the quality of service delivery remains. This is a preferable option for business owners vs. streamlining services;
- **Increasing council tax**, this avenue isn't as accepted by business owners vs. Essex residents as a whole, however it is still recognised as an acceptable option to prevent services from being reduced or stopped, particularly for the most vulnerable.

Consultation Approach

A mixed method approach to explore residents' views on the 2022-23 budget took place during the period of **15th October 2021 to 12th November 2021**.

We invited residents and businesses to have a say on our budget so that their feedback will *guide* budget decisions.

Online survey

- Questions developed with finance colleagues and in consultation with PLT.
- Hosted by Beehive (our residents panel provider) and on ECC's consultation platform for 4 weeks.
- Promoted via the Essex residents panel, ECC's corporate communications and through digital / social media
- Responses received from c.1,228 residents, including 105 who identified as 'self-employed' and/or 'business owners'

Resident Focus groups

- Three focus group discussions with Essex residents undertaken online via MS Teams, each session lasting 90 minutes
- Up to six participants in each group, allowing for deeper discussions and full conversations
- Focus groups session observed by ECC research team members
- Conducted w/c 25th October 2021

*We have seen a more diverse range of participants from across different areas and age groups when compared to 2020. Nonetheless, participants are 'self-selecting' and tend to be slightly older and slightly more engaged than the average. This should be considered as we interpret the findings and draw conclusions.

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



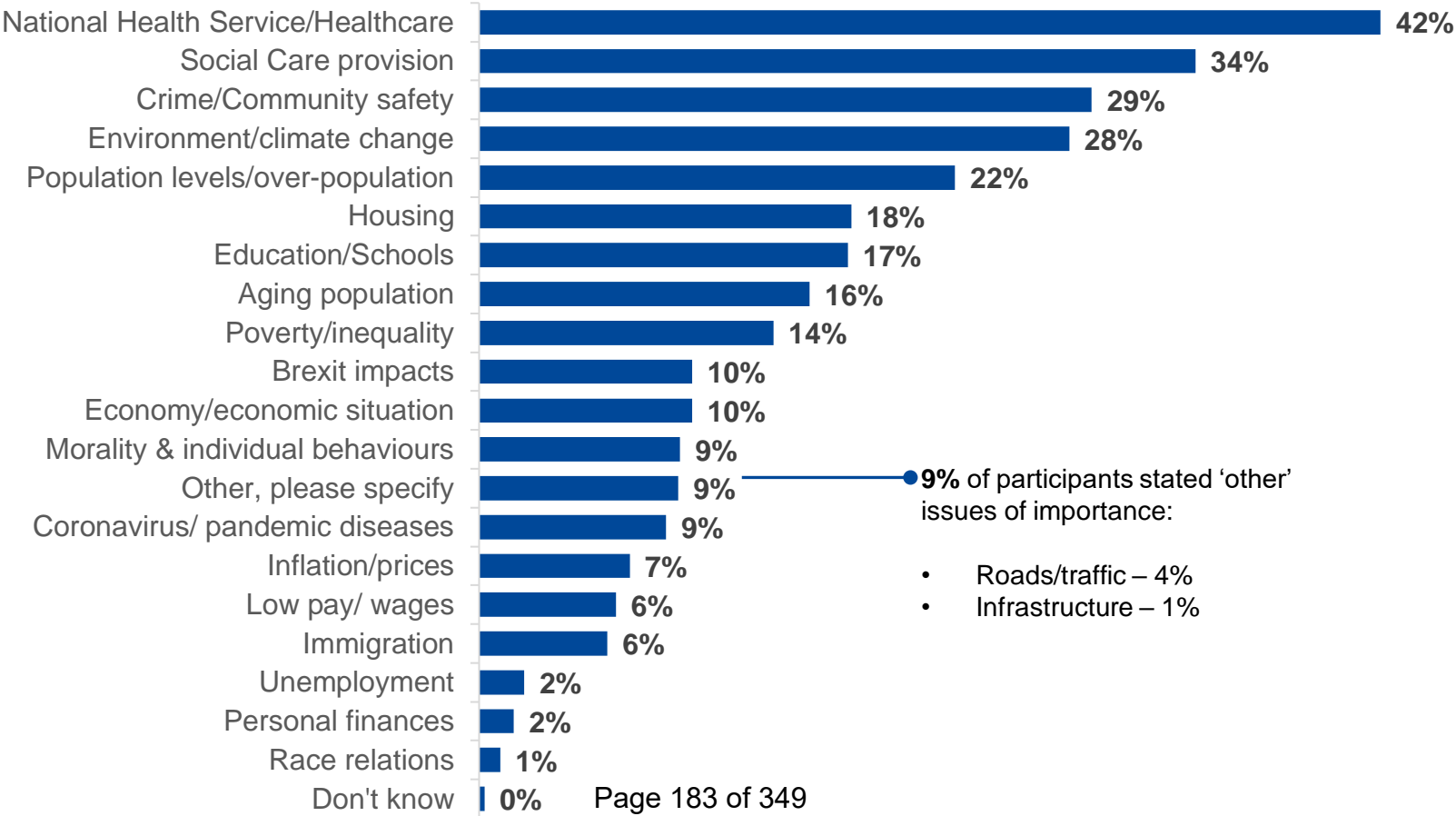
Resident Priorities

RESIDENT PRIORITIES

Residents see pressures on health and social care services as major issues facing Essex

What would you say are the most important issues facing Essex today?

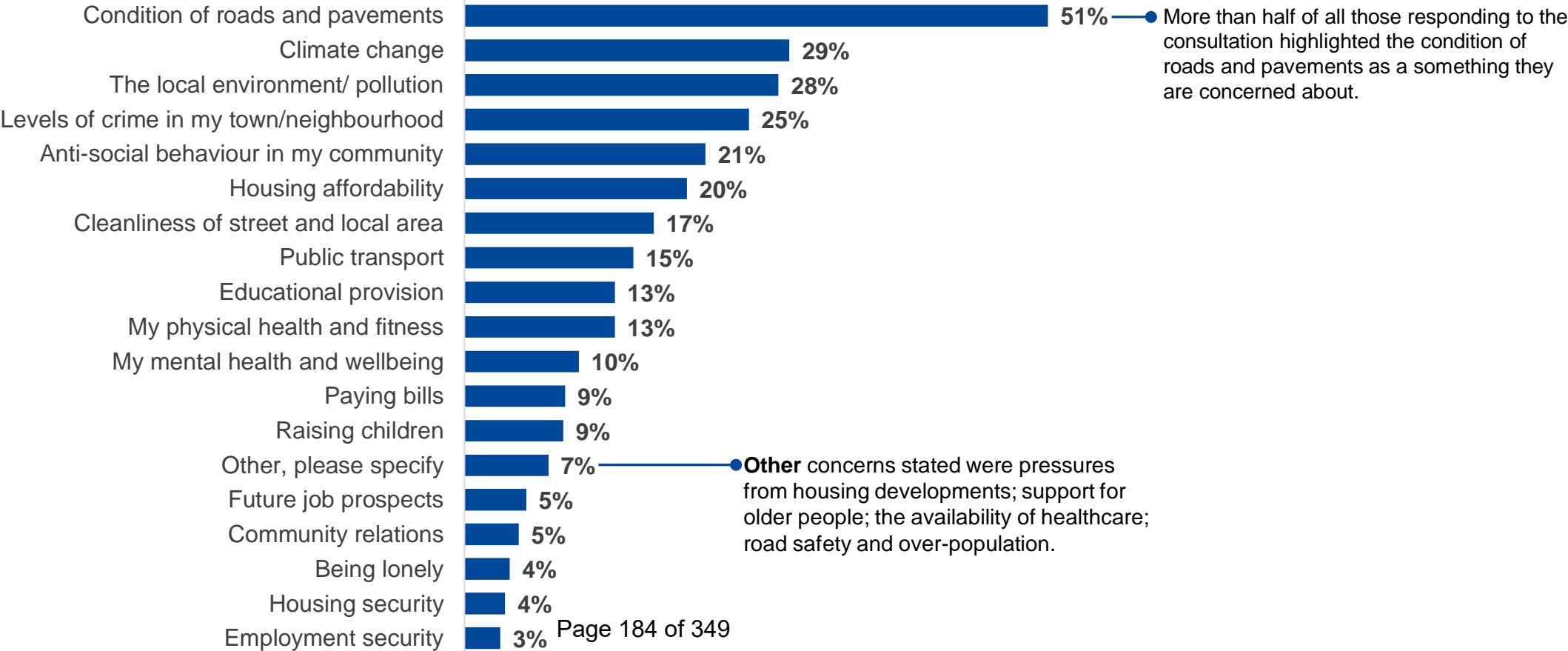
(Max. 3 responses - figures reflect % of respondents who gave each answer)



RESIDENT PRIORITIES

In their own lives, residents are most concerned about road repairs, the climate crisis, crime/community safety and housing affordability

Which of the following are you concerned about?
(Max. 3 responses - figures reflect % of respondents who gave each answer)

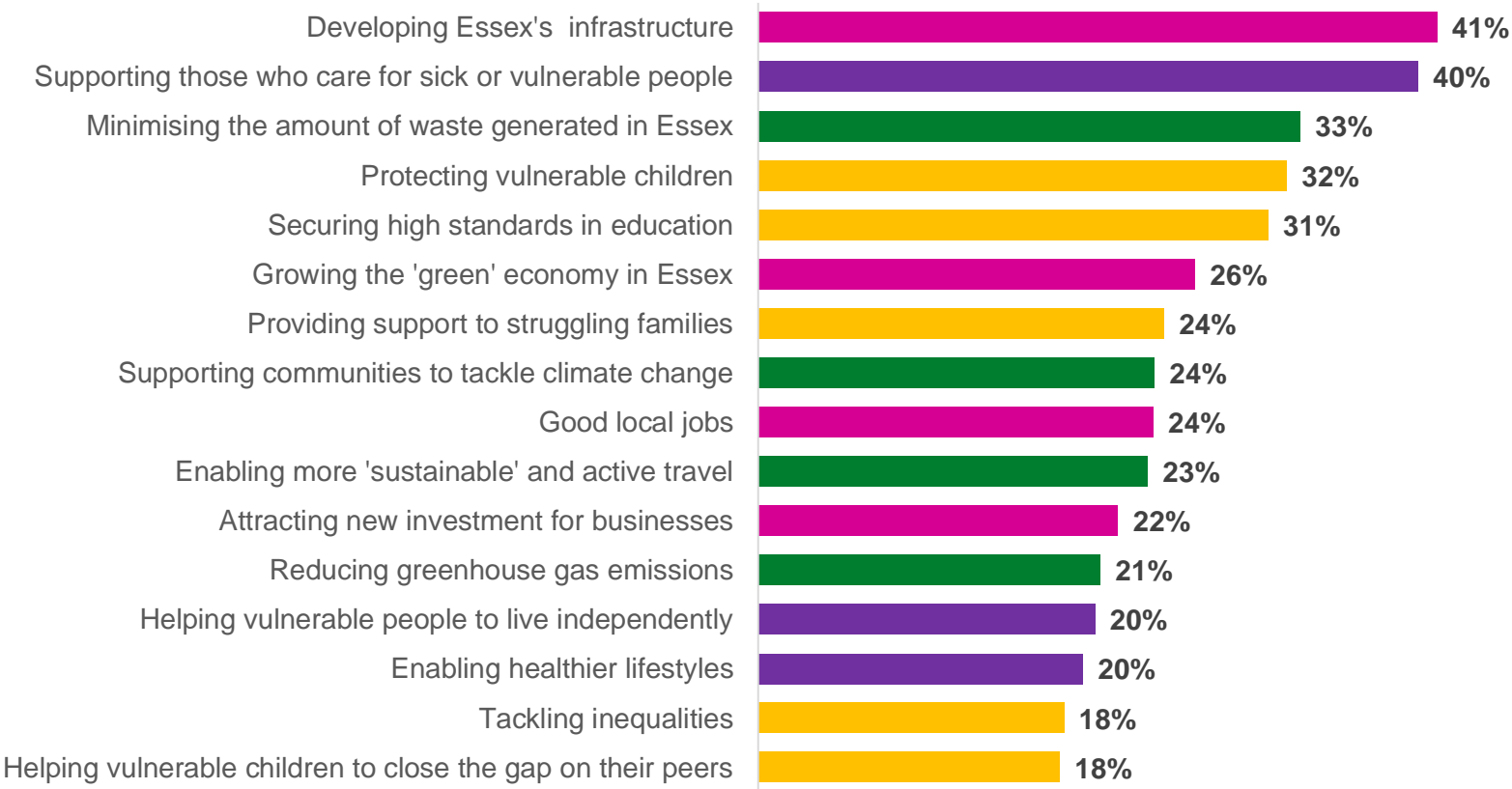


RESIDENT PRIORITIES

Residents are supportive of our Everyone's Essex commitments see action on infrastructure, support for the sick/vulnerable and environmental issues as immediate priorities

Which of these should the council prioritise for immediate action?

(Max. 3 responses - figures reflect % of respondents who gave each answer)

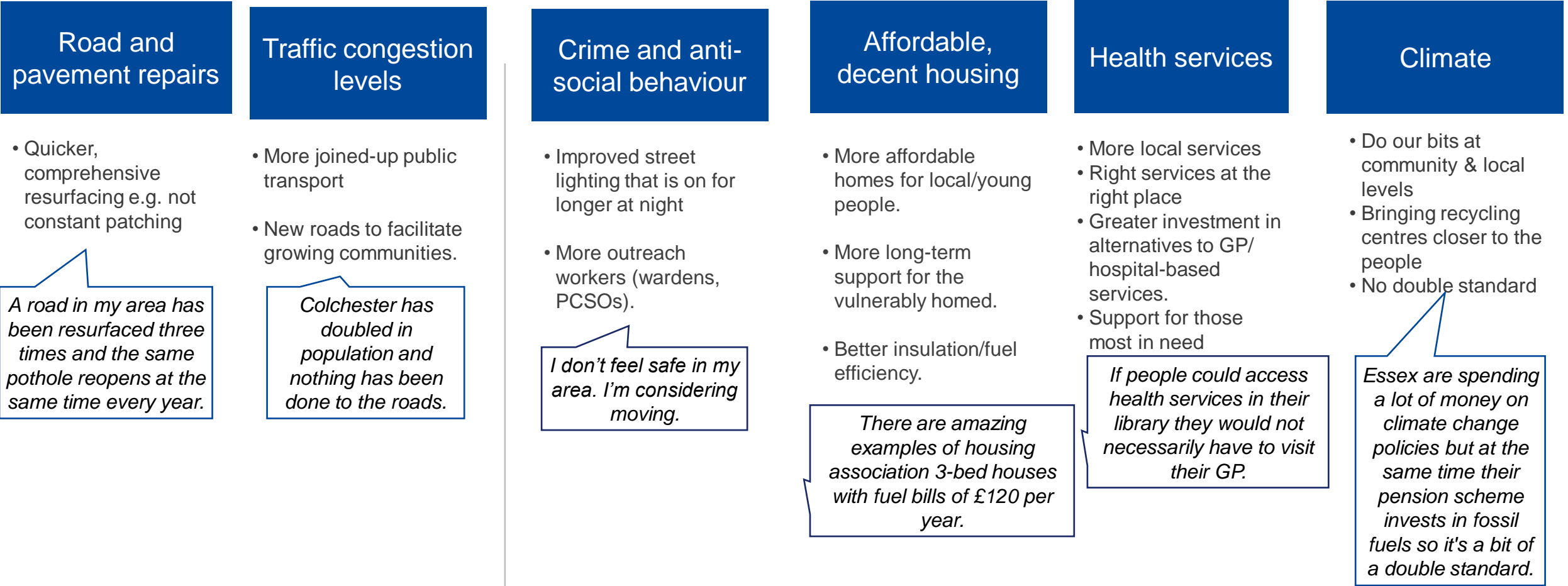


20 commitments key:

Economy Environment Health Family

RESIDENT PRIORITIES

The focus groups reflected the importance of improving health services, housing, crime and road infrastructure; a focus on alternative and collaborative solutions came through.

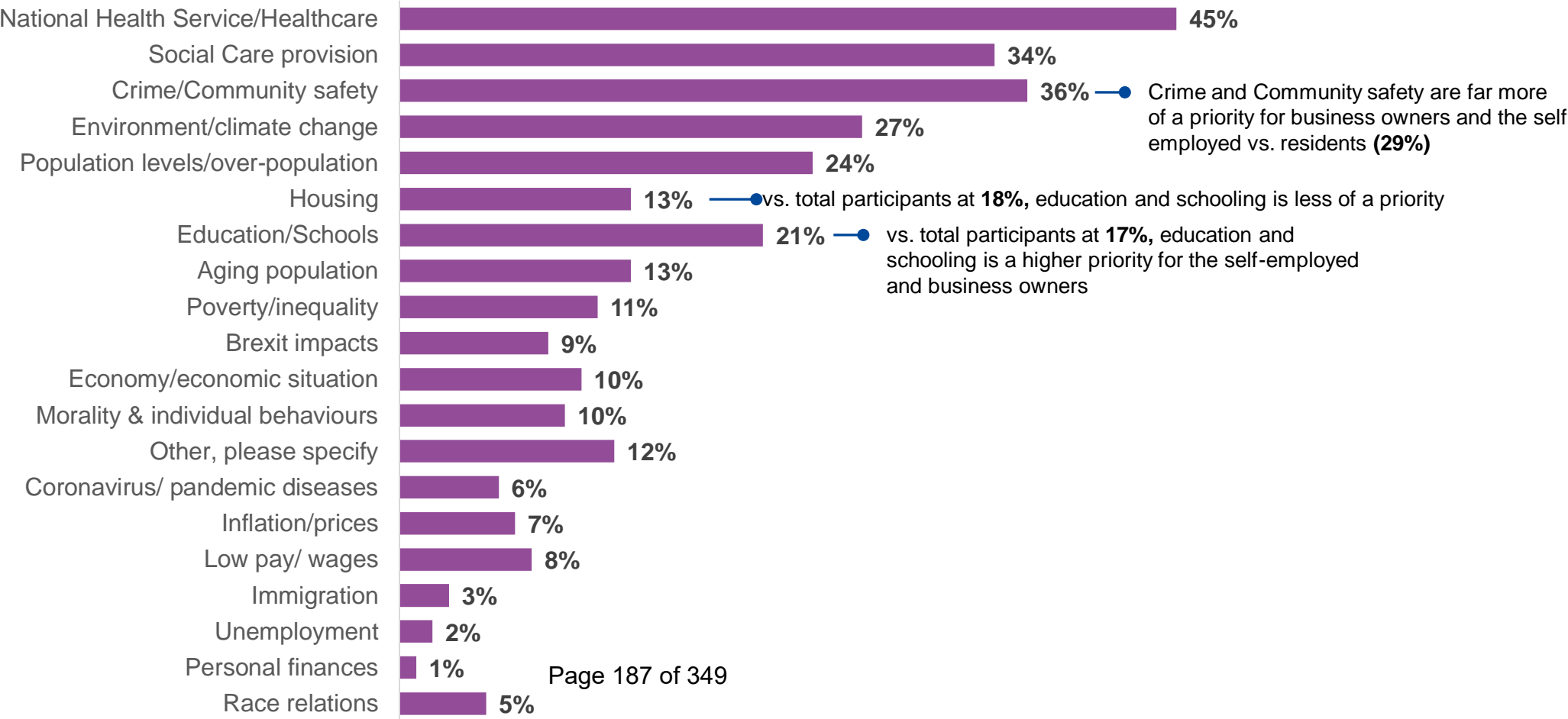


BUSINESS PRIORITIES

Education and crime/community safety seen as more prevalent issues for business owners and the self-employed

Business Owners and
Self-employed
combined
(base size = 105)

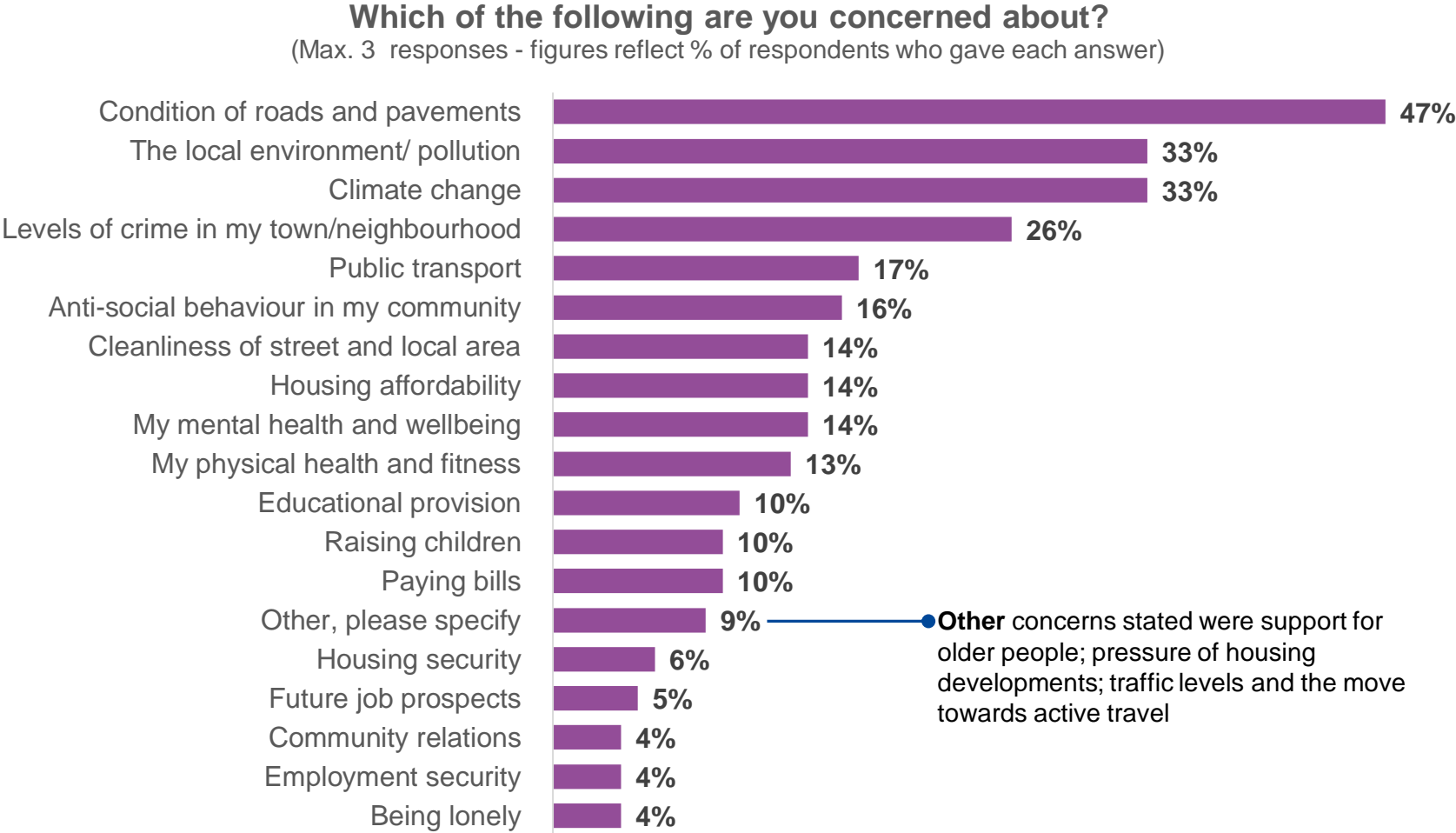
What would you say are the most important issues facing Essex today?
(Max. 3 responses - figures reflect % of respondents who gave each answer)



BUSINESS PRIORITIES

Business owners and the self-employed concerns are largely in line with other residents, though public transport and environmental concerns feature more strongly

Business Owners and
Self-employed
combined
(base size = 105)



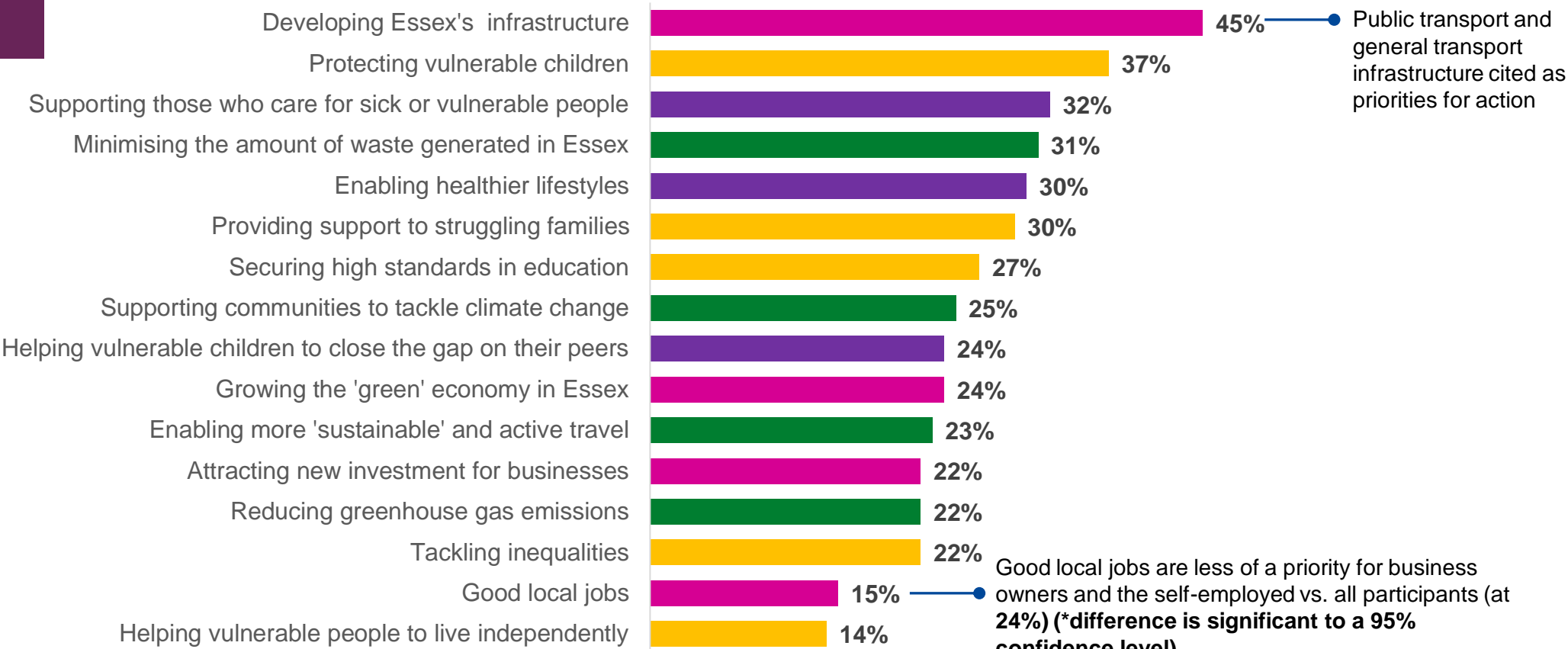
BUSINESS PRIORITIES

Business owners and the self-employed see action on developing infrastructure as a strong priority, particularly the transport infrastructure

Business Owners and Self-employed combined
(base size = 105)

Which of these should the council prioritise for immediate action?

(Max. 3 responses - figures reflect % of respondents who gave each answer)



20 commitments key:

Economy Environment Health Family



Budget setting and managing resources

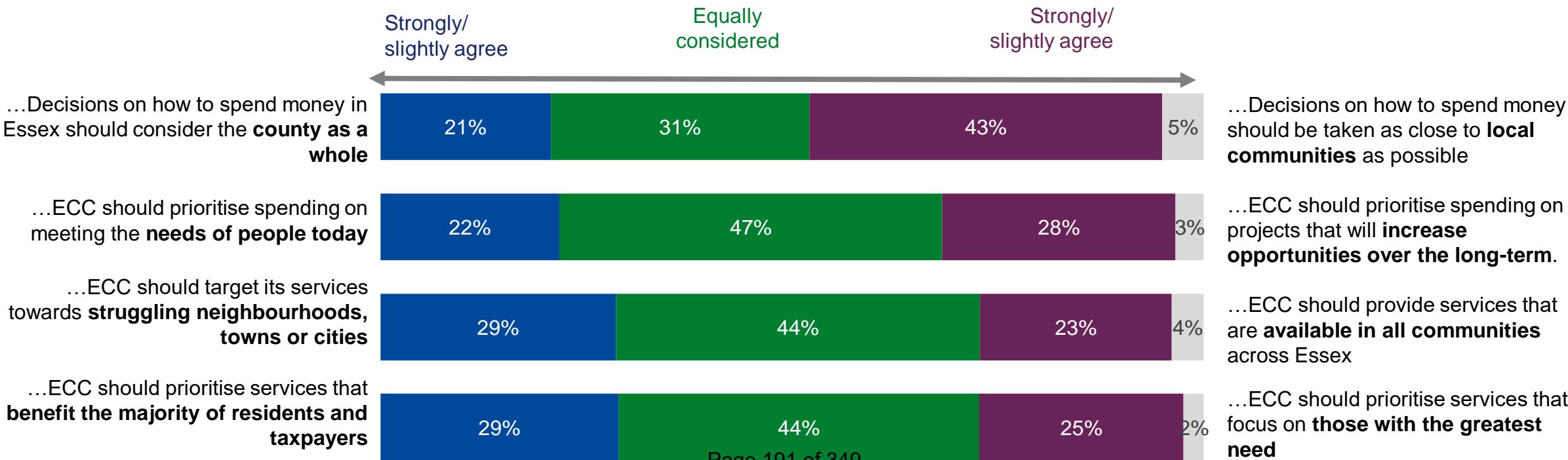
SPENDING ALLOCATIONS

Opinions on how to prioritise spending is polarising for most scenarios

Residents generally want ECC to balance long-term and short-term need. They want to find the middle ground between serving the needs of people/places facing greatest difficulty with the priorities of the county as a whole.

Residents also have a clear appetite to see spending decisions taken as close to local communities as possible.

Considering how Essex County Council allocates spending, do you feel...



SPENDING ALLOCATIONS

Polarising opinions is consistent amongst business owners and the self-employed

In line with Essex residents as a whole, generally business owners want ECC to find the middle ground in most scenarios. However, business owners do have more of a preference to see spending prioritised for those with the greatest need vs. Essex residents as a whole

Businesses also have a clear appetite to see spending decisions taken as close to local communities as possible.

Business Owners and
Self-employed
combined
(base size = 105)

Considering how Essex County Council allocates spending, do you feel...



SPENDING ALLOCATION: RESIDENTS RECOGNISE THE CHALLENGE

Residents understand the huge pressure that ECC faces in weighing different needs and priorities and making difficult choices around how to allocate spending

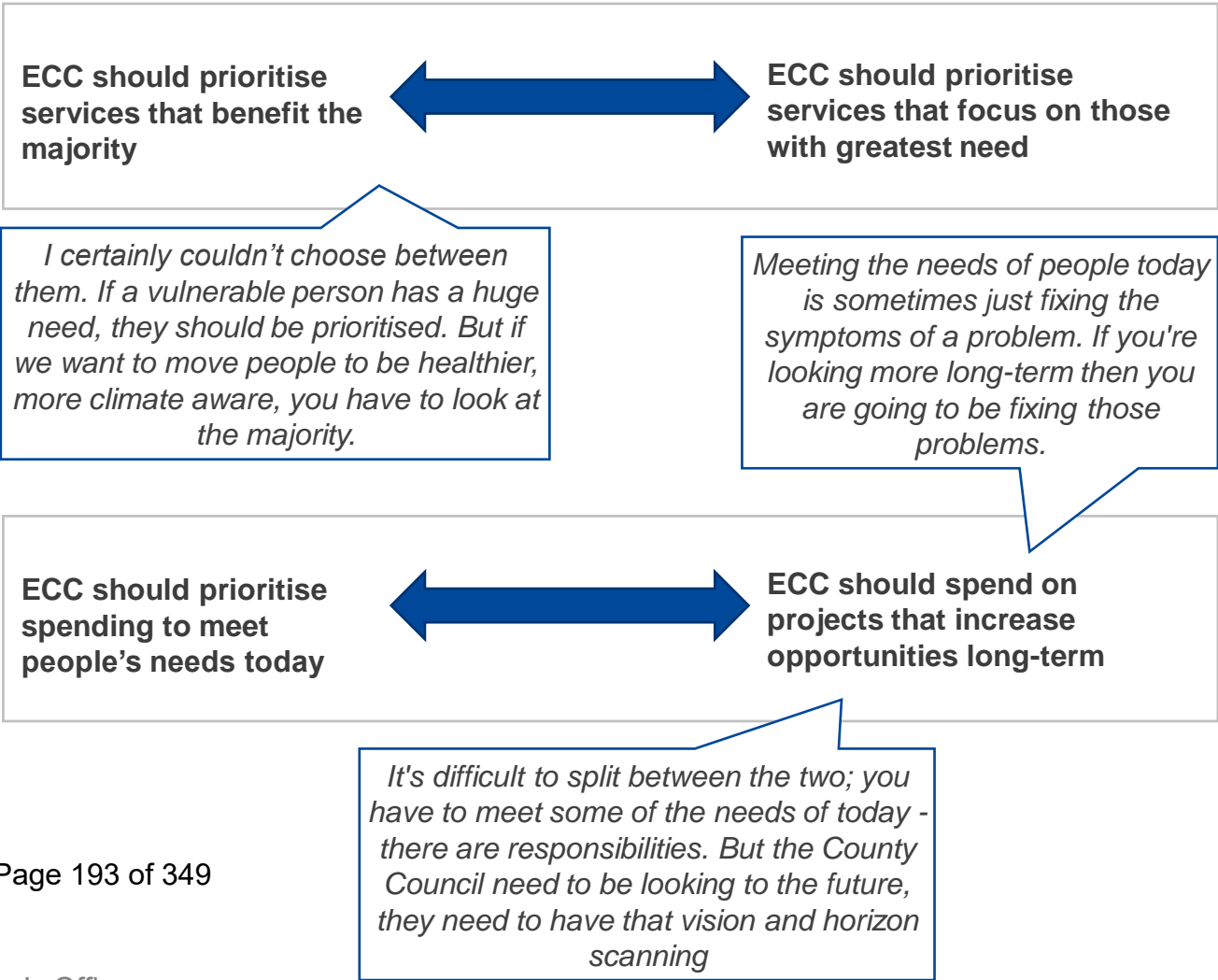
During the small group discussions, participants were asked to make a series of choices around council spending.

Many strong opinions were held. However, the common ground was that **balancing priorities to maximise resources was an almost impossible task** and there was an element of the need to ‘**try and do everything**’.

This led to an understanding that this resulted in a **huge pressure on delivering every day services and long term investment**. As well as the acknowledgement that the **council could not provide all the services** required by the residents.

This makes the decision of how to prioritise difficult.

Shouldn't there be a little bit [of funding] for everybody? But then, there needs to be some focus on those that really need it. But then, how can there be something for everybody?



DEALING WITH FINANCIAL PRESSURES

Encouraging independence and prioritising services for the most vulnerable are considered most important when ECC faces financial pressure

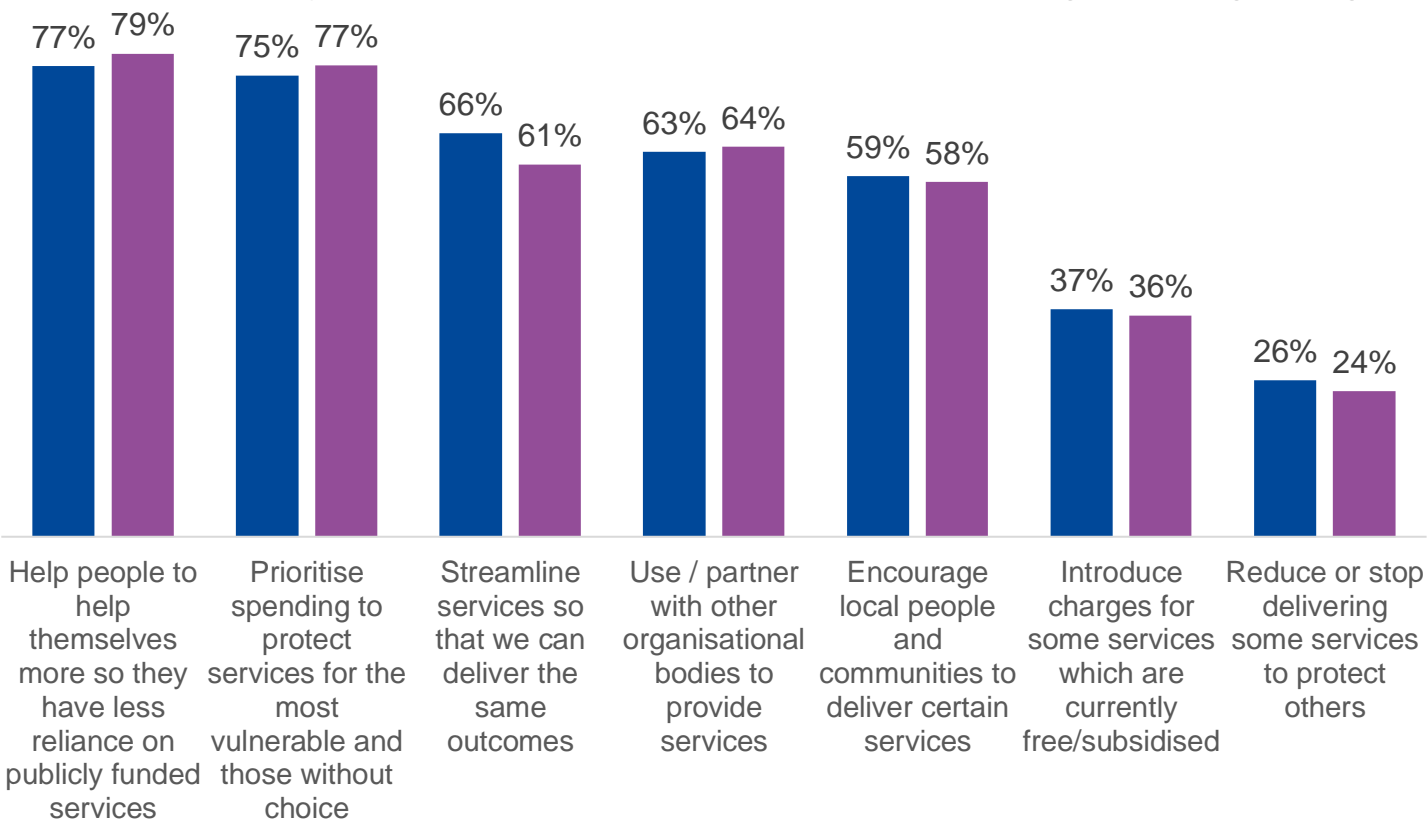
When faced with financial pressure, residents are most supportive of moves to:

- strengthen independence - reducing the need for individuals/ families/ communities to rely on public-funded support; and
- prioritise resources for the vulnerable.

But residents are also supportive of moves to streamline services, work with partner organisations/third parties and encourage local people/communities to play a greater role. Businesses reflect these perceptions with slightly lower support for streamlining services.

Residents are generally less supportive of strategies that involve the introduction of new charges for services that are currently free at the point of use. They are least supportive of moves to stop delivering services entirely.

How strongly do you agree or disagree that Essex County Council should do each of the following when faced with financial pressure? (% agree strongly / slightly)



DEALING WITH FINANCIAL PRESSURE: STRENGTHENING CAPABILITIES

Early interventions, excellent education, upscaling skills, empowering local communities & engagement in decisions on innovations are core to strengthening capabilities.

There was broad agreement in relation to strengthening of individual and community capabilities. The view was that local communities need to be empowered to help work towards meeting the needs of local communities and being part of the decisions to re-imagine how infrastructure currently works

More so, earlier intervention to prevent people from needing services in the long run, such as education at a younger age around preparing for older age, education in modern life skills for all, diet and physical activity at a younger age as a longer term preventative measure.

Participants saw this as a long term goal and agreed this could be achieved by engaging local communities, rebuilding and renewing infrastructure to meet the needs of local communities

“If you don’t sort out the aging infrastructure, you’re not going to be able to support anything you’re trying to develop”

“Educating the young and old in life skills...pensions...credit cards. It’s a shame these things aren’t taught in school. We need to reach out and help people”

“This needs to be led by proper research; it’s out there and it says if you’re funding more into these services then down the line, you’re going to have lower costs”

Page 195 of 349

DEALING WITH FINANCIAL PRESSURES: DELIVERING THROUGH PARTNERSHIPS

A majority of participants (66%) support partnering with other organisations to deliver services (e.g., through outsourcing or strategic partnership arrangements). Residents are most supportive where ECC partners with local NGOs with the skills required to provide excellent services.

But deeper discussions with participants highlighted a consistent desire to see the evidence that these partnerships delivered high quality services and good value for money.

In the absence of this evidence, many tend to be sceptical about whether quality was being secured and value for money was being achieved.

Even where services are delegated, residents continue to want ECC to take responsibility for results. They want ECC to monitor and measure partners' performance against clear criteria.

"It does make sense. But you have to go through the whole commissioning process in a way that means that we as taxpayers get good value for money, and we also get a good service from it"

"You have to make sure they deliver the same level of service or better. There have to be mechanisms in place to ensure they're delivering what they should be doing."

"I'm concerned that once it gets handed over, the county council wouldn't have responsibility for it, and therefore wouldn't manage how it was happening within our community."

DEALING WITH FINANCIAL PRESSURES: RATIONALISING SERVICES

In dealing with financial pressures, participants were least supportive of moves to stop providing some services, even when this helps to protect others – (only 24% agreed with this approach).

Although, they are aware of the constraints and pressure facing councils, they argued that every service “is important to a certain group of people” and where certain service(s) are reduced, some groups of people will be greatly affected.

Participants highlighted the difficulty of balancing the perspectives and priorities of different residents and communities and sympathised with decision-makers.

Respondent recognised that while it would be necessary to reduce/constrain spending in some areas, the impact could be devastating on certain groups. They stressed that decisions to reduce/remove services need to be fully justified and taken following efforts to understand and mitigate the impacts on those affected.

“On the cut to the services, I don’t know where you could start, whatever you do will hurt so many people”

“Shouldn’t there be a little bit [of funding] for everybody? But then, there needs to be some focus on those that really need it. But then, how can there be something for everybody?”

“I certainly couldn’t choose between them. If a vulnerable person has a huge need, they should be prioritised. But if we want to move people to be healthier, more climate aware, you have to look at the majority”

Page 197 of 349

COUNCIL TAX

The majority will accept council tax increases when these are required to avoid service closures and to protect services for vulnerable people

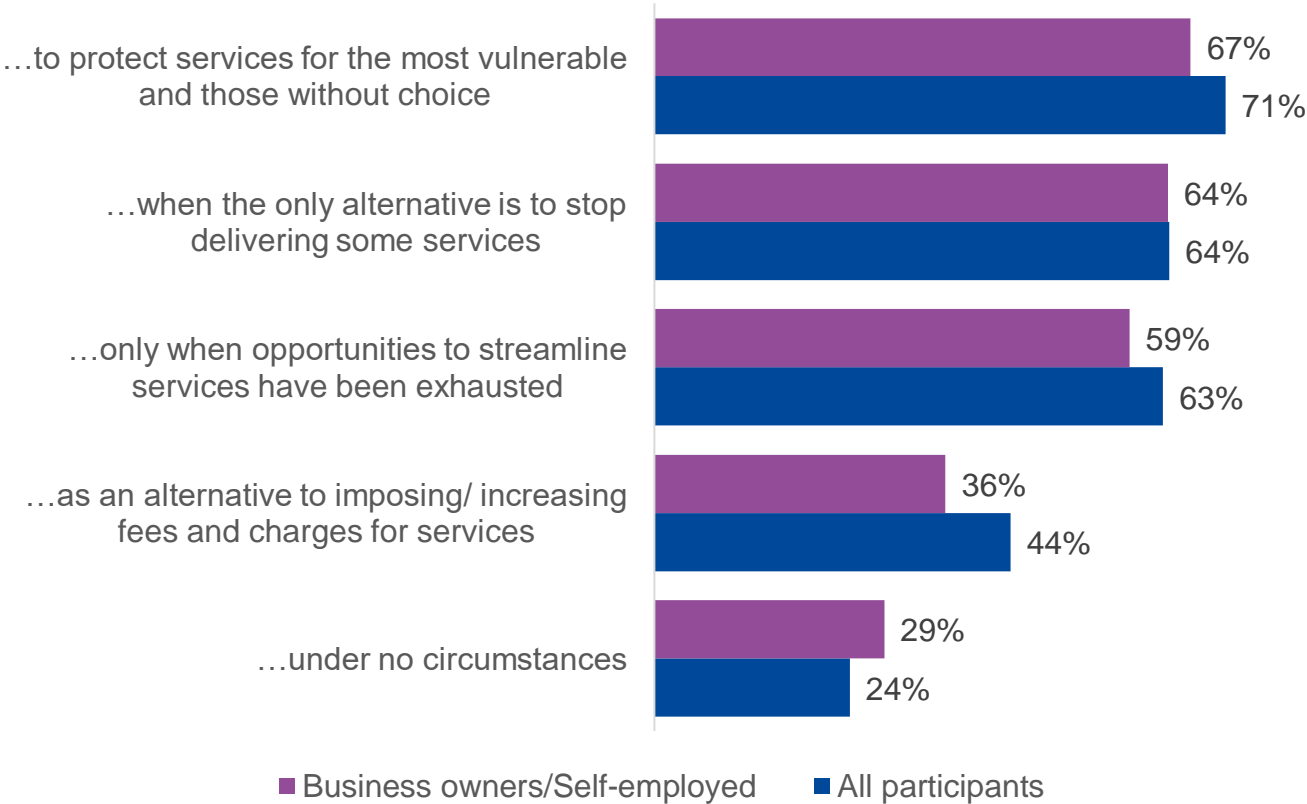
The majority of participants agreed that ECC should consider increases in council tax where these would protect services for the most vulnerable people.

But the majority also indicated that increases in council tax should not be taken lightly. This should be considered only where opportunities to secure efficiencies from streamlined services have been exhausted (63%), or where the alternative would be to stop delivering some services (64%).

Residents were fairly evenly split on whether ECC should increase council tax as an alternative to increasing fees and charges for those who use particular services – though business owners were less likely to agree with this option.

Only a minority of residents (24%) agreed that ECC should avoid council tax increases in all circumstances. This sentiment was most strongly felt by business owners / the self-employed.

ECC should consider increases in council tax... (% agree strongly / slightly)



DEALING WITH FINANCIAL PRESSURES: COUNCIL TAX

Although participants were happy to accept council tax increases in certain circumstances, deeper discussion have revealed residents' appetite for:

- clear communications and transparency around the case for raising council tax and the use that will be made of the revenues. This was identified as fundamental to participants being comfortable with any tax increases;
- Locally-focused spending. Participants suggested that, if increased tax revenues were hypothecated or ring-fenced for specific local investments, then tax increases are more likely to be viewed favourably; and
- Green investment. Participants suggested that, to the extent that increased tax revenues were focused on 'green projects' designed to tackle the climate crisis, they are more likely to be supported by residents and taxpayers.

"I don't want to know what you're doing with my money; I want to know what my money has done. What are you achieving with it? As a council taxpayer I want outcomes."

"Whatever decision they make about council tax and the way that they spend their money, the communication has got to be good."

"If we raised council tax by X percent and your parish council would get this much more money, would you be willing?" A surprising number will say yes.

"We're tiny; I can see that most of the money we pay in council tax doesn't go to our parish. I'd like to see more spent on schools and adult social care."

"There are little things the council can achieve to at least have green areas, have policies which allow as much recycling and repurposing of products or waste as possible."

"If a council is doing something with a community building, whereby they've got solar panels and they can bring electricity into the wider area or create money from selling it, that's a good thing for the community to have."

This information is issued by:
Essex County Council
Chief Executive's Office

Contact us:
alastair.gordon@essex.gov.uk
0333 0136 125

County Hall
Market Road
Chelmsford
CM1 1QH

Sign up to Keep Me Posted email updates:
Essex.gov.uk/keepmeposted



[Essex_CC](#)



Facebook.com/essexcountycouncil

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

Financial Regulations and Scheme of Delegation for Financial Management

Report by Councillor Christopher Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs

Enquiries to Nicole Wood, Executive Director, Corporate Services (e-mail Nicole.Wood@essex.gov.uk)

1. Introduction

- 1.1 This report asks the Council to agree revised financial regulations.

2. Background and proposals

- 2.1 The Financial Regulations and Scheme of Delegation for Financial Management set out the financial policies and the framework for managing the Council's affairs. They seek to ensure that the Council conducts its affairs in a way that complies with specific statutory provisions, generally accepted accounting principles and professional good practice. The Financial Regulations and Scheme of Delegation for Financial Management are kept under continuous review.
- 2.2 The current version of the Financial Regulations and Scheme of Delegation was last approved in July 2017. At that time, many of the thresholds for financial decision making that are defined within Financial Regulations were updated, to align them to the Council's key decision thresholds, which are defined within the Constitution and. These thresholds for financial decision making are considered to remain appropriate and no changes are proposed.
- 2.3 The purpose of this update is simply to update terminology and referencing and to make technical changes to address areas of ambiguity and practical issues arising as a consequence of implementing the Council's new financial management computer system in October 2021. A summary of the key changes is attached at **Appendix A** and the revised Financial Regulations and Scheme of Delegation for Financial Management is attached at **Appendix B**. A 'tracked changes' version of the Financial Regulations can be provided on request by emailing Christine.golding@essex.gov.uk.
- 2.4 The proposed revisions to the Financial Regulations and Scheme of Delegation for Financial Management were considered by the Audit, Governance and Standards Committee on **31 January 2022**. The Committee supported the proposed revisions to the Financial Regulations and Scheme of Delegation for Financial Management and recommended their adoption by full Council.

3. Policy context

- 3.1 The Financial Regulations set out the financial policies and the framework for managing the Council's financial affairs, and the Scheme of Delegation for Financial Management explains how the Council's Financial Regulations are implemented and operated in practice. Together, they aim to ensure that the Council conducts its financial affairs in a way that complies with specific statutory provisions and best practice and that an effective internal controls framework is maintained.

4. Financial Implications

- 4.1 There are no specific financial implications associated with this report.

5. Legal Implications

- 5.1 Financial Regulations form part of the standing orders of the Council and therefore form part of the Constitution. It is important that the Regulations are consistent with the Constitution and that the rules are as clear as possible – otherwise decisions taken by the Council may be subject to challenge.

6. Equality and Diversity implications

- 6.1 These Regulations relate to the Council's internal processes. They are designed to make the Council more efficient and thus help ensure that the use of resources is maximised for the benefit of all Essex residents. There are no specific equality and diversity implications associated with this report.

Summary of proposed changes to the Financial Regulations and Scheme of Delegation for Financial Management

Section 2 – Roles and responsibilities

1. A new bullet point has been added to paragraph **2.7** on the roles and responsibilities of Executive Directors, as a point of clarification, to make it clear that they must obtain the prior approval of the Section 151 Officer on any proposal to commission **external financial** and/or **tax advisory services** on behalf of the Council. This requirement does not apply to the Monitoring Officer, although they must consult with the Section 151 Officer before commissioning such advice.

Section 3 – Financial Planning

2. A new sentence has been added to paragraph **3.4.2** on the **Capital Programme** to make it clear that each project that is added to the Capital Programme will be for the provision and for the purposes of delivering public services and that no scheme will be added if its only purpose is to achieve a financial return.
3. Paragraph **3.6** on **internal trading activities** has been reworded, to improve clarity, and guidance has been added to explain the approval required to close such an account.

Section 4 – Financial Management

4. Paragraph **4.3.4** on **supplementary estimates** (comprising drawdowns from the General Balance or an earmarked revenue reserve) has been updated to make it clear that the approval of the Cabinet Member with responsibility for Finance is required to extend the period of utilisation of a supplementary estimate by more than one year beyond the original approved time period.
5. Paragraph **4.4** on the treatment of **year end balances** has been amended to make it clear that, whilst budget carry forwards may be approved before the end of the financial year, the Cabinet nevertheless reserves the right to unwind them if the final outturn position is less favourable than was projected.
6. Paragraph **4.4** has also been amended to make it clear that funds carried into the grant equalisation earmarked reserve will be released from this reserve if it can no longer be evidenced that they need to be retained for the purposes for which the grants were given.

Section 6 – Risk management and internal control

7. Paragraph **6.3 on insurance arrangements** has been amended to enable the Head of Assurance to approve claims up to **£500,000** in value. This change aligns the delegations in place for insurance arrangements with those that apply generally for committing expenditure.
8. Paragraph **6.5.6 on money laundering** has been updated to explain that receipts and payments not related to the Council's own activities will not be transacted through the Council's own bank accounts without the prior approval of the Section 151 Officer.

Section 7 – Control of resources

9. Paragraph **7.1.4 on property transactions** has been updated to make clearer the approval required to enter into low value transactions related to the Council's portfolio of investment properties.
10. Paragraph **7.1.4** has also been updated to remove the requirement to consult with the Cabinet Member with responsibility for Finance where a **property disposal** is below the previous book value; the requirement to consult with the Cabinet Member for Finance when it is intended to dispose of a property below market value remains though.
11. Finally, the definition in paragraph **7.1.4** of what constitutes a **property transaction** has been updated to include the disposal of any leasehold interest with an unexpired term; previously approval was only required where the unexpired term of a lease was 7 years or more.
12. Paragraph **7.3.3 on loans to third parties** has been updated to make it clear that the repayment of such loans to the Council constitutes a capital receipt that will be applied to repay the loans advanced by the Council.
13. Paragraph **7.3.4 on bank accounts** has been amended to make it clear that new bank accounts include escrow and performance bonds and, in line the proposed update to paragraph **6.5.6 on money laundering**, to make it clear that cash not related to the Council's own activities will not be paid into an ECC bank account.

Section 8 – Income and Expenditure

14. Paragraph **8.1.4 on writing off debts** has been updated to explain the circumstances when debts may be written off and to enable the Head of Finance for Transactional Services or the Service Manager – Income and Assessments to approve the write off of non-recoverable debts up to a limit of **£10,000** (subject to the oversight of the Section 151 Officer); previously, the write off of debts of up to £10,000 was subject to the approval of the relevant budget holder.
15. Paragraph **8.1.5 on credit notes** has been updated to enable the Head of Finance for Transactional Services or the Service Manager – Income and Assessments to

issue credit notes to cancel or reduce a debt following a financial assessment of the amount payable, or to correct a factual inaccuracy or administrative error.

16. A new paragraph (8.3.2) has been added on **authorised signatories**. This explains that:

- a primary (lowest level) approver must be assigned to each cost centre code and that the designated primary approver must be in the line management hierarchy of the budget holder.
- Directors will be responsible for determining the delegated approval limits for primary approvers, and any other approvers with delegated authority to act on a budget holder's behalf (i.e. within the limits permitted by the Financial Regulations), and who approvers can delegate their approval permissions too.
- No approver will reassign their authorisation permissions to an officer with a lower delegated limit to their own.
- Nobody can approve a purchase order unless they are satisfied that they have the delegated power to commit the expenditure.

17. Paragraph 8.3.3 (previously 8.3.2) on **receipt of work, goods and services** has been updated to make more explicit the requirement to 'receipt' purchase orders when the relevant work, goods or services have been received and to make it clear that purchase orders must not be 'receipted' in advance of receiving the relevant goods or services.

18. Paragraph 8.4 on the **authority to make payments** has been updated to make it clear that the Level 4 (L4) approval limit of **£500,000** now applies to any Head of Service and to explain that Directors have discretion about how to apply the Level 5 (L5) approval limit of up to **£150,000** – that is, the primary approver and any other officer with delegated approval to act on a budget holder's behalf can have a lower delegated limit than **£150,000**.

Section 9 – External arrangements

19. Paragraph 9.4 on **work for other organisations** now explains that the Section 151 Officer will determine the accounting, banking and other financial arrangements to be put in place for such contracts.

Section 10 – Financial limits

20. This section brings all of the **financial limits** set out within Financial Regulations together in one place. This section has therefore been updated to reflect proposed changes to the limits set out elsewhere within the Regulations. The only updates required to this section as a consequence of the proposals to make changes elsewhere within the Financial Regulations are:

- Paragraph 10.3 on **supplementary estimates**, which has been updated to reflect the proposal that the approval of the Cabinet Member with responsibility for Finance is required to extend the period of utilisation of a supplementary estimate by more than one financial year.

- Paragraph **10.6** on **settling insurance claims**, which has been updated to enable the Head of Assurance to approve the settlement of claims in excess of **£150,000** and up to **£500,000**.
- Paragraph **10.7** on **property transactions**, which has been updated to clarify the approval required to enter into transactions with a value of less than **£2m** related to the Council's commercial investment properties.
- Paragraph **10.12** on **writing off debts**, which has been updated to enable the Head of Finance for Transactional Services or the Service Manager – Income and Assessments to approve write offs of up to **£10,000** rather than the relevant budget holder.

Scheme of delegation for Financial Management

- 21.** One change is proposed to **Section 3** of the Scheme of Delegation on financial delegations. The proposed change is to enable the self-certification of low value requisitions (i.e. those for items individually up to **£200** and raised against those corporate mandated contracts approved by the Section 151 Officer).
- 22.** Section 5 on the authorised signatory process has also been updated to reflect the changes proposed to the signatory arrangements (referred to in paragraph 0 above and set out within paragraph **8.3.2** of the Financial Regulations).

Financial Regulations & Scheme of Delegation for Financial Management

Council - 10 February 2022



Essex County Council

Contents

Part 1 – Financial Regulations	5
1. Introduction.....	6
1.1. Context	6
1.2. Financial responsibilities	6
1.3. Advice and guidance to underpin Financial Regulations	7
1.4. Compliance.....	7
1.5. Scope of the Regulations.....	7
1.6. Scheme of Delegation for Financial Management.....	7
2. Financial roles and responsibilities.....	8
2.1. Introduction.....	8
2.2. Council	8
2.3. Cabinet	9
2.4. Overview and Scrutiny Committees.....	9
2.5. Audit, Governance and Standards Committee	10
2.6. Statutory Officers	10
2.6.1. Head of Paid Service	10
2.6.2. Chief Financial Officer	10
2.6.3. Monitoring Officer	12
2.7. Executive Directors.....	12
2.8. Internal audit.....	14
3. Financial Planning	15
3.1. Policy framework.....	15
3.2. Everyone’s Essex	15
3.3. Revenue budget	15
3.3.1. Revenue income and expenditure	15
3.3.2. Revenue budget.....	15
3.3.3. Budget preparation.....	16
3.3.4. Format of the budget.....	16
3.3.5. Maintenance of reserves	17
3.4. Capital financial planning	18
3.4.1. Capital expenditure.....	18
3.4.2. Capital programme	19
3.4.3. Financing of capital expenditure.....	19
3.5. Leasing and rental arrangements.....	19
3.6. Internal trading activities	20
3.6.1. Definition and framework.....	20
3.6.2. Financial targets.....	21
3.6.3. Trading reserves.....	21
3.6.4. Closing a trading account.....	21
3.7. Capital and treasury management strategy.....	22
3.8. Medium term resources strategy (MTRS).....	22
3.9. Fees and charges policy.....	22
3.10. Pay policy.....	23
4. Financial Management.....	24
4.1. Introduction.....	24
4.2. Financial management standards	24
4.3. Revenue budget monitoring and control.....	24

4.3.1.	Budget management	24
4.3.2.	Framework for budgetary control	24
4.3.3.	Scheme of virement	26
4.3.4.	Supplementary estimates	28
4.4.	Treatment of year end balances	29
4.5.	Capital monitoring and control	31
4.5.1.	Approval to spend.....	31
4.5.2.	Framework for budgetary control	32
4.5.3.	Scheme of virement	32
4.5.4.	Re-profiling of payment guidelines between years	32
4.5.5.	Adding scheme and payment approvals to the Capital Programme	33
4.6.	Trading activities	34
5.	Accounting records and financial systems	35
5.1.	Accounting records	35
5.2.	Annual statement of accounts	35
5.3.	Financial systems.....	36
6.	Risk management and internal control	38
6.1.	Introduction.....	38
6.2.	Risk management.....	38
6.3.	Insurance	39
6.4.	Internal control and the governance framework	41
6.5.	Preventing fraud and corruption	43
6.5.1.	Counter fraud and anti-bribery strategy.....	43
6.5.2.	Declaration of Interests	43
6.5.3.	Gifts and hospitality	43
6.5.4.	Whistle blowing	43
6.5.5.	Standards of conduct	44
6.5.6.	Money laundering.....	44
6.5.7.	Anti-bribery policy	44
6.5.8.	Promoting good governance	45
6.6.	Audit requirements	45
6.6.1.	External audit.....	45
6.6.2.	Internal audit	46
7.	Control of resources.....	48
7.1.	Assets.....	48
7.1.1.	Security of assets	48
7.1.2.	Asset register	48
7.1.3.	Use of property other than for direct service delivery	50
7.1.4.	Property transactions	50
7.1.5.	Disposal of other assets	52
7.2.	Consumable stocks and stores	53
7.3.	Cash	54
7.3.1.	Introduction	54
7.3.2.	Treasury management.....	54
7.3.3.	Loans to third parties	55
7.3.4.	Bank accounts	56
7.3.5.	Imprest accounts	56
7.3.6.	Trust funds and funds held for third parties.....	57
7.4.	Staffing	57
7.5.	Intellectual property	57
8.	Income and Expenditure	59
8.1.	Income	59
8.1.1.	Introduction	59

8.1.2.	Income collection.....	59
8.1.3.	Debt recovery	60
8.1.4.	Writing off debts	60
8.1.5.	Credit notes.....	61
8.2.	Purchasing and procurement.....	62
8.2.1.	Introduction	62
8.2.2.	Purchasing via corporate contracts	62
8.2.3.	Procurement	62
8.3.	Ordering and paying for work, goods and services.....	63
8.3.1.	Orders for work, goods and services	63
8.3.2.	Authorised signatories.....	64
8.3.3.	Receipt of work, goods and services.....	65
8.3.4.	Payment of suppliers	65
8.3.5.	Contracts for construction and alterations to buildings / civil engineering works	67
8.4.	Authority to make payments	67
8.5.	Payments to Employees and Members	67
8.5.1.	Salaries.....	67
8.5.2.	Expenses and allowances.....	68
8.5.3.	Ex-gratia payments	69
8.6.	Taxation	69
8.7.	Emergency Payments	70
8.8.	Transparency	70
9.	External Arrangements	71
9.1.	Alternative service delivery models	71
9.1.1.	Introduction	71
9.1.2.	Business cases for alternative delivery vehicles	71
9.2.	Partnerships	73
9.2.1.	Context.....	73
9.2.2.	Forming of partnerships	73
9.2.3.	Delegation of budget to a partnership	74
9.2.4.	Financial administration	75
9.2.5.	Documenting and recording of partnership agreements	75
9.2.6.	Representing the Council.....	75
9.3.	External funding (grants and other contributions)	76
9.3.1.	Funding conditions.....	76
9.3.2.	Accounting for external funding	76
9.3.3.	External funding claims.....	76
9.3.4.	Third party expenditure	76
9.4.	Work by the Council for other organisations.....	77
9.4.1.	Approval to contractual arrangements.....	77
9.4.2.	Financial aspects of third-party contracts.....	77
9.4.3.	Documenting and recording contracts	77
10.	Financial Limits	78
10.1.	General.....	78
10.2.	Revenue budget virements	78
10.3.	Supplementary funding.....	78
10.4.	Capital expenditure	79
10.5.	Capital monitoring and control	79
10.5.1.	Applying under spends to offset over spends	79
10.5.2.	Re-profiling of payment guidelines between years	80
10.5.3.	Adding scheme and payment approvals to the Capital Programme	80
10.6.	Settling insurance claims.....	81
10.7.	Property transactions	81
10.8.	Disposal of other assets	82

10.9. Write off of inventory.....	82
10.10. Acceptance of cash payments.....	83
10.11. Loans to third parties	83
10.12. Writing off debts	83
10.13. Purchasing	84
10.14. Other payments	85
10.15. Ex-gratia payments.....	86
10.16. Emergency Payments	86
10.17. Delegation of budget to a partnership.....	86
11. Other key policies and documents	88
11.1. Introduction.....	88
11.2. Employment policies and guides.....	88
11.3. Information policies	88
11.4. Procurement.....	88
11.5. Governance	88
11.6. Regulatory framework	89
Part 2 – Scheme of Delegation for Financial Management	90
1. Introduction.....	91
2. Principles of delegation.....	91
2.1 Introduction.....	91
2.2 Powers for delegation	92
3. Financial delegations	94
3.1 Control of Resources	94
3.2 Income and Expenditure	94
3.3 Pension Fund Arrangements.....	96
4. Guidance on roles and responsibilities	97
4.1 Introduction.....	97
4.2 Budget holders	97
4.3 Finance support.....	105
5. Authorised signatory process	105

Part 1 – Financial Regulations

1. Introduction

1.1. Context

These Financial Regulations set out the financial policies and the framework for managing the Council's financial affairs.

The Regulations are organised around seven themes, as follows:

- (i) [Financial planning](#) (see Section 3)
- (ii) [Financial management](#) (see Section 4)
- (iii) [Accounting records and financial systems](#) (see Section 5)
- (iv) [Risk management and internal control](#) (see Section 6)
- (v) [Control of resources](#) (see Section 7)
- (vi) [Income and expenditure](#) (see Section 8)
- (vii) [External arrangements](#) (see Section 9)

They seek to ensure that the Council conducts its affairs in a way that complies with specific statutory provisions, generally accepted accounting principles and professional good practice.

Officers and Members are authorised to make decisions in accordance with these Financial Regulations, but they do not authorise any person to make a decision which is contrary to any provision in the [Constitution](#).

1.2. Financial responsibilities

An overview of the financial responsibilities of the Council, the Cabinet, various Committees, the Chief Executive, the Executive Director, Corporate Services, other Executive Directors, and the Monitoring Officer is provided in **Section 2** of the Financial Regulations. Specific responsibilities are explained, in context, throughout the Financial Regulations.

The Executive Director, Corporate Services is the Council's Chief Financial Officer under Section 151 of the Local Government Act 1972 and is responsible for maintaining a continuous review of the Financial Regulations and for updating them, as necessary, for the Council to approve. The Executive Director, Corporate Services is also responsible for reporting, where appropriate, breaches of the Financial Regulations to the Cabinet and/or to the Council.

1.3. Advice and guidance to underpin Financial Regulations

The Executive Director, Corporate Services will, from time to time, issue advice, guidance and accounting instruction notes to underpin the Financial Regulations, ensure compliance with specific statutory provisions and reinforce best professional practice. Members, officers and others acting on behalf of the Council are required to comply with such advice and guidance.

1.4. Compliance

All financial and accounting procedures must be carried out in accordance with the Financial Regulations and with any accounting instruction notes and other corporate guidance issued by, or on behalf of, the Executive Director, Corporate Services.

Executive Directors will ensure that their staff are aware of the existence, and content, of the Council's Financial Regulations, accounting instruction notes and other corporate guidance and ensure compliance with them.

Non-compliance with these Financial Regulations, and with any accounting instruction notes and other corporate guidance issued by the Executive Director, Corporate Services, constitutes a disciplinary matter that will be pursued, as appropriate, in accordance with the [Disciplinary Policy](#).

1.5. Scope of the Regulations

The Financial Regulations, including advice, guidance and accounting instruction notes issued to underpin the Financial Regulations, apply to all services of the Council.

Whilst locally maintained Schools have their own Financial Regulations, some specific references are made to schools' operations within these Regulations (i.e. where particular responsibilities are placed upon Council officers that are not employed within schools and upon Members of the Council). Advice and guidance given to locally maintained schools by the Council's officers will not be contrary to the Council's own Financial Regulations.

1.6. Scheme of Delegation for Financial Management

The Scheme of Delegation for Financial Management, as set out within Part Two of this document, defines how the responsibilities set out within the Financial Regulations are reserved or delegated to officers. This must be read in conjunction with the general scheme of delegation to Officers which is set out in the [Constitution](#).

2. Financial roles and responsibilities

2.1. Introduction

The roles and responsibilities of Members and Officers are set out within the Council's [Constitution](#). The purpose of the Financial Regulations is to explain the respective financial roles and responsibilities of Members and Officers within the Council. Specific financial responsibilities are set out in the subsequent sections of the Regulations.

2.2. Council

The Council is responsible for:

- (i) Adopting and changing the [Constitution](#) (*including the Financial Regulations*), which sets out how the Council works, how decisions are made and the procedures to be followed to ensure efficiency, transparency and accountability to local people.
- (ii) Approving and adopting the policy framework which is a series of documents that either the law or the Council require to be adopted at a meeting of full Council. This includes major corporate policies, and is developed in line with the Council's **Budget** and **Policy Framework Procedure Rules** (contained within Part 4 of the [Constitution](#)) and [Code of Governance](#).
- (iii) Approving the annual budget, which includes:
 - The allocation of financial resources to different services and to capital projects, and the setting of trading activities' financial targets.
 - The level of contingency funds, reserves and balances to be held.
 - The Council Tax base and setting the Council Tax.
 - The annual Capital Strategy (which comprises decisions relating to the control of the Council's borrowing requirement, the setting of Prudential Indicators that define the parameters for borrowing activity, the Treasury Management Strategy, and its Minimum Revenue Provision (MRP) policy for the repayment of debt).
 - The annual pay policy statement.
- (iv) Making arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs.
- (v) Making arrangements for approving the statutory annual statement of accounts by dates specified by relevant regulations.

2.3. Cabinet

The Cabinet, under the direction and authority of the Leader, is responsible for:

- (i) The preparation of the Council's budget and policies forming part of the policy framework and making recommendations on them to Council.
- (ii) Taking decisions on resources and priorities to deliver and implement the Council's policies and budget.
- (iii) Determining overall Council priorities within the Budget and the Policy Framework set by full Council, to keep under review those priorities and to approve specific plans and strategies.

One member of the Cabinet has specific strategic responsibility for financial administration and management, including preparation and management of the revenue and capital budgets, precepts, levies and borrowing. At the time of writing, this responsibility sits with the **Cabinet Member for Finance, Resources and Corporate Affairs**.

Throughout the remainder of this document, where it is stated that the approval of the **Cabinet Member with responsibility for Finance** is required, this means the **Cabinet Member for Finance, Resources and Corporate Affairs** or the **Leader of the Council** (or, in the absence of both, the **Deputy Leader**) (or whichever Cabinet Member subsequently has specific strategic responsibility for financial administration and management, as set out within the [Constitution](#)).

2.4. Overview and Scrutiny Committees

The Overview and Scrutiny committees exercise the function of call-in of decisions made by Cabinet Members which fall within their remit in order to consider whether:

- (i) To refer the decision back to the person who made it; or
- (ii) To refer the matter to the full Council to decide whether to refer the decision back to the person who made it; or
- (iii) To accept that the decision is implemented.

In this context, the Corporate Scrutiny Committee is responsible for scrutinising the financial arrangements and performance of the Council, including considering the financial position and management of the Council's finances and budgets (revenue and capital). It also contributes to the Council's objectives in relation to the overall strategic direction, policies and priorities of the Cabinet and of the Council, including the overall corporate revenue and capital budget strategy, financial resources, precepts and levies.

2.5. Audit, Governance and Standards Committee

The functions of the Audit, Governance and Standards Committee are set out in full in the Council's [Constitution](#). However, in summary, the Committee's responsibilities with regard to the financial management of the Council include:

- (i) Approving the Council's Annual Statement of Accounts.
- (ii) Considering the Council's arrangements for corporate governance and risk management and approving the Annual Governance Statement.
- (iii) All matters related to the appointment of the Council's external auditor.
- (iv) Receiving, considering and commenting on reports issued by the External Auditor, including the External Auditor's Annual Audit Plans, Reports on the Financial Statements, Annual Audit Letters, reports on specific matters and written recommendations.
- (v) Ensuring that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit is actively promoted.
- (vi) Receiving reports from the Council's Internal Auditor on the outcome of audit reviews and investigations and the implementation of recommendations, including the annual report of the **Chief Audit Executive** (which, at the time of writing, is a role fulfilled by the Head of Assurance).
- (vii) Monitoring the effectiveness of the Council's **Financial Regulations**, [Procurement Policy and Procedures](#) and other strategies for [counter fraud and corruption](#), [declarations of interest](#), [gifts and hospitality](#), [whistle blowing](#) and [anti-money laundering](#).

2.6. Statutory Officers

2.6.1. Head of Paid Service

The **Chief Executive** is the **Head of Paid Service** and is responsible for the corporate and strategic management of the Council as a whole. The functions of the **Head of Paid Service** are explained fully in the Council's [Constitution](#).

2.6.2. Chief Financial Officer

Section 151 of the Local Government Act 1972 specifies that every authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs. At the time of writing:

- (i) The Council's **Executive Director, Corporate Services** is the designated officer for this purpose.

- (ii) The **Director, Finance** fulfils this role in the absence of the Executive Director, Corporate Services.

Throughout the remainder of this document, where it is stated that the approval of the **Section 151 Officer** is required, this includes the **Director, Finance** when acting in the capacity of Chief Financial Officer for the Council.

The **Section 151 Officer** has statutory duties in relation to the financial administration and stewardship of the Council that cannot be overridden. These statutory duties arise from:

- (i) **Section 151 of the Local Government Act 1972** which requires the Council to make arrangements for the proper administration of its financial affairs and secure that one of its officers has responsibility for the administration of those affairs.
- (ii) **Section 114 of the Local Government Finance Act 1988** which places a duty on the **Section 151 Officer** to report to all Members of the Council, and to the Council's external auditor, if it is considered that the Council, Cabinet or an employee has made (or is about to make) a decision involving expenditure or loss which is unlawful.
- (iii) The **Local Government and Housing Act 1989** which requires the **Section 151 Officer** to consult with the **Monitoring Officer** and the **Head of Paid Service** before making a Section 114 report to Council.
- (iv) The **Local Government Act 2003** which requires the **Section 151 Officer** to make a report to the Council, when it is considering its budget and council tax, that addresses the robustness of the estimates and adequacy (or otherwise) of reserves.
- (v) The **Accounts and Audit Regulations 2015**, which require the **Section 151 Officer** to ensure that the accounting control systems are observed, that the accounting records are maintained in accordance with proper practices and that they are kept up to date.

To fulfil these statutory duties and legislative requirements the **Section 151 Officer** will:

- (i) Set appropriate financial management standards for the Council which comply with the Council's policies and proper accounting practices and monitor compliance with them.
- (ii) Determine the accounting records to be kept by the Council.
- (iii) Ensure there is an appropriate framework of budgetary management and control.
- (iv) Monitor performance against the Council's budget and advise upon the corporate financial position.
- (v) Ensure proper professional practices are adhered to and to act as Head of Profession in relation to the standards, performance and development of finance staff throughout the Council; all finance staff will have a direct reporting line to the **Section 151 Officer**.

- (vi) Prepare and publish the Council's Statement of Accounts for each financial year, in accordance with the timetable and arrangements specified by law.
- (vii) Make proper arrangements for the audit of the Council's annual Statement of Accounts.
- (viii) Ensure that claims for funding, including grants, are made by the due date and in compliance with the terms and conditions of the awarding body.
- (ix) Make proper arrangements for the overall management of the Council's [Internal Audit](#) function.
- (x) Manage [treasury management](#) activities in accordance with the Council's Treasury Management Policy Statement, Treasury Management Strategy and Prudential Indicators.
- (xi) Manage the Pension Fund within the scope of the Local Government Pension Scheme Regulations.

2.6.3. Monitoring Officer

The functions of the Monitoring Officer are explained fully in the Council's [Constitution](#). However, the functions that are pertinent in the context of the Financial Regulations include:

- (i) Reporting, after consultation with the Head of Paid Service and the Section 151 Officer, any actual or potential breaches of the law or mal administration to the Council and/or to the Cabinet.
- (ii) Advising whether the decisions of Cabinet are in accordance with the budget and policy framework.
- (iii) Provision of advice to all councillors on the scope of powers and authority to take decisions, mal administration, financial impropriety, probity and budget and policy framework issues.

2.7. Executive Directors

Executive Directors have delegated responsibility for the financial management of their services.

This responsibility must be exercised within the corporate financial management framework determined by the **Section 151 Officer**, and includes:

- (i) Putting in place appropriate budget management and delegation arrangements to ensure the effective use of resources, the safeguarding of assets and the operation of a system of appropriate internal controls.
- (ii) Promoting appropriate financial management standards within their Services, and monitoring adherence to the standards and practices, liaising as necessary with the **Section 151 Officer**, and ensuring that relevant training is provided to staff with financial management responsibilities.
- (iii) Promoting sound financial practices in relation to the standards, performance and development of staff in their services.
- (iv) Advising Cabinet Members and the **Section 151 Officer** of the financial implications of all proposals.
- (v) Seeking approval, in conjunction with the **Section 151 Officer**, on any matter liable to affect the Council's finances materially, before any commitments are made.
- (vi) Obtaining the approval of the **Section 151 Officer** on any proposal to commission external financial and/or tax advisory services on behalf of the Council; this requirement does not apply to the Monitoring Officer, although they must consult the Section 151 Officer before commissioning such advice.
- (vii) Consulting with, and obtaining the approval of, the **Section 151 Officer** before making any changes to accounting records or procedures.
- (viii) Complying with the following principles when allocating accounting duties:
 - Separating the duties of providing information about sums due to or from the Council and calculating, checking (*including reconciling the accounts*) and recording these sums from the duty of collecting or disbursing them.
 - Employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- (ix) Ensuring that claims for funds (*including grants, contributions and 'match funding'*) are made, in accordance with accounting instructions issued by the **Section 151 Officer** and the conditions defined by the awarding body, by the due date and that appropriate records are maintained.
- (x) Contributing to the development of performance plans in line with statutory requirements.
- (xi) Contributing to the development of corporate and service targets and objectives and performance information.

2.8. Internal audit

Internal Audit will review, appraise and report upon:

- (i) The extent of compliance with, and effectiveness of, relevant policies, plans and procedures.
- (ii) The adequacy and application of financial and other related management controls.
- (iii) The suitability of financial and other related management data.
- (iv) The extent to which the Council's assets and interests are accounted for and safeguarded from loss of any kind from:
 - Fraud and other offences.
 - Waste, extravagance and inefficient administration.
 - Inefficient value for money or other causes.
- (v) Executive Directors' self-assessments of the status of the governance framework, including systems of internal controls in place, for each of their service areas.

Further details on the internal audit function are set out in paragraph **6.6.2**.

3. Financial Planning

3.1. Policy framework

The Council is responsible for agreeing the Council's Organisation Plan and budget. In terms of financial planning, the key elements of the Budget are the:

- (i) Revenue budget.
- (ii) Capital programme.
- (iii) Trading activities' financial targets.
- (iv) Contingency funds, reserves and balances.
- (v) Council tax base and setting the Council Tax.
- (vi) Capital Strategy (comprising the parameters for borrowing activity, the Treasury Management Strategy, and the Minimum Revenue Provision (MRP) policy for the repayment of debt).
- (vii) Annual pay policy statement.

3.2. Everyone's Essex

The Council's ambitions are outlined in corporate policies. At the time of writing, the highest level document is Everyone's Essex, the Council's Plan to Level up the County. This sets out the Council's long term strategic aims and priorities.

Everyone's Essex is a key element of the Council's Strategic and Resource Planning Framework – through which the Council ensures that its resources are used to secure progress against a consistent and enduring set of aspirations.

3.3. Revenue budget

3.3.1. Revenue income and expenditure

Revenue income and expenditure represents the current or day to day running costs, and associated receipts, of the Council; including salaries, heating and lighting, travelling and office expenses, income raised by charging service users and government grants.

3.3.2. Revenue budget

Budgets (spending plans) ensure that the Council can plan, authorise, monitor and control the way money is allocated and spent.

The revenue budget must be constructed to ensure that resources are allocated in a way that reflects the service plans and priorities of the Council. The **Section 151 Officer** is responsible for developing and maintaining a resource allocation process that ensures this is achieved.

3.3.3. Budget preparation

The **Cabinet Member with responsibility for Finance** and the **Leader**, in conjunction with the **Section 151 Officer**, will manage the preparation of the budget on an annual basis for consideration by the Council. The annual budget will include allocations to different services and projects, proposed taxation levels, reserves and contingencies.

The **Section 151 Officer**, in consultation with the **Cabinet Member with responsibility for Finance**, will issue detailed guidance and a timetable for production of the budget. Executive Directors must prepare detailed draft revenue and capital budgets, in consultation with the **Section 151 Officer** and the **Cabinet Member with responsibility for Finance**, and in accordance with the laid-down guidance and timetable, for consideration by the appropriate Cabinet Member.

Detailed budgets, as proposed by Executive Directors, will be subject to challenge and review through a process determined by the **Section 151 Officer**. Any proposed changes to service levels as a result of budget plans will be subject to an [Equalities Impact Assessment](#) as part of the consideration process before approval and implementation. The Council will engage partners in the budget preparation process where possible and appropriate.

The **Section 151 Officer** has a statutory duty to report upon the budget proposals presented to Council (see paragraph 2.6.2). Executive Directors must provide the **Section 151 Officer** with any information required to enable the robustness of the budget proposals to be assessed.

The budget and the implied level of taxation will be presented for approval by full Council, following recommendation by the Cabinet. Council Tax and Non-domestic rates must be set by **1st March** in the year prior to the year of taxation.

3.3.4. Format of the budget

The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate and sets the level at which funds may be reallocated within budgets (*see paragraph 4.3.3 for further details*).

3.3.5. Maintenance of reserves

Reserves are maintained to enable the Council to cope with unpredictable financial pressures, and to plan for future spending commitments. A general reserve (*called the General Balance*) is maintained as a contingency to protect the budget against cost pressures, whilst earmarked reserves are held to protect funds for specific purposes.

The creation of any reserve will be subject to the approval of the **Cabinet Member with responsibility for Finance**, upon the advice of the **Section 151 Officer**. For each reserve established, the purpose, usage (*including the timeframe for usage*) and basis of transactions will be clearly articulated.

Increases in existing reserves come about through three routes:

- i) Through the budget setting process, the setting of which requires full Council approval.
- ii) By returning funds previously drawn from reserves that are no longer required for the agreed purpose, which requires approval by the Section 151 Officer.
- iii) By transfer of an under spend into reserves in accordance with the table below:

Amount	Minimum approval required
Up to and including £500,000	Director (<i>following consultation with the Budget Holder</i>)
More than £500,000, but no more than £2m	Executive Director (<i>following consultation with Section 151 Officer and Service Cabinet member(s)</i>).
More than £2m and above, but no more than £5m	Cabinet Member with responsibility for Finance (<i>following consultation with Executive Director, Section 151 Officer and Service Cabinet Member(s)</i>)
More than £5m	Cabinet (<i>following consultation with Cabinet Members as above, Executive Director and Section 151 Officer</i>)

The withdrawal of funds from reserves is subject to approval in accordance with paragraph 4.3.4 on supplementary estimates.

The **Section 151 Officer** will advise upon prudent levels of reserves and balances for the Council, taking into consideration the degree of risk in the budget for the Council over the medium and longer term.

Under section 114 of the Local Government Finance Act 1988 the **Section 151 Officer** must report to Council if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the Council will not have the resources to meet its expenditure in a particular financial year.

No funds withdrawn from a reserve may be spent, other than for the purpose agreed at the time the withdrawal was approved, without the prior agreement of the **Cabinet Member with responsibility for Finance**.

3.4. Capital financial planning

3.4.1. Capital expenditure

Expenditure is classified as capital expenditure when it results in the acquisition or construction of an asset (e.g. land, buildings, roads and bridges, vehicles, plant and equipment etc.) that:

- (i) Will be held for use in the delivery of services; and
- (ii) Is expected to be used during more than one financial year.

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

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

- (i) Where the Council has no direct future control or benefit from the resulting assets but would have treated the expenditure as capital if it did control or benefit from the resulting assets.
- (ii) Where the Government has given explicit permission to apply capital financing resources to fund expenditure that would not otherwise meet the criteria for capitalisation (this is rare though).

The Council operates a number of de-minimis limits for capital expenditure. This means that items below these limits are charged to revenue rather than capital. The limits are currently as follows:

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

The **Section 151 Officer** is responsible for the application of these de-minimis limits and will report any exceptions to the **Cabinet Member with responsibility for Finance**.

Where expenditure meets the 'capital expenditure' definition and is in excess of the Council's de-minimis limits, it will be classified as capital expenditure, even if provision exists within the Revenue Budget to fund the work (*and vice versa*).

Similarly, where specific financing (*e.g. government grant*) is provided to facilitate a project, this will not determine the accounting treatment of the expenditure. That is, the accounting treatment is determined according to the type of expenditure, and not by the funding source (*see paragraph 5.1*).

3.4.2. Capital programme

The **Cabinet Member with responsibility for Finance**, in conjunction with the **Section 151 Officer**, will manage the preparation of a capital programme, on behalf of the Council, on an annual basis in accordance with the Council's capital projects' governance arrangements and capitalisation criteria.

Each project that is added to the Capital Programme will be for the provision and for the purpose of delivering public services (including housing, regeneration and local infrastructure) or in support of joint working with others to deliver such services. No schemes will be added to the Capital Programme if their only purpose is to achieve a financial return.

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

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

3.4.3. Financing of capital expenditure

The **Cabinet Member with responsibility for Finance**, in conjunction with the **Section 151 Officer**, will determine the financing of the capital programme, taking into consideration the availability of reserves, funding from other bodies and the affordability of borrowing.

3.5. Leasing and rental arrangements

Leases of land or buildings and other property agreements will only be authorised for completion, on the Council's behalf, in accordance with the delegations set out in paragraph 7.1.4 (page 50). The relevant Finance support will be consulted as part of this process.

Other leasing arrangements (*including rental agreements and hire purchase arrangements*) will only be entered into with prior approval, as follows:

Type of lease	Approval required
Vehicles, plant and equipment	▪ Section 151 Officer
Cars secured through the Car Provision Scheme	▪ Executive Directors; or ▪ Directors

Prior approval is required to enter into leases to ensure that:

- Leases can be accommodated within the borrowing limits set by the Council.
- Such arrangements represent best value for money and are accounted for appropriately.

3.6. Internal trading activities

3.6.1. Definition and framework

Where services are delivered by one Council function to others within, and external to, the Council, and users of that service have choice about whether and how much to buy then the service is likely to be 'trading'. Where a significant proportion of a service's activities are delivered by trading, the service may need, or wish, to be formally designated as an internal trading activity.

Services are only permitted to operate as an internal trading activity with the prior approval of the **Cabinet**, following consultation with the **Section 151 Officer**.

Services wishing to operate as an Internal Trading Activity must demonstrate that they are:

- Providing all, or the majority, of their services in an environment where their customers have the option to use them or an alternative service provider; and
- Charging for the full cost of the goods / services they provide, based on an agreed charge or rate.

Approved internal trading activities must maintain a Trading Account. Trading Accounts are:

- Charged with all expenditure related to the provision the trading activity's services (*including direct costs, the full costs of services provided by the Council's support services, any service management provided by senior managers and asset and other accounting charges*).
- Credited with all income due for work done by the trading activity.

Trading activities are required to balance their budgets by generating sufficient income to cover the full costs of the services they provide.

Trading activities must operate within the Council's overall arrangements and rules for personnel and resource management. Cabinet may approve special arrangements in exceptional circumstances, where it can be demonstrated that adherence to these rules and arrangements would lead to the trading activity becoming uncompetitive and losing work and that the proposed departure does not expose the Council to significant risk.

3.6.2. Financial targets

Each trading activity must prepare an annual financial plan for approval by the Council as part of the annual budget setting (*see paragraph 3.1, on page 15*), which defines the expected levels of income and expenditure for the year.

Trading activities must, as a minimum, aim to break-even (*i.e. only incur expenditure that can be financed from the income the activity expects to generate during the year*). It is only permissible to plan for a deficit in exceptional circumstances, and then only if the deficit can be met from the trading activity's own accumulated revenue reserves or, in exceptional circumstances, from an approved contribution from the General Fund.

3.6.3. Trading reserves

Trading activities are permitted to retain the surpluses they generate, provided they can demonstrate that these are necessary for the future business needs of their operations. The **Section 151 Officer** will advise the Cabinet Member with responsibility for Finance, after consultation with the relevant Executive Director(s), if the level of cash balances held by a trading activity exceed those deemed necessary to meet the business needs of the operation. The **Cabinet Member with responsibility for Finance** will then determine whether the excess balances are transferred to the General Balance or another reserve.

The approval of the **Cabinet Member with responsibility for Finance** is required where it is proposed to transfer part of a trading activity's reserves to finance expenditure by another trading activity or a Service, or to receive a contribution from another trading activity or Service.

3.6.4. Closing a trading account

The approval of the **Cabinet**, in consultation with the **Section 151 Officer**, is required where it is proposed that a trading activity ceases to operate on that basis.

The **Cabinet Member with Responsibility for Finance**, in consultation with the **Section 151 Officer**, may recommend closure of a trading account where the trading activity fails to at least break-even for two successive financial years and/or where the trading activity has exhausted its revenue reserve.

In the event that a trading activity has revenue reserves remaining upon closure of its trading account, the residual balance will be transferred to the General Balance or to another reserve.

3.7. Capital and treasury management strategy

The **Cabinet Member with responsibility for Finance**, in conjunction with the **Section 151 Officer**, will propose an annual Capital and Treasury Management Strategy (comprising the borrowing and investment strategy, a set of Prudential Indicators and the policy for making revenue provision for the repayment of debt (*referred to as the 'Minimum Revenue Provision' policy*)) to the Council in advance of the start of the relevant financial year. These will be consistent with the Council's revenue budget and capital programme proposals.

These documents are required to comply with the CIPFA Codes of Practice on Treasury Management and on the Prudential Framework for Capital Finance, relevant regulations and with the Council's own Treasury Management Policy Statement and Treasury Management Practices; they will set the parameters within which investment and borrowing activity will be managed during the forthcoming financial year.

3.8. Medium term resources strategy (MTRS)

The MTRS brings together the key assumptions about financing resources (including council tax, non-domestic rates and general government grants) and spending pressures over the medium to longer term. This enables the Council to plan for financial risks and thus inform the setting of service financial targets for the annual revenue budget and capital payments guidelines.

The **Section 151 Officer** will ensure that reports are presented to Council, as part of the annual budget setting, on the medium-term budget prospects and the resource constraints set by the Government.

3.9. Fees and charges policy

Executive Directors, in consultation with the **Section 151 Officer**, will follow the Council's charging policy for the supply of goods or services where charges may be lawfully applied, and the annual forecast of the recoverable amount is **£250,000** or more. Charges will be reviewed annually. All new charges, and amendments to existing charges, will be subject to formal approval in accordance with the Council's Constitution. Further guidance is contained in the Council's [Fees and Charges policy](#).

Further detail on income is provided in Section 8.1, which commences on page 59.

3.10. Pay policy

The pay policy must be prepared as required by law. The pay policy sets out the Council's policy on the level and elements of remuneration for each chief officer, the remuneration of its lowest paid employees, and the relationship between the remuneration of its chief and other officers. It must also address other specific aspects of chief officer remuneration such as remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.

4. Financial Management

4.1. Introduction

Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework, revenue budget, trading activities' financial plans, capital programme and treasury management.

4.2. Financial management standards

All officers and Members have a duty to abide by the highest standards of probity in dealing with public money. This is facilitated by ensuring everyone is clear about the standards to which they are working and by the controls that are in place to ensure that these standards are met.

4.3. Revenue budget monitoring and control

4.3.1. Budget management

The Council operates within an annual cash limit, approved when the annual budget is set. To ensure that the Council does not over spend in total, each service is required to manage its own expenditure and income recovery within the cash limited budget allocated to it. Budget management also ensures that once the Council has approved the budget, the resources are used for their intended purposes and are properly accounted for.

4.3.2. Framework for budgetary control

Once the budget is approved by the Council, Executive Directors are authorised to incur expenditure in accordance with the approved budget, subject to the limits in the Constitution and the scheme of delegation to officers. Executive Directors must however maintain effective budgetary control within their service(s) to ensure that spending is contained within the annual cash limit and to secure value for money (i.e. as measured by cost efficiency and output effectiveness).

Executive Directors must ensure that no commitments are made that would result in an approved budget being exceeded. Prior approval must be obtained to increase the budget either by virement (*see paragraph 4.3.3*) or by a supplementary estimate (*see paragraph 4.3.4*) before additional commitments are made.

In addition, subject to the limits in the Constitution and the scheme of delegation to officers, Executive Directors may exceptionally incur additional expenditure in an emergency (*see paragraph 8.7 for the approval required to make an emergency payment*). In such situations, retrospective approval must be sought, as soon after the event as possible, to offset the additional expenditure by virement or supplementary estimate.

Executive Directors will:

(i) Ensure that all income and expenditure is properly recorded and accounted for

Executive Directors will ensure that all officers responsible for committing expenditure comply with all relevant guidance and follow approved certification processes.

(ii) Ensure that an appropriate budget holder structure is in place to ensure that responsibility is assigned for each item of income and expenditure under their control

Budget holders will be accountable for the effective management of their budgets, even where they put delegations in place that enable officers to commit expenditure on their behalf.

(iii) Ensure that individual policy budgets are not over spent

It is expected that each policy budget will be managed within the agreed cash limit budget.

Executive Directors, in consultation with the relevant Cabinet Member(s), will use the virement scheme (see paragraph **4.3.3**) to address areas of over spend, by moving sufficient unspent budget from elsewhere.

Where more specific management actions are required to save funds, the Executive Director, the **Section 151 Officer** and / or Cabinet Members may require a budget holder to prepare a budget recovery plan which explains the actions being taken to mitigate the position. The recovery plan will be monitored to ensure the safe delivery of the budget at policy budget and portfolio level.

(iv) Ensure that a monitoring process is in place

A monitoring process is required to review performance and / or service levels in conjunction with the budget and to ensure they are operating effectively.

(v) Regularly report to the relevant Cabinet member(s)

Such reports will be prepared, in consultation with the **Section 151 Officer**, upon the service's projected 'controllable net expenditure' compared with its budget. Cabinet Members must be fully briefed, as part of this process, on any budget pressures and any proposal to address these pressures by virement (*see bullet point (vii) below*).

(vi) Ensure prior approval by the Cabinet (as appropriate) for new proposals

Prior approval of the Service Cabinet or Cabinet Members may be required for key decisions or for proposals that create financial commitments in future years or which materially extend or reduce the Council's services, or initiate new ones.

(vii) Ensure compliance with the Scheme of Virement

The scheme of virement is explained within paragraph **4.3.3**.

(viii) Agree with the relevant Executive Director(s) where it appears that a budget proposal, including a virement proposal, may impact on their service area(s).

(ix) **Ensure that relevant training is delivered to all staff assigned responsibility for budget management**

Officers will undertake approved finance training prior to commencement as an operational budget holder and/or as an authorised signatory, to ensure they have the necessary knowledge and skills to effectively perform their financial responsibilities; refresher training will be undertaken at 24 monthly intervals thereafter, or as specified by the S151 Officer.

The **Section 151 Officer** will ensure that each budget holder receives or has access to timely information on income and expenditure for each budget, which is sufficiently detailed to enable them and their managers to fulfil their budgetary responsibilities.

The **Section 151 Officer** will monitor performance against the Council's budget on an on-going basis and will advise upon the Council's overall financial position. Specifically, the **Section 151 Officer** will prepare financial overview reports for the **Cabinet Member with responsibility for Finance** to present to Cabinet on a regular basis. These financial overview reports will:

- Provide a comparison of the Council's projected income and expenditure with the latest approved budget.
- Include an assessment of the Council's reserves and balances and overall financial position.
- Seek approval to changes to the approved budget (*including virements between policy budgets and supplementary estimate requests*).

4.3.3. Scheme of virement

As detailed in paragraph 4.3.2, Executive Directors must ensure that spending remains within their services overall cash limit, and that spending does not exceed individual policy budget headings. It is however permissible, in certain circumstances, to switch resources between approved budget headings, subject to obtaining the necessary approval. The switching of resources between approved policy budget headings is referred to as a virement.

The virement rules are as follows:

- (i) No expenditure shall be incurred without appropriate budget provision and, if necessary, a virement should be undertaken to put this in place before the expenditure is incurred.
- (ii) No virement relating to a specific financial year should be made at the end of the financial year after the date specified within the **Section 151 Officer**' timetable for closure of the accounts.

- (iii) Virements are not permitted in relation to asset charges or other budget headings that are deemed to be outside the control of the relevant budget holder, or where a proposal would adversely affect long-term revenue commitments.
- (iv) Virements are not permitted between revenue and capital budgets. Changes to the capital programme will be dealt with in accordance with section 4.5 (see page 31).
- (v) A virement that is likely to impact on the level of service activity of another budget holder can be implemented only with the agreement of the relevant budget holder(s).
- (vi) Amounts that require Member approval must specify the proposed expenditure and the source of funding and must explain the implications in the current and future financial years.
- (vii) Where a Cabinet Member's approval is required to a virement, this approval will normally be sought via a 'Cabinet Member Action' or a report to Cabinet.
- (viii) When a Cabinet Member is making a decision on an operational matter, any necessary virements must be included as part of that decision.
- (ix) Virements that are being actioned to effect a change in policy or priorities (*either within the same portfolio or between portfolios*) will be subject to the following approval:

Amount	Minimum approval required
Up to and including £500,000 <i>(Subject to the aggregation rule in 4.3.3 (iv))</i>	Director <i>(following consultation with the Budget Holder)</i>
More than £500,000, but no more than £2m <i>(Subject to the aggregation rule in 4.3.3 (iv))</i>	Executive Director <i>(following consultation with Section 151 Officer and Service Cabinet member(s)).</i>
More than £2m and above, but no more than £5m	Cabinet Member with responsibility for Finance <i>(following consultation with Executive Director, Section 151 Officer and Service Cabinet Member(s))</i>
More than £5m	Cabinet <i>(following consultation with Cabinet Members as above, Executive Director and Section 151 Officer)</i>

Exceptions to the virement rules are as follows:

- (i) The virement rules do not apply to the movement of budget between the individual budget headings of an internal trading activity, because trading activities are controlled to an overall financial target rather than against individual expenditure and income headings (see paragraph 3.6.1). The approval of the **Cabinet Member with responsibility for Finance** is however required to transfer resources between individual trading activities and to/from the General Fund - see paragraph 3.6.3.
- (ii) Member approval is not required where a budget will continue to be used for the approved purpose but is being moved, for example, to reflect a change in budget holder responsibilities. Such transfers will however require the approval of the relevant Head(s) of Finance or the Chief Accountant.
- (iii) Member approval is not required for budget movements arising in order to comply with the CIPFA Service Expenditure Reporting Code of Practice guidance on accounting for overheads, or budget movements arising in order to comply with proper accounting practice. Approval is required from the relevant Head of Finance and/or the Chief Accountant.
- (iv) If the proposed virement, together with the total of previous virements within the same financial year, would result in an aggregate increase or decrease in the original 'controllable net' budget for any of the portfolios affected of more than:
 - **25%**; or
 - **£5m**the decision shall be taken by the **Cabinet Member with responsibility for Finance**, in consultation with the **Section 151 Officer**.

4.3.4. Supplementary estimates

If it is not possible to move resources between budget headings to meet a liability, a request may exceptionally be made for additional funding from the General Balance or from an earmarked revenue reserve. Requests for additional funding are referred to as supplementary estimates.

Supplementary estimates can only be requested for one-off purposes, although it may be possible to request funding for a project that spans across more than one financial year. Where additional funding is required on an on-going basis, the full year effect must be addressed through the revenue budget setting process (see paragraph 3.3.3).

A request for a supplementary estimate must specify:

- (i) the total amount of funding required;
- (ii) the profile across financial years of the proposed draw down from the General Balance and/or earmarked revenue reserve;

- (iii) the source(s) of the supplementary funding (*which will be advised by the **Section 151 Officer***); and
- (iv) why the supplementary funding is required and whether there are any on-going cost implications.

Following consultation with the **Section 151 Officer**, supplementary estimates are subject to the approval of the **Cabinet** (*via the Financial Overview Reports*), or the **Cabinet Member with responsibility for Finance**.

Where supplementary funding is granted for a project that slips into a later year, the supplementary funding can be re-profiled from the year of award, and into the following financial year, without the need for further approval up to a threshold of **£500,000** and provided that:

- (i) the funding is still being used for the approved purpose; and
- (ii) the total agreed amount is not exceeded.

Where supplementary funding is granted for a project that progresses ahead of schedule, the supplementary funding may be brought forward into an earlier year in consultation with the **Section 151 Officer**, up to a threshold of **£500,000**, provided that:

- (i) The funding is still being used for the approved purpose;
- (ii) The total agreed amount is not exceeded.

The approval of the **Cabinet Member with responsibility for Finance** is required to re-profile supplementary estimates between financial years that:

- (i) Are in excess of **£500,000**; and
- (ii) Extend the period of utilisation by more than one year beyond the original agreed period of utilisation.

Any supplementary funding provided **must** only be spent for the purposes for which it was approved. This means that:

- (i) The **Section 151 Officer** may withdraw supplementary funding if it becomes apparent that the funding is not being used for the agreed purpose; and
- (ii) Funding that is no longer needed for the approved purpose must be returned to the reserve from which it was allocated unless directed otherwise by the **Section 151 Officer**.

4.4. Treatment of year end balances

- (i) **Carry forward scheme**

In certain circumstances, it is permissible to transfer resources between financial years. That is, to:

- carry unspent budget forward for use in the following year; or
- fund an over spend in the current year from next year's budget allocation.

The **Section 151 Officer** is responsible for agreeing with the **Cabinet Member with responsibility for Finance** the procedures for carrying forward under and over spends. The **Section 151 Officer** administers the agreed scheme in accordance with the guidelines agreed by the **Cabinet Member with responsibility for Finance**.

All requests to carry unspent budget forward will be subject to approval by the Cabinet. Whilst such requests may be approved prior to the end of a financial year, no carry forward requests will be guaranteed prior to consideration by Cabinet of the final outturn position upon closure of the accounts. This is because the Council's ability to support the carry forward requests will need to be assessed in the context of the overall financial position of the authority.

The **Section 151 Officer** will advise the **Cabinet Member with responsibility for Finance** if, after consultation with the relevant Executive Director(s), the amount of any unspent budget that a service is permitted to carry forward into the following financial year should be reduced by the value of any **supplementary estimates** provided during the year for the purpose of funding controllable expenditure.

Over spends will be carried forward and deducted from the relevant service's budget in the following year, unless the Cabinet agrees otherwise.

Where a Service identifies the need to incur expenditure in the current financial year for which budget provision has been made in the following year's budget, a supplementary estimate can be requested when this is done in a planned way, and in advance of the expenditure being incurred. In this instance the following year's budget will be correspondingly reduced and the current year's increased expenditure will not be categorised as an over spend.

(ii) Trading activities

Internal trading activities' surpluses are carried forward, unless determined otherwise by the **Section 151 Officer** or Cabinet Member with responsibility for Finance (and subject to the considerations outlined in paragraph 3.6.3). Any deficits, however they arise, will be financed by a withdrawal from the relevant Trading Activity's accumulated reserves, or from an approved contribution from the General Fund Balance (*see paragraph 3.6.2*).

(iii) Partnership schemes

The funding of some partnership schemes is ring-fenced (*including the contribution made by the Council*) and is not therefore available for alternative use by the Council. The unspent balances on approved partnership schemes will be carried into an earmarked Partnerships Reserve, which can be drawn upon to finance expenditure by the partnerships in a subsequent year.

(iv) Grant funded schemes

Where revenue grants and contributions are recognised as income in advance of the related expenditure being incurred, the unspent grant may be carried into an earmarked grants equalisation reserve, which can be applied, and matched with the related expenditure, in a subsequent year.

All amounts carried into the grant equalisation reserve will initially be ring-fenced for the purpose(s) for which the grants and/or contributions were given. The **Section 151 Officer** will advise the **Cabinet Member with responsibility for Finance** if any amounts no longer need to be retained for the purposes for which the grants or contributions were given. The Cabinet Member with responsibility for Finance will then determine whether the excess balances are transferred to the General Fund Balance or another reserve.

(v) Dividends received

Dividends received from subsidiaries of the Council will be treated as corporate income and use of such income will be determined by the **Cabinet Member with responsibility for Finance**.

(vi) Individual Schools' budgets

Individual Schools' budgets are ring-fenced in accordance with statutory provisions.

Under spends against individual schools' budgets are appropriated into the Schools' reserve to support expenditure in a later year by the school(s) concerned.

School over spends are financed by a withdrawal from the Schools' reserves accumulated in previous years. Where an unplanned deficit occurs, the governing body must prepare a detailed financial recovery plan, which will be evaluated by the **Executive Director** with responsibility for Education and the **Section 151 Officer**. If the deficit exceeds **5%** of the school's budget, the plan will be referred to the Service Cabinet Member. Schools will be expected to agree a plan to recover the deficit within a defined period.

4.5. Capital monitoring and control**4.5.1. Approval to spend**

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

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

4.5.2. Framework for budgetary control

The principles and framework for managing the revenue budget (*as set out within paragraphs 4.3.1 and 4.3.2*) apply equally with regards to the monitoring and management of individual capital projects (*i.e. named schemes and 'block' approvals*) within their scheme and payment approvals.

4.5.3. Scheme of virement

In the event that an over spend arises against one scheme or 'block' approval, corrective action must be taken to remedy the position.

Where it is intended to redress an over spend by utilising savings against another approved project (or 'block' approval) the following permission will be required to vary the payment guidelines and scheme approvals for both projects:

Amount	Minimum approval required
Up to and including £500,000	Director (<i>following consultation with the Section 151 Officer, to ensure that there are no adverse implications upon capital financing resource, and Budget Holder</i>)
In excess of £500,000, but not more than £2m	Executive Director (<i>following consultation with Section 151 Officer and Service Cabinet Member(s)</i>) unless the saving being utilised is greater than 25% of the project or block approval that it is to come from, in which case the next level of approval is required.
More than £2m, but not more than £5m	Cabinet Member with responsibility for Finance (<i>following consultation with Executive Director, Section 151 Officer and Service Cabinet Member(s)</i>)
More than £5m	Cabinet (<i>following consultation with Cabinet Members as above, Executive Director and Section 151 Officer</i>)

The scheme of virement, as set out in paragraph 4.3.3, does not otherwise apply to capital expenditure, as approval to capital expenditure is given on a scheme by scheme (or 'block' approval) basis, rather than by portfolio/service.

4.5.4. Re-profiling of payment guidelines between years

Where it is anticipated that a scheme with approval to 'start' will be progressed at a different rate to that scheduled (such that expenditure is expected to vary from the approved payment guideline for the year) approval must be sought to re-profile the payment guidelines for the scheme (or block approval).

For a scheme with approval to 'start', the re-profiling of the capital payment guidelines between financial years is subject to agreement as follows:

Amount	Minimum approval required
Up to and including £500,000	Director (<i>following consultation with the Section 151 Officer, to ensure that there are no adverse implications upon capital financing resources, and Budget Holder</i>)
In excess of £500,000, but not more than £2m	Executive Director (<i>following consultation with Section 151 Officer, Cabinet Member with responsibility for Finance and Service Cabinet Member, unless the amount being re-profiled is greater than 25% of the project or block approval, in which case the £2m and above level of approval is required.</i>)
More than £2m, but not more than £5m	Cabinet Member with responsibility for Finance (<i>following consultation with Executive Director, Section 151 Officer and Service Cabinet Member</i>)
More than £5m	Cabinet (<i>following consultation with Cabinet Members as above, Executive Director and Section 151 Officer</i>)

The above approval will also be required where it is intended to accelerate a scheme that is within the Capital Programme with an indicative start beyond the current financial year, where it is proposed to change the start date to within the current financial year.

4.5.5. Adding scheme and payment approvals to the Capital Programme

Schemes will usually only be added to, or removed from, the Capital Programme as part of the annual budget setting process referred to in paragraph 3.4.2 (see page 19).

Any request outside of this process to change the capital programme by adding or removing schemes, or by allocating additional scheme and payment approvals to an approved scheme, must be approved as follows:

Amount	Minimum approval required
Up to £5m	Cabinet Member with responsibility for Finance (<i>following consultation with the Executive Director, Section 151 Officer and the Service Cabinet Member</i>)
£5m and above	Cabinet (<i>following consultation with all of the above</i>)

4.6. Trading activities

Trading activities must manage their income and expenditure to an overall financial target (*see paragraph 3.6.2*); in doing so, trading activities must operate within the Council's framework for budgetary control (*as outlined within paragraph 4.3.2*).

Cabinet approval is required to alter a trading activity's overall financial target (*via the quarterly Financial Overview Reports*).

Where the proposed target reflects a worsening position that will result in a loss for the year, the request to amend the financial target must explain how the loss is to be financed and the plans for recovery from this position. Where a surplus is now forecast, above that previously reported, the request to amend the target must explain whether and why the additional surplus is to be retained by the trading activity.

5. Accounting records and financial systems

5.1. Accounting records

Maintenance of proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources.

The **Section 151 Officer** is responsible for determining the accounting procedures and records for the Council, and for the compilation of all accounts and accounting records.

The Council's accounting records are maintained within its General Ledger. The General Ledger records all sums of money received and expended and all the assets, liabilities and reserves of the Council, and the matters to which the income and expenditure, assets, liabilities and reserves relate. This information is captured by assigning an account code, at source, to every transaction and balance. The integrity of the Council's financial reporting for management and statutory purposes is dependent upon account codes being assigned to transactions and balances correctly at source, in compliance with the Council's standard coding conventions.

Executive Directors are responsible for ensuring that their services (*including those delivered through strategic partnerships*) comply with the coding conventions adopted within the General Ledger. This includes adherence to standard subjective classifications for categories of income, expenditure, assets, liabilities and reserves. The requirement to adhere to this standard classification applies even where expenditure is matched fully by income.

In the event that application of this standard classification results in under or over spends, appropriate action must be taken to re-align the budgets (*see paragraphs 4.3.3 and 4.3.4*); the guiding principle being that budget provision should follow expenditure and/or income, and not vice versa.

5.2. Annual statement of accounts

The Council has a statutory responsibility to prepare an annual Statement of Accounts that:

- presents a 'true and fair view' of its financial performance during the year and of its financial position at the year-end; and
- Is produced, presented for public inspection and external audit and published to specified timescales.

The **Section 151 Officer** is responsible for ensuring that these requirements are met.

In particular, the **Section 151 Officer** will:

- Select suitable accounting policies that comply with relevant codes of practice and other applicable accounting standards and statutory provisions.
- Issue accounting instructions on closure of the annual accounts to budget holders, including a timetable.
- Sign and date the Statement of Accounts, thereby confirming that the accounts give a 'true and fair' view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March.
- Submit the accounts to the external auditor and make proper arrangements to support the audit of the Council's accounts and for making the accounts available for public inspection.
- Publish the Statement of Accounts upon completion of the external audit for the year.

Every budget holder must comply with the accounting instructions issued by the Section 151 Officer on closure of the accounts, and supply the information requested by the dates specified.

5.3. Financial systems

The **Section 151 Officer** has responsibility for ensuring that the Council's financial systems (*including any financial elements of non-financial or integrated systems*) are sound, properly maintained and held securely. The **Section 151 Officer** will therefore determine the accounting systems, form of accounts and supporting financial records.

Executive Directors must ensure that prior approval is obtained from the **Section 151 Officer** and the officer designated as the Director, Technology Services to:

- operate any financial system (including any elements of a non-financial or integrated system relied upon for financial reporting purposes) within or on behalf of their area of responsibility.
- make changes to any such systems already being operated within a service area.

The 'go live' sign-off criteria, as defined by the **Director, Technology Services**, must be complied with in respect of implementation or amendment to any financial systems (*or non-financial or integrated system relied upon for financial reporting purposes*) operated within, or on behalf of, a Service area.

A S151 Officer Change Request must be submitted to the **Section 151 Officer** for approval prior to making any changes to such systems.

All finance systems must be documented and backed up, and disaster recovery and business continuity plans must be maintained to allow information system processing to resume quickly in the event of an interruption.

Executive Directors will ensure that an adequate audit trail exists through any computerised finance system operated within their own areas and that audit reviews are being carried out as necessary.

Where appropriate, the data processed by computer systems will be notified to the Information Commissioner in accordance with data protection legislation.

Relevant policies and guidelines for computer systems and equipment that are issued by the **Director, Technology Services** will be observed.

6. Risk management and internal control

6.1. Introduction

It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant strategic and operational risks to the Council. This should include the proactive participation of all those associated with planning and delivering services.

6.2. Risk management

Risk management is concerned with evaluating the measures in place, and the actions needed, to identify and control risks effectively. The objectives are to secure the Council's assets and to ensure the Council's continued financial and organisational wellbeing.

The **Audit, Governance and Standards Committee** consider the Council's [Risk Management Policy and Strategy](#), and advise on any action necessary to ensure compliance with best practice, and the Cabinet approves it. The Corporate Management and Political Leadership teams keep under review the strategic risk register and promote a culture of risk management awareness throughout the Council.

The **Director** with responsibility for **Risk Management** is responsible for preparing the Council's [Risk Management Policy and Strategy](#), and for promoting it throughout the Council where appropriate. The **Director** with responsibility for **Risk Management** will:

- (i) Ensure that procedures are in place to identify, assess and prevent or contain material risks, and also allow for the identification and management of positive opportunities.
- (ii) Regularly review the effectiveness of risk reduction strategies and controls.
- (iii) Engender a positive attitude towards the control of risk.
- (iv) Provide relevant information on risk management initiatives, and training on risk management.
- (v) Ensure that acceptable levels of risk are determined.

The **Director** with responsibility for **Risk Management** is also responsible for:

- (i) Developing risk management controls, including Business Continuity Planning, in conjunction with Executive Directors.
- (ii) Ensuring that the Council has effective business continuity plans for implementation in the event of disaster which results in significant loss or damage to its resources and threatens its activities.

Executive Directors must have regard to the advice of the **Director** with responsibility for **Risk Management**, and adhere to the Council's [Risk Management Policy and Strategy](#). Specifically, Executive Directors must:

- (i) Take full ownership of all risks within their areas of responsibility, including those related to partnerships in which their services participate.
- (ii) Ensure that risk management is implemented in line with the Council's Risk Management Strategy and the minimum standard for business planning process.
- (iii) Appoint a Risk Coordinator and authorise him/her to progress effective risk management that adheres to corporate guidelines.
- (iv) Identify and manage risks and ensure that mitigating actions are regularly reported.
- (v) Have regard to other specialist officers (*e.g. crime prevention, fire prevention, information governance, health and safety*).
- (vi) Ensure there are appropriate arrangements within their service area to identify risk issues and take appropriate action to mitigate the effects of them and maximise opportunities. This includes ensuring that the relevant officers are trained to manage risk and where required provide a defence for the Council.
- (vii) Make sure that consideration is given and appropriate arrangements are made to ensure service delivery by 3rd party providers and delivery vehicles.
- (viii) Ensure that service programme, project and partnership risk registers are compiled, and kept up to date.

6.3. Insurance

The Cabinet is responsible for ensuring that proper insurance arrangements exist. The **Section 151 Officer** is responsible for advising the Cabinet on proper insurance cover, and will:

- (i) Effect corporate insurance cover, through external insurance and internal funding, and negotiate all claims in consultation with other officers, where necessary.
- (ii) Include all appropriate employees of the Council in suitable fidelity guarantee insurance.
- (iii) Offer insurance cover to schools in accordance with arrangements for financing schools.
- (iv) Ensure that provision is made for losses that might result from identified risks.
- (v) Ensure that procedures are in place to investigate claims within required timescales.
- (vi) Be aware of and manage effectively operational risk to the Council.

The settling of insurance claims against the Council will be subject to approval as follows:

Amount	Minimum approval required
Up to £20,000	Claims Lead
In excess of £20,000 and up to £150,000	Risk and Insurance Manager
In excess of £150,000 and up to £500,000	Head of Assurance
In excess of £500,000 and up to £1m	Director with responsibility for insurance arrangements (<i>in consultation with Risk and Insurance Manager</i>)
In excess of £1m	Section 151 Officer (<i>in consultation with Director as above</i>)

The **Section 151 Officer** shall notify the **Cabinet Member with responsibility for Finance** if the total amount paid to claimants during a financial year exceeds **£2m** with respect to any of the following classes of claim:

- (i) Employer Liability
- (ii) Public Liability (Highways claims)
- (iii) Public Liability (Non Highways claims)
- (iv) Property
- (v) Motor
- (vi) Other

If the **£2m** threshold is exceeded for any financial year the **Cabinet Member with responsibility for Finance** may ask to be consulted on further proposed settlements in the category concerned for the remainder of that financial year.

Executive Directors must comply with all relevant Insurance terms and conditions, and in particular must:

- (i) Notify the **Section 151 Officer** immediately of any loss, liability or damage that may lead to a claim against the Council, together with any information or explanation required by the **Section 151 Officer** or the Council's insurers.
- (ii) Notify the **Section 151 Officer** promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- (iii) Consult the **Section 151 Officer** and the **Monitoring Officer** on the terms of any indemnity that the Council is proposing to give.
- (iv) Ensure that employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

6.4. Internal control and the governance framework

The Council faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its strategic objectives and statutory obligations. Internal controls are devised by management to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.

It is the responsibility of the **Section 151 Officer** to assist the Council to put in place an appropriate control environment and effective internal controls that adhere with proper practices, and provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

The system of internal control is a significant part of the Council's governance framework. The **Section 151 Officer** will compile an Annual Governance Statement each year. The Governance Statement will be compiled with reference to proper practices in relation to governance (*principally the CIPFA/SOLACE guidance 'Delivering Good Governance in Local Government'*).

The governance framework, control environment and internal controls include:

- (i) Identification and communication of the Council's vision of its purpose and intended outcomes for citizens and service users.
- (ii) Reviewing the Council's vision and its implications for the Council's governance arrangements.
- (iii) Measuring the quality of services for users, and ensuring they are delivered in accordance with the Council's objectives and that they represent the best use of resources.
- (iv) Making proper arrangements for project management.
- (v) Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.
- (vi) Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff.
- (vii) Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedural notes/manuals, which clearly define how decisions are taken and the processes and controls required for managing risks.
- (viii) Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities.
- (ix) Ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.

- (x) Whistle blowing and arrangements for receiving and investigating complaints from the public.
- (xi) Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
- (xii) Incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the Council's overall governance arrangements.
- (xiii) Policies, objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action.
- (xiv) Financial and operational control systems and procedures which comprise physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems.
- (xv) Maintaining an effective internal audit function that is appropriately resourced, and which operates in accordance with the principles contained in the Auditing Practices Board's auditing guideline Guidance for Internal Auditors, CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom and with any other statutory obligations and regulations.

It is the responsibility of Executive Directors to:

- (i) Establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness; and for achieving their financial performance targets.
- (ii) Manage processes to check that controls are adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.
- (iii) Communicate responsibilities, codes of conduct and the importance of good governance arrangements to their staff and ensure that they understand the consequences of lack of control and inadequate governance arrangements.
- (iv) Review existing controls in the light of changes affecting the Council and to establish and implement new ones in line with guidance from the **Section 151 Officer**. Executive Directors should also be responsible, after consultation with the **Section 151 Officer**, for removing controls that are unnecessary.
- (v) Undertake self-assessments of the status of the governance framework, including systems of internal control for each of their service areas, as directed by the **Section 151 Officer**.
- (vi) Support internal audit in any review being undertaken within their area and respond to issues raised within audit reports within the agreed timescale.

6.5. Preventing fraud and corruption

6.5.1. Counter fraud and anti-bribery strategy

The Council has an effective [anti-fraud and corruption policy](#) and maintains a culture that will not tolerate fraud or corruption. It is the responsibility of the **Section 151 Officer** to maintain the Council's anti-fraud and anti-corruption policy.

Executive Directors must ensure that this policy is adhered to and that all appropriate action is taken. This will include reporting all suspected irregularities to the **Chief Audit Executive** (see paragraph 6.6.2).

6.5.2. Declaration of Interests

To avoid giving rise to suspicion about the honesty and integrity of the Council or its employees, or giving the impression of corruption or improper behaviour, all interests of a personal and/or financial nature with external bodies or persons who have dealings with the Council, or any other interests which could conflict with an officer's duties, must be declared in accordance with the [Officer Declaration of Interests policy](#).

6.5.3. Gifts and hospitality

Officers must be cautious regarding offers of gifts and hospitality as acceptance can easily give the impression of improper behaviour or favour.

The Council's [Officer Gift and Hospitality Policy](#) explains how offers of gifts and hospitality are to be dealt with, including what can be accepted, what cannot be accepted and what must be declared. In accordance with the Gift and Hospitality Policy, Executive Directors must ensure that a Gifts and Hospitality register is established and maintained for the services for which they are responsible.

6.5.4. Whistle blowing

In accordance with the Council's [whistle blowing policy](#), financial irregularities must be reported to the **Chief Audit Executive** (see paragraph 6.6.2). The **Chief Audit Executive** will report significant matters to the Chief Executive, Cabinet and the Audit, Governance and Standards Committee.

In addition to the whistle blowing policy, the Council's guidance on [raising concerns at work](#) explains how employees can raise issues or concerns about something taking place at work, including via the Council's Speak Up! Service ([Ethicspoint](#)).

6.5.5. Standards of conduct

The full responsibilities with regard to standards of conduct for officers are set out in the [Officers' Code of Conduct](#) and the standards for members are set out in Article 3 of the [Constitution](#).

6.5.6. Money laundering

Money laundering is defined as:

- (i) Concealing, disguising, converting, transferring or removing criminal property from the Country.
- (ii) Being concerned in an arrangement which a person knows of, suspects or facilitates the acquisition, retention, use or control of criminal property.

In accordance with the Council's [Anti money laundering policy](#), all suspected attempts to use the Council to launder money must be reported to the **Chief Audit Executive** (see paragraph 6.6.2) who is the Council's Money Laundering Reporting Officer.

Executive Directors must ensure that their staff understand what money laundering is and of their obligations under the money laundering legislation, so that they can recognise situations that might lead to suspicions of money laundering arising.

When a person knows or suspects that money laundering activity is taking place (or has taken place) or becomes concerned that their involvement in a matter may amount to a prohibited act under the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2011, they must disclose this as soon as practicable or risk prosecution.

To mitigate the risks of the Council being used to launder money:

- (i) cash payments exceeding **£10,000** will not be accepted other than with the prior approval of the **Section 151 Officer**.
- (ii) receipts and payments unrelated to the Council's own activities will not be paid into or from an ECC bank account without the prior approval of the **Section 151 Officer**.

6.5.7. Anti-bribery policy

In accordance with the Council's [Anti-bribery Policy](#), the detection, prevention and reporting of bribery and other forms of corruption are the responsibility of all those working for Essex County Council or under its control. Bribery is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage. The Bribery Act has been enacted to enable robust action against such activity.

6.5.8. Promoting good governance

Executive Directors are responsible for ensuring that all members of staff in their services complete mandatory governance training provided via e-learning modules on the Council website. Executive Directors are also responsible for ensuring that new employees undertake the relevant modules of the e-learning training within six weeks of the commencement of their employment, and that all staff refresh their learning every 24 months, or as specified.

6.6. Audit requirements

6.6.1. External audit

The duties of the external auditor are defined by the **Local Audit and Accountability Act 2014**, as well as the Code of Audit Practice and relevant auditing standards. In particular, the external auditor must:

- (i) Be satisfied that the Council has complied with the applicable enactments.
- (ii) Be satisfied that proper practices have been observed by the Council in the preparation of its annual Statement of Accounts.
- (iii) Be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- (iv) Express an opinion on whether the Council's annual Statement of Accounts (including the financial statements of the Essex Pension Fund):
 - Provide a true and fair view of the financial position and income and expenditure for the period in question.
 - Have been prepared properly, in accordance with the relevant accounting and reporting framework as set out in legislation and applicable accounting standards.
- (v) Certify completion of the annual audit.
- (vi) Consider whether to issue a report in the public interest.
- (vii) Consider whether to make a written recommendation to the Council, copied to the Secretary of State.

The External Auditor must be given reasonable and timely access to premises, personnel, documents and assets that it is considered necessary for the purposes of their work.

The Council may, from time to time, also be subject to audit, inspection or investigation by other bodies such as Ofsted, the Care Quality Commission and HM Revenue and Customs who have statutory rights of access too.

Whilst the External Auditor and other statutory inspectors must comply with statutory and other relevant requirements relating to the security, transfer, holding, disclosure and disposal of information received or obtained during the course of their audit or inspection work, regard must nevertheless be given to sensitivity of data requested by the external auditor or other statutory inspector. If there is any doubt about whether it is appropriate to provide such data to the external auditor or other statutory inspector, advice should be sought from the **Section 151 Officer** and/or the **Monitoring Officer** or the **Information Governance Team** (as appropriate).

Services must respond promptly to external audit and inspection recommendations in writing, detailing the action intended to address the recommendations.

6.6.2. Internal audit

The requirement for an internal audit function for local authorities is imposed by regulation 5 of the Accounts and Audit Regulations 2015 and reinforced by Section 151 of the Local Government Act 1972, which requires that authorities 'make arrangements for the proper administration of their financial affairs'.

The Accounts and Audit Regulations 2015 more specifically require authorities to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The findings of these internal audits are considered by the **Audit, Governance and Standards Committee** on behalf of the Council as part of the consideration of the system of internal control referred to in paragraph 6.4.

Internal audit is an independent and objective appraisal function, established by the Council for reviewing the systems of internal control and assists the Council's stakeholders on business objectives and related risks and, thereby, contributes strategically to the organisation.

The internal auditors adhere to proper practices in relation to internal control; specifically, the CIPFA Code of Practice on Internal Audit in Local Government in the United Kingdom, IIA (Institute of Internal Auditors) and the COSO (Committee of Sponsoring Organisations) risk framework. They examine, evaluate and report upon the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

The internal auditors have the authority to:

- (i) Access any Council premises, assets, records, documents and correspondence, and control systems.
- (ii) Receive any information and explanation related to any matter under consideration.

- (iii) Require any employee of the Council or school maintained by the Council to account for cash, stores or any other asset under his or her control.
- (iv) Access records belonging to third parties (e.g. Contractors) when required.
- (v) Directly access the Chief Executive, the Cabinet, the Audit, Governance and Standards Committee and Executive Scrutiny Committee.

The **Section 151 Officer** and the **Audit, Governance and Standards Committee** are required to approve an Annual Audit Plan, a draft of which will be prepared by the **Chief Audit Executive** (at the time of writing, this role is fulfilled by the Head of Assurance). The Annual Audit Plan will take account of the characteristics and relative risks of the Council's activities. The **Section 151 Officer** and the **Audit, Governance and Standards Committee** will also ensure that effective procedures are in place to investigate promptly any suspected fraud or irregularity.

Services must respond to internal audit reports in writing, within a timescale agreed as part of the internal audit methodology detailing the action intended, responsible officer, timescale for implementation and whether the action will require additional resources, to address all agreed recommendations. The relevant Executive Directors must ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

The **Chief Audit Executive** will maintain a record of all reports and allegations of suspected fraud, corruption or other financial irregularity in respect of funds and assets that are the responsibility of the Council and will ensure that appropriate action is taken to investigate these.

The **Chief Audit Executive** will be given the opportunity to evaluate the adequacy of new systems, or changes to existing systems, for maintaining financial records or records of assets, in a timely manner before live operation.

7. Control of resources

7.1. Assets

7.1.1. Security of assets

The Council holds non-current assets in the form of property, land, infrastructure, vehicles, plant and equipment which are collectively worth many millions of pounds. These assets must be safeguarded and used efficiently.

All staff have a responsibility for safeguarding the Council's assets and information, including safeguarding the security of the Council's computer systems and paper records, and for ensuring compliance with the Council's computer and Internet security policies.

The **Director** with responsibility for **Property**, on behalf of the **Executive Director, Corporate Services**, will undertake the role of 'corporate landlord' on the Council's behalf and will:

- (i) Ensure the proper security and maintenance of all premises occupied and/or owned by the Council.
- (ii) Hold the title deeds for all Council properties.

Executive Directors will:

- (i) Advise the **Director** with responsibility for **Property** of any situation where security of Council premises is thought to be defective or where it is considered that special security arrangements may be needed.
- (ii) Ensure that no Council asset is subject to personal use by an employee without proper authority.
- (iii) Ensure the safe custody of vehicles, equipment, furniture, inventory, stores and other property belonging to the Council.
- (iv) Ensure cash holdings on premises are kept to a minimum.
- (v) Ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of any such keys must be reported to the relevant Head of Service and the **Chief Audit Executive**.

7.1.2. Asset register

The **Section 151 Officer** is responsible for the maintenance of a corporate register of the Council's property, plant and equipment assets. This register forms the basis of Balance Sheet reporting on all property, plant and equipment assets held by the Council.

This 'Asset Register' is maintained, in accordance with the requirements of the CIPFA Code of Practice on Local Authority Accounting in the UK and the underlying accounting standards, for:

- (i) All items capitalised in accordance the guidelines set out with paragraph **3.4.1** that are expected to be used and controlled by the Council during more than one financial year; and
- (ii) Items that the Council has acquired under the terms of a lease or similar arrangement.

This means that the 'Asset Register' is maintained for:

- (i) All land held by the Council.
- (ii) Buildings held and being used by the Council for operational purposes, including those held under the terms of a lease.
- (iii) Buildings held for investment purposes.
- (iv) Land and buildings deemed to be surplus to current requirements and/or held pending disposal.
- (v) All highways infrastructure (*e.g. roads, structures, traffic management systems etc.*) that, when acquired, was capitalised in accordance with the guidance set out within paragraph **3.4.1**.
- (vi) All vehicles, plant and equipment (*including IT hardware*) and intangible assets (*mainly IT software*) that:
 - when acquired, were capitalised in accordance with the guidance set out within paragraph **3.4.1**; or
 - Is held under the terms of a lease or similar arrangement.

Executive Directors will provide the **Section 151 Officer** with any information necessary to maintain the Asset Register. This will include confirmation, and the location, of moveable assets, which should be appropriately marked and insured.

The **Director** with responsibility for **Property**, in conjunction with the **Section 151 Officer**, will ensure that land and building assets that are required to be measured at 'current value' are re-valued, as part of a rolling programme, in accordance with:

- (i) The requirements of the CIPFA Code of Practice on Local Authority Accounting in the UK; and
- (ii) Methodologies and bases for estimation set out in relevant professional standards and codes of practice (*including those of the Royal Institute of Chartered Surveyors (RICS) and the Chartered Institute of Public Finance and Accountancy*).

7.1.3. Use of property other than for direct service delivery

The use of property other than for direct service delivery will be subject to prior agreement of, and in accordance with terms and conditions specified by, the **Director** with responsibility for **Property**.

Prospective occupiers of Council land and buildings are not permitted to take possession or enter the land and buildings until a lease or agreement, in a form approved by the **Director** with responsibility for **Property**, has been put in place.

7.1.4. Property transactions

The Council enters into a variety of property agreements, including (but not limited to):

- (i) Freehold acquisitions and disposals.
- (ii) Long leasehold acquisitions and disposals.
- (iii) Short leases as tenant and as landlord.
- (iv) Section 106 agreements as landowner.
- (v) Release of covenants.
- (vi) Compulsory acquisitions and land compensation claims.
- (vii) Taking and granting easements.
- (viii) Option Agreements; and
- (ix) Lease surrenders and exit agreements (including dilapidations).

Each of these transactions has a financial consequence for the Council.

Approval is required to authorise any of these property transactions, and to declare properties surplus to requirements, as follows:

Amount	Minimum approval required	
	Operational and surplus properties	Investment properties
Up to £250,000	Head of Property	Section 151 Officer (following consultation with the Head of Property)
In excess of £250,000, but less than £500,000	Director with responsibility for Property (following consultation with the Head of Property)	

Amount	Minimum approval required	
	Operational and surplus properties	Investment properties
£500,000 and above, but less than £2m	Executive Director with responsibility for Property <i>(following consultation with the Director as above and the Cabinet Member with responsibility for Property)</i>	Section 151 Officer <i>(following consultation with the Cabinet Member with responsibility for Finance)</i>
£2m and above but less than £5m	The Cabinet Member with responsibility for Property <i>(following consultation with Executive Director as above and the Cabinet Member with responsibility for Finance)</i> .	The Cabinet Member with responsibility for Finance <i>(following consultation with the Leader and Section 151 Officer)</i> .
£5m and above	The Cabinet <i>(following consultation with Cabinet Members as above and Executive Director as above)</i> .	The Cabinet <i>(following consultation with the Cabinet Member with responsibility for Finance, the Leader and the Section 151 Officer)</i> .

The financial thresholds for all property transactions apply to decisions based on the open market value (i.e. the value based on highest and best use, taking account of any information the Council has about the purchaser's proposals for the land acquired) of the interest in the land or property reasonably foreseeable at the date of the approval, and not to the actual money involved.

Any moveable assets located within properties proposed for sale, that would be included as part of the sale (e.g. paintings), will be subject to separate consideration in accordance with paragraph 7.1.5.

All property transactions must be subject to considered against the key decisions criteria as per the Constitution.

Once land and buildings have been declared surplus to requirements, the **Director** with responsibility for **Property** will arrange for the disposal of these assets in accordance with the Council's property strategy and only then when it is in the best interests of the Council and when best value is obtained.

The approval of the **Cabinet Member** with responsibility for **Finance** must be obtained (*after consulting the Cabinet Member with responsibility for Property*) if it is proposed to dispose of the freehold (or an unexpired leasehold interest) of the Council's interest in a property (in full or in part) at a value which is below market value.

The proceeds from the sale of all land and buildings previously held by the Council for operational purposes will (*subject to certain statutory limitations*) be pooled and applied to finance future capital investment or for any other purpose permitted by Regulation; no such capital receipts will be earmarked for use by a specific service.

In relation to the proceeds from the sale of investment properties, these may be reinvested in accordance with the approval criteria set out on page 50.

The **Director** with responsibility for **Property** will advise on best practice for disposal of other assets that are deemed surplus to requirements, bearing in mind factors such as environmental issues, security and data protection.

7.1.5. Disposal of other assets

From time to time there is a need to dispose of other assets that are not Property Assets. In these situations, the below approval is required:

Amount	Minimum approval required
Up to £250,000	Head of Service
In excess of £250,000, but not more than £500,000	Service Director
£500,000 and above, but not more than £2m	Executive Director (<i>following consultation with the Director and Service Cabinet Member</i>)
£2m and above but not more than £5m	Cabinet Member with responsibility for Finance (<i>following consultation with Executive Director as above and the Cabinet Member</i>)
More than £5m	Cabinet (<i>following consultation with Cabinet Member as above and Executive Director</i>)

The **Director, Technology Services** is responsible for ensuring that the standards, policies and guidelines of decommissioning of IT equipment are well defined and communicated to all staff within the Council. The Data Protection Act must be a key consideration in the decommissioning of IT equipment.

7.2. Consumable stocks and stores

Executive Directors will make adequate arrangements for the care and custody of consumable stocks and stores held by their services, and will maintain inventory records that document the receipt (by purchase or donation) and usage of these items.

The stock of such items should be subject to a regular independent physical check. Discrepancies between inventory records and the physical stock must be investigated and pursued to a satisfactory conclusion.

Stocks and stores must be charged to the relevant Service revenue account when consumed.

The Head of Service (or operational budget holder) must complete a certificate at each financial year end, confirming the number and value (*i.e. value represents the lower of cost and net realisable value*) of items held in stock as at 31st March.

Absolute stocks and stores (*ie. items that cannot be sold or consumed*) or items no longer held (*i.e. due to theft or other loss*) must be written off (*i.e. charged to the revenue account as an expense*) straight away. The minimum levels of approval required to write off stock balances per annum are as follows:

Amount	Minimum approval required
Up to and including £10,000	Budget Holder.
In excess of £10,000, but not more than £25,000	Director (<i>following consultation with Budget Holder</i>)
In excess of £25,000, but not more than £50,000	Executive Director (<i>following consultation with Director</i>)
In excess of £50,000, but not more than £100,000	Section 151 Officer (<i>following consultation with Executive Director</i>)
In excess of £100,000 not more than £250,000	Service Cabinet Member (<i>following consultation with the Executive Director and Section 151 Officer</i>)
More than £250,000	Cabinet Member with responsibility for Finance (<i>following consultation with the Section 151 Officer and the Service Cabinet Member</i>)

7.3. Cash

7.3.1. Introduction

All money in the hands of the Council is controlled by the **Section 151 Officer**. The **Section 151 Officer** is thereby responsible for providing assurances that the Council's money is properly managed in a way that balances risk with return, with the overriding consideration being given to security.

In accordance with the Council's [Anti Money Laundering Policy](#), all suspected attempts to use the Council to launder money must be reported to the **Chief Audit Executive** who is the Council's Money Laundering Reporting Officer (see paragraph 6.5.6).

7.3.2. Treasury management

Treasury management is an important aspect of the overall financial management of the Council. Treasury management activities are those associated with the management of the Council's cash flows and its borrowing and investments. A fundamental aim is to effectively control the risks associated with these activities and to pursue best value, in so far as that is consistent with the effective management of risk.

The Council complies with the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes, and has approved:

- A **Treasury Management Policy Statement**, which sets out the policies and objectives of its treasury management activities; and
- A series of **Treasury Management Practices** (TMP's) which set out the manner in which the Council will seek to achieve its policies and objectives for treasury management.

The **Section 151 Officer** is responsible for maintaining the Treasury Management Policy Statement and TMP's, and for recommending any changes to Council for approval.

As noted in paragraph **Error! Reference source not found.** (see page **Error! Bookmark not defined.**), the **Section 151 Officer** will propose an annual Treasury Management Strategy to the Council in advance of the start of the relevant financial year. This Strategy will comply with CIPFA's Code of Practice on Treasury Management, relevant regulations and statutory guidance, and with the Council's own Treasury Management Policy Statement and TMP's; it will set the parameters within which investment and borrowing activity will be managed during the forthcoming financial year.

The **Section 151 Officer** is responsible for ensuring that all borrowing and investment activity is undertaken in compliance with the approved Treasury Management Strategy. The **Section 151 Officer** will report to the Cabinet at regular intervals in each financial year, on treasury management activities undertaken within delegated powers.

All investments of money, and borrowings undertaken, on behalf of the Council will be made in the name of the Council. The **Section 151 Officer** will maintain records of such transactions.

7.3.3. Loans to third parties

The following table sets out the circumstances in which loans may be provided by the Council to third parties, and the approval required to each type of loan:

Type of loan	Minimum approval required
1. Season ticket and similar loans made to employees	To be made in accordance with the 'My Employment' guidance on the Council's Intranet.
2. Monies invested with banks and other financial institutions	To be undertaken in accordance with the Council's Annual Treasury Management Strategy (see <i>paragraph 7.3.2 above</i>).
3. Loans to third parties (including to subsidiaries of the Council) for the purpose of financing expenditure which, if incurred by the Council, would constitute capital expenditure	Such a loan constitutes capital expenditure by the Council (<i>and the repayment constitutes a capital receipt</i>) and so requires Capital Programme approval (see <i>paragraphs 3.4.2 and 4.5</i>).
4. Loans to third parties (including to subsidiaries of the Council) for other purposes (e.g. to support cash flows)	Subject to the following approval: <ul style="list-style-type: none"> ▪ Less than £2m - Section 151 Officer ▪ £2m and above but less than £5m - Cabinet Member with responsibility for Finance (<i>following consultation with the Section 151 Officer</i>) ▪ £5m and above - Cabinet (<i>following consultation with Cabinet Member with responsibility for Finance and Section 151 Officer</i>)

The rate of interest chargeable on loans falling into categories **3** and **4** above will be determined in consultation with the **Section 151 Officer**, having due regard to the subsidy control requirements applicable in the United Kingdom.

The repayments arising from a loan falling into category **3** above are deemed to be capital receipts. These capital receipts will be applied to repay the amounts loaned.

7.3.4. Bank accounts

The opening or closing of any Council bank account will require the prior approval of the **Section 151 Officer** and must be managed in accordance with directions issued by the **S151 Officer**.

The opening of additional bank accounts (including escrow accounts and performance bonds) in the Council's name is to be avoided if possible. Where money is to be held temporarily as a bond or in joint names, this can usually be more readily achieved by use of a holding account within the Council's accounts.

As noted in paragraph 6.5.6, cash unrelated to the Council's own activities will not be paid into an ECC bank account without the prior approval of the Section 151 Officer.

7.3.5. Imprest accounts

Wherever possible, purchase cards will be used for low value transactions for which there is no mandated procurement contract in place (*the use of purchase cards is covered further in section 8.2, which commences on page 62*). However, in the limited circumstances when purchase cards cannot be used, the **Section 151 Officer** may provide bank imprest (petty cash) accounts to meet minor expenditure on behalf of the Council.

The **Section 151 Officer** will:

- (i) Prescribe rules for operating an imprest account.
- (ii) Determine the amount of each imprest account.
- (iii) Will maintain a record of all transactions and cash advances made; and
- (iv) Periodically review the arrangements for the safe custody and control of these advances.

Employees operating an imprest account will:

- (i) Obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained.
- (ii) Make adequate arrangements for the safe custody of the account.
- (iii) Produce cash and all vouchers to the total value of the imprest amount.
- (iv) Record transactions promptly.
- (v) Reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder.
- (vi) Ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made.

- (vii) Provide the **Section 151 Officer** with a certificate of the value of the account held at each 31 March.

7.3.6. Trust funds and funds held for third parties

All trust funds will, wherever possible, be held in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities relating to the trust with the **Section 151 Officer**, unless the deed provides otherwise.

Trust funds will be operated within any relevant legislation and the specific requirements for each trust.

Where funds are held on behalf of third parties, for their secure administration, records will be maintained of all transactions.

7.4. Staffing

The **Head of Paid Service** is responsible for providing overall management to staff and is also responsible for ensuring that there is proper use of evaluation or other agreed systems for determining the remuneration rate for job roles.

Executive Directors have primary responsibility for their establishment and are accountable for compliance with establishment and financial controls. Executive Directors are responsible for ensuring that positions are only created as new requirements and associated funding emerge and are deleted or modified as needs and funding change. They will ensure that the staffing budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided.

The **Section 151 Officer** and **Executive Director, People and Transformation** will advise Executive Directors on areas such as National Insurance and pension contributions, as appropriate.

7.5. Intellectual property

Intellectual property is a generic term that includes inventions and writing. If an employee creates these during the course of employment then, as a general rule, they belong to the Council, not to the employee.

Executive Directors will ensure that their staff are not carrying out private work in Council time and that their staff are aware of the Council's rights with regard to intellectual property.

Instances where intellectual property has been (or may be) created which has, or may have, commercial value to the Council should be referred to the relevant Executive Director(s).

8. Income and Expenditure

8.1. Income

8.1.1. Introduction

Effective income collection systems are necessary to ensure that all income due to the Council is identified, collected and banked properly.

Wherever possible, income should be collected in advance of supplying goods or services, to minimise the time and cost required to administer debts and to avoid bad debts.

It is the responsibility of Executive Directors to ensure that staff authorised to act on their behalf in respect of income collection are clearly identified.

Executive Directors will supply the **Section 151 Officer** with details relating to work done, goods supplied, services rendered or other amounts due, to enable invoices to be raised promptly for sums due to the Council, and to ensure that such amounts are properly recorded as due to the Council.

8.1.2. Income collection

The **Section 151 Officer** will agree the arrangements for the collection of all income due to the Council and approve the procedures, systems and documentation for its collection.

The **Section 151 Officer** and Executive Directors will ensure that:

- (i) All money received by, or on behalf of, the Council is paid fully and promptly into the appropriate Council bank account in the form in which it is received.
- (ii) Income is not used to cash personal cheques or other payments.
- (iii) Appropriate details are recorded onto paying-in slips to provide an audit trail.
- (iv) A record is kept of money received directly by employees of the Council.
- (v) The receiving officer signs for the transfer of funds, and the transferor must retain a copy.
- (vi) Wherever possible, at least two employees are present when post is opened so that money received by post is properly identified and recorded; this requirement must be met where post regularly contains money.
- (vii) Money collected and deposited is reconciled to the appropriate bank account on a regular basis.
- (viii) The responsibility for cash collection is separated from that for identifying the amount due and that responsibility for reconciling the amount due is separated from handling of the amount received.

- (ix) Income is only held on premises up to levels approved by the **Section 151 Officer**. All such income will be locked away to safeguard against loss or theft, and to ensure the security of cash handling.
- (x) All appropriate income documents are retained and stored for the defined period in accordance with the Council's [Information Management policies and guidance](#).
- (xi) The **Section 151 Officer** is advised of outstanding income relating to the previous financial year as soon as possible after 31 March, and in line with the timetable for closure of the accounts determined by the **Section 151 Officer**.

8.1.3. Debt recovery

Amounts owed to the Council will be recorded by billing the customer or client in accordance with the Council's income management framework.

Executive Directors will ensure that arrangements are in place within their areas of responsibility that define who is empowered to raise a debt on the Council's behalf.

Once debts are raised, Executive Directors must assist the **Section 151 Officer** with collection, recovery and enforcement by responding promptly to queries and assisting with disputes in compliance with the timelines set out in the Council's [Income Collection and Debt Recovery Strategy](#).

8.1.4. Writing off debts

Executive Directors will critically review outstanding debts on a regular basis, in conjunction with the **Section 151 Officer**, and take prompt action to write off debts no longer deemed to be recoverable.

No bona fide debt may be cancelled, other than by formal write off. Debts will only be written off if:

- (i) The Debtor is deceased, insolvent or has absconded.
- (ii) The debt is statute barred.
- (iii) It is uneconomical to pursue the debt.
- (iv) The debt is uncollectable after exhausting all options.

The approval required to write off any debt meeting any of the above criteria is as follows:

Amount	Minimum approval required
Up to £10,000	Service Manager – Income and Assessments or Head of Finance Transactional Services

Amount	Minimum approval required
In excess of £10,000, and not more than £25,000	Director (following consultation with the Budget Holder and the Service Manager – Income and Assessments or Head of Finance Transactional Services)
In excess of £25,000, and not more than £50,000	Executive Director (following consultation with Director)
In excess of £50,000, and not more than £100,000	Section 151 Officer (following consultation with Executive Director)
In excess of £100,000 not more than £250,000	Service Cabinet Member (following consultation with the Executive Director and Section 151 Officer)
More than £250,000	Cabinet Member with responsibility for Finance (following consultation with the Section 151 Officer and the Service Cabinet Member)

A record must be maintained for all debts written off. The appropriate accounting adjustments must be made following approval to write-off a debt.

The Service Manager – Income and Assessments and/or Head of Finance Transactional Services will periodically advise the Section 151 Officer and impacted Budget Holders of the debts written off using their delegated powers. The frequency of reporting will be determined by the Section 151 Officer.

Where debts have been referred to Essex Legal Services, the **Section 151 Officer** will have due regard to their advice when considering action relating to bad debts.

8.1.5. Credit notes

A credit note to cancel or reduce a debt can only be issued following a financial assessment of the amount payable or to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt, and once it is confirmed that the debt is not payable.

Credit notes will not be issued:

- (i) For irrecoverable debts, as the formal write off procedure should be followed.
- (ii) Where the debtor cannot afford to pay at that time. The debt should remain, and revised payment terms agreed, as appropriate.
- (iii) Where a debt is to be recovered through deductions from payments. In such instances, the deductions made should be offset against the debtor.

Credit notes will be subject to the approval of the **Service Manager – Income and Assessments** or the **Head of Finance Transactional Services**, in consultation with the Head of Service or operational budget holder.

8.2. Purchasing and procurement

8.2.1. Introduction

The Council applies a standardised approach to purchasing and procurement, according to the complexity and level of risk involved. Sourcing activity therefore depends on whether the work, goods or services are available via one of the Council's corporate mandated contracts and, if not, on:

- (i) What is being procured.
- (ii) The value of the procurement.
- (iii) The contract terms.
- (iv) Whether there is likely to be a transfer of staff, safeguarding, clinical governance or information security requirements as a consequence of the procurement.

Compliance with the Council's procedures helps to ensure that value for money is obtained from its purchasing arrangements.

8.2.2. Purchasing via corporate contracts

The Council has a number of corporate mandated contracts in place through which standardised supplies and materials must be procured. Details of the [corporate mandated contracts](#) are available on the Intranet.

The Council's Purchase-to-Pay system must be used for ordering goods via a corporate mandated contract.

8.2.3. Procurement

Where there is no corporate mandated contract in place, it is necessary to follow the procurement approach laid out within the Council's [Procurement Rules](#).

There is no requirement for competition for very low risk procurements. Very low risk procurements are those for one off purchases, up to a threshold of **£10,000** (or such other limit as set out in the Council's [Procurement Rules](#)). Such procurements can be made using:

- (i) **ECC Purchase Card** (in accordance with the Council's [Purchase Card Policy](#)).
- (ii) **Purchase to Pay system**

- (iii) [Electronic Payments Tool](#) (only for procurements where it is not possible or practicable to use an ECC purchase card or the Purchase to Pay system).

All other work, goods and services must be procured following a competitive process that reflects the relative risks of the procurement (i.e. as laid out within the Council's [Procurement Rules](#)).

Officers involved with engaging contractors, and/or with purchasing decisions, must declare:

- (i) Any links or personal [interests](#) that they may have with purchasers, suppliers and/or contractors; and
- (ii) Any [gifts or hospitality](#) offered by, or received from, purchasers, suppliers and/or contractors.

The necessity to make such declarations arises from the requirements outlined in paragraphs 6.5.2 and 6.5.3.

All new contracts must also be recorded and retained in the corporate contracts register in accordance with the [Procurement Rules](#).

Where a third party is procuring goods, work or services on behalf of the Council then the relevant officer(s) must ensure that the third party is aware of and complies with the Council's procurement procedures.

Managers responsible for letting contracts should regularly review contractors' performance and address errors, poor performance and/or mis-representation, and to invoke service credits where applicable.

8.3. Ordering and paying for work, goods and services

8.3.1. Orders for work, goods and services

Orders for work, goods and services must:

- (i) Be in a form approved by the **Section 151 Officer**.
- (ii) Be raised via one of the Council's Purchase-to-Pay systems and issued to the supplier prior to receipt of goods or services or commencement of works. The only exceptions to this are for periodic payments such as rent or rates and payments made from petty cash, using a purchase card or via the Electronic Payment Tool.
- (iii) Not be raised for any personal or private purchases.
- (iv) Be authorised in accordance with the Council's Constitution and by someone of at least the seniority set out below:

- a. Where the order is issued to reflect a procurement decision taken by Members then the order may be authorised by the operational **budget holder**.
- b. Where (a) does not apply, and the order will have effect for more than a year and have a value in excess of **£150,000**, then the order must be authorised by an Executive Director.
- c. In other cases the order must be authorised in accordance with the table below:

Level	Financial limit	Minimum approval required	Allocated cost centres
L3	Up to £2m	Directors	<i>As defined by Executive Director</i>
L4	Up to £500,000	Heads of Service (i.e. when designated as the operational budget holder)	<i>As defined by Director</i>
L5	Up to £150,000	Officers authorised to act on behalf of the Operational Budget Holder	<i>As defined by the Head of Service</i>

Contracts with a value of under £1m may be signed by:

- (i) A person who is authorised to issue an order for that contract; or
- (ii) The **Monitoring Officer** or **Section 151 Officer** (or a person authorised by any of them).

Contracts with a value of more than **£1m** must be in writing and must be signed in accordance with the Constitution (i.e. by an **Executive Director** or the **Chief Executive** or be affixed under the **common seal** of the Council). Electronic signatures are acceptable if in a form approved by the **Monitoring Officer**.

8.3.2. Authorised signatories

Executive Directors must ensure that a primary approver is assigned to each cost centre code within their respective functional areas. The primary approver is the lowest level authorised signatory for a cost centre code.

Where the primary approver is not the budget holder, the primary approver must be in the line management hierarchy of the budget holder. This is because all requisitions are routed up the primary approver's line management hierarchy until reaching the person with the relevant delegated approval limit.

Directors will identify in each case the delegated limits of the primary and other approvers below the relevant budget holder, and the other staff to whom a primary or other approver can delegate their approval rights to. An approver may only reassign their authorisation rights to an officer with an equivalent or higher delegated limit to their own.

No one may authorise an order unless they are satisfied that:

- (i) They have the delegated power to commit the expenditure.
- (ii) The work, goods and services ordered are appropriate and needed.
- (iii) There is adequate budgetary provision.
- (iv) Where a suitable corporate mandated contract exists, this has been used.
- (v) Where there is no corporate mandated contract, the Council's [Procurement Rules](#) have been adhered to.

8.3.3. Receipt of work, goods and services

When work, goods and services are received they must be checked against the applicable purchase order, to ensure they are in accordance with that order. Wherever possible, goods should not be received by the person who approved the order.

For work, goods or services ordered via the Council's Purchase-to-Pay system, the quantity of work, goods and services received must be recorded on a timely basis in that system against the original purchase order (referred to as 'receipting' the purchase order). The receipting of the purchase order provides approval to pay the suppliers' invoice (to the value of the work, goods or services received) and results in the expenditure being recognised in the Accounts. For these reasons, no purchase order must be 'receipted' in advance of the Council receiving the relevant work, goods or services.

For work, goods or services obtained using a **Purchase Card** it is the cardholder's responsibility to ensure that this is done in compliance with the Council's [Purchase Card Policy](#).

8.3.4. Payment of suppliers

For items ordered via the Council's Purchase-to-Pay system, the **Section 151 Officer** will make payments from the Council's funds upon the receipt of proper original, certified copy or valid electronic VAT invoice provided that:

- (i) A valid **purchase order number** is quoted on the suppliers' invoice; and
- (ii) Confirmation of receipt of the work, goods or services has been provided and the invoice is consistent with the receipted amount.

Invoices received which do not quote an approved purchase order number are not valid and will be returned to the supplier unpaid.

The **Section 151 Officer** will also make payments from the Council's funds upon the receipt of proper original, certified copy or valid electronic VAT invoices that have been checked, coded and certified in accordance with the thresholds set out on page 64, confirming:

- (i) The receipt of goods or services to the correct price, quantity and quality standards.

- (ii) That the invoice has not previously been paid.
- (iii) That expenditure has been properly incurred and is within budget provision.
- (iv) That prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices.
- (v) That discounts have been taken where available.
- (vi) The correct accounting treatment of tax.

Payments to creditors will be made as soon as possible within agreed payment terms, in order to avoid late payment charges under the **Late Payment of Commercial Debts (Interest) Act 1998**, as amended by the **Late Payment of Commercial Debts Regulations 2013**.

Any invoice in dispute with a supplier must be clearly identified and processed in accordance with guidance issued by the **Section 151 Officer**.

It is not permissible to make a payment in advance of the delivery of works, goods or services, or to vary the Council's standard settlement terms, other than with the prior approval of the **Section 151 Officer**.

Executive Directors will notify the **Section 151 Officer** immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision. In such cases, appropriate budget provision should be sought, either by way of a virement (see paragraph 4.3.3) or by way of a supplementary estimate (see paragraph 4.3.4).

The normal methods of payment by the Council shall be by:

- (i) BACS payments direct into suppliers' bank accounts.
- (ii) Purchase Card (*in accordance with the Council's [Purchase Card Policy](#)*).

In exceptional circumstances, where suppliers are unable to accept payment via BACS, cheques will be issued by the **Section 151 Officer**. The use of direct debits to make payments will require the prior agreement of the **Section 151 Officer**.

All appropriate evidence of the transaction and payment documents will be retained and stored in accordance with the Council's [Information Management policies and guidance](#).

Executive Directors must advise the **Section 151 Officer**, at the end of each financial year, of outstanding expenditure relating to the financial year just ended, in line with the timetable for closure of the accounts determined by the **Section 151 Officer**.

8.3.5. Contracts for construction and alterations to buildings / civil engineering works

The systems and procedures for dealing with the financial aspects of contracts for construction and alterations to buildings and for civil engineering works must be agreed with the **Section 151 Officer**. This will include the systems and procedures for the certification of interim and final payments, checking, recording and authorising payments, for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status.

8.4. Authority to make payments

For payments other than those arising from purchasing and procurement, transactions must be authorised in accordance with the table below:

Level	Financial limit	Minimum approval required	Allocated cost centres
L1	Over £2m	Chief Executive	All
L2	Over £2m	Section 151 Officer	All
L2	Up to £2m	Executive Directors	All related to areas of responsibility
L3	Up to £1m	Directors	As defined by Executive Director
L4	Up to £500,000	Heads of Service	As defined by Director
L5	Up to £150,000	Officers with delegated authority to act on their Budget Holder's behalf	As defined by the Budget Holder

As noted in paragraph 8.3.2, the primary approver will be the lowest level approver for each cost centre – thus falling into the L5 banding above. However, Directors have discretion to set the primary approver's delegated approval limit at a lower limit than that implied in the above table.

Payments must be backed by a decision taken in accordance with the Constitution.

8.5. Payments to Employees and Members

8.5.1. Salaries

Staff appointments will be made in accordance with the Council's [Recruitment Guidance](#) and [Recruitment Standards](#), establishments, grades and scales of pay.

The **Section 151 Officer** and **Executive Director, People and Transformation** are responsible for all payments of salaries and overtime to staff (*with the exception of those schools that have the delegated power to procure their payroll function from elsewhere*). The **Section 151 Officer** and **Executive Director, People and Transformation** will therefore:

- (i) Arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with prescribed procedures, on the due date.
- (ii) Record and make arrangements for the accurate and timely payment of tax, pensions and other deductions.

The **Section 151 Officer** is responsible for ensuring there are adequate arrangements for administering pension matters on a day-to-day basis.

Executive Directors must ensure that effective systems and procedures are operated, so that:

- (i) Payments are only made to bona fide employees.
- (ii) Payments are only made where there is a valid entitlement.
- (iii) Conditions and contracts of employment are correctly applied.
- (iv) Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.

The **Section 151 Officer** and **Executive Director, People and Transformation** will advise upon the employment status of individuals employed on a self-employed consultant or sub-contract basis.

8.5.2. Expenses and allowances

The **Section 151 Officer** is responsible for the payment of certified expense claims submitted by employees that are made in accordance with the Council's [travel and subsistence policy](#).

Certification of travel and subsistence claims is taken to mean that journeys were authorised, and expenses properly and necessarily incurred for business purposes, and that allowances are properly payable by the Council, ensuring that cost-effective use of travel arrangements is achieved.

The **Section 151 Officer** is also responsible for the payment of Members' travel or other allowances. Members expenses must be claimed in accordance with the provisions set out in the **Members Allowance Scheme** (as set out within the [Constitution](#)).

The **Section 151 Officer** will ensure that taxable allowances and benefits are accounted for, recorded and returned, where appropriate, to HM Revenue and Customs. Details of any employee benefits in kind must be notified to the **Section 151 Officer** to enable full and complete reporting within the income tax self-assessment system.

Due consideration should be given to tax implications, ensuring that advice is sought and the **Section 151 Officer** is informed where appropriate.

8.5.3. Ex-gratia payments

Ex-gratia payments are one-off payments made to an employee or former employee as a gesture of goodwill, and not because there is a legal or contractual obligation to do so. They include compromise and other payments made for loss of office.

Ex-gratia payments can be made to employees or former employees subject to obtaining the following approval:

Amount	Minimum approval required
Up to £5,000	Budget Holder
In excess of £5,000, but not more than £10,000	Director (<i>following consultation with the Budget Holder</i>)
In excess of £10,000 but not more than £50,000	Executive Director (<i>following consultation with the Director</i>)
More than £50,000	Section 151 Officer (<i>following consultation with the Executive Director</i>)

The circumstances of the proposed payment must not have the effect of circumventing other Council pay and allowance policies, tax rules or other legislation.

8.6. Taxation

The **Section 151 Officer** is responsible for ensuring compliance with all relevant taxation regulations and guidance that affect the Council either directly, as a consequence its own activities, or indirectly, as a consequence of service delivery through external partners.

To enable the **Section 151 Officer** to fulfil the requirements of this role, Executive Directors will:

- (i) Ensure that the **Section 151 Officer** is consulted on all proposals that may alter or affect the Council's tax liability, including proposals to implement alternative service delivery models (as outlined in section 9.1, which commences on page 71).

- (ii) Ensure that the [VAT guidance](#) issued by the **Section 151 Officer** is complied with (*i.e. to ensure that the correct liability is attached to all income due and that all amounts recoverable on purchases can be claimed*).
- (iii) Ensure that, where construction and maintenance works are undertaken, the sub-contractor fulfils the necessary **construction industry tax scheme** requirements (*as advised by the **Section 151 Officer***).
- (iv) Ensure that the **Executive Director for Corporate Service's** guidance on [fee payments](#) to consultants, individuals or partners is complied with.

The **Section 151 Officer** will maintain the Council's tax records, make all tax payments, receive tax credits and submit tax returns by their due date, as appropriate.

8.7. Emergency Payments

Emergency payments may arise as a consequence of unforeseen circumstances (e.g. as a consequence of a natural disaster, a civil emergency or a court order etc.) where budget provision has not been made and the payment cannot be covered within the relevant service's existing budget.

Emergency payments can only be made in extenuating circumstances with the following approval (as a minimum):

Amount	Approval required
Up to £500,000	Executive Director <i>The Executive Director will notify the Section 151 Officer as soon as practicable after the event that the emergency payment has been made.</i>
In excess of £500,000, but not more than £2m	Chief Executive or the Section 151 Officer (following consultation with the Cabinet Member with responsibility for Finance)
More than £2m	Cabinet Member with responsibility for Finance (<i>following consultation with all of the above</i>)

Details of emergency payments made within the financial year will be reported retrospectively to the Cabinet.

8.8. Transparency

To provide transparency in its stewardship of public funds the Council makes information available to the public in relation to its spending, regardless of value. Monthly payment transactions made via purchase card, employee expenses and accounts payable are available to download via the Council's [ECC Spending Information](#) website.

9. External Arrangements

9.1. Alternative service delivery models

9.1.1. Introduction

Alternative service delivery models may be considered, including but not limited to:

- (i) Outsource service provision to the private or voluntary sector, or to another public sector organisation.
- (ii) Spin out a service to a separate independent enterprise.
- (iii) Enable joint working with other public sector bodies.
- (iv) Facilitate working with the private or voluntary or public sector, or a combination of these.
- (v) Use a company owned by the Council or by another local authority.

There is no one model that stands out as the best or dominant model for service delivery. It is necessary to consider any proposals to use an alternative delivery model on a case-by-case basis. However, an alternative delivery vehicle can only be pursued and established in compliance with the decision-making process outlined in paragraph 9.1.2.

9.1.2. Business cases for alternative delivery vehicles

Any proposal to establish an alternative delivery vehicle must be developed through the Council's business case governance framework and using the [business case template](#), to ensure that there is a robust planning and decision-making process in place.

If it is proposed to establish a local authority owned company or other legal entity, the Council's [Company Guidance](#) must also be adhered to. Local authority owned entities can take any number of forms, including companies limited by shares, companies limited by guarantee, community benefit societies and cooperative societies.

The Business Case must clearly articulate the options being considered and measure these against the desired outcomes. It should also set out whether there is a statutory basis for the provision of the service or activity under consideration.

Executive Directors are responsible for ensuring that the Council's governance framework is followed through all stages of the business case development and decision-making process, and that specialist advice is sought from the following key stakeholders across the Council, at each stage in the development of the business case:

- (i) **Section 151 Officer** (*including finance, tax, cash management and banking, purchase to pay and income collection*).
- (ii) **Director, Legal and Assurance** (*including Monitoring Officer, Legal, Internal Audit and Risk Management and Insurance advice*).

- (iii) **Director, Essex Pension Fund.**
- (iv) **Executive Director, People and Transformation***(including payroll)*.
- (v) **Director, Performance, Investment and Delivery** *(including property and facilities management)*.

Executive Directors are also responsible for ensuring that Cabinet approval is obtained before any contract negotiations and/or financial transactions are entered into, and that all agreements and arrangements are properly documented.

The Cabinet is responsible for approving the Council's participation in all significant partnerships / joint working arrangements with other local public, private, voluntary and community sector organisations.

Executive Directors, following advice from the key stakeholders listed above *(including the **Section 151 Officer and Monitoring Officer**)*, will advise the Cabinet on the key elements of the alternative delivery vehicle, including:

- (i) The arrangements for financial record keeping, accounting, billing customers and paying suppliers, tax, pensions, banking and cash management.
- (ii) The arrangements to ensure that the Council can maintain adequate oversight and assurances over the financial performance of the alternative delivery vehicle.
- (iii) An assessment of the financial and non-financial risks, together with the plans to mitigate those risks. The financial and reputational impact of failure to deliver services should be considered, with clear plans on how this would be addressed.
- (iv) The financial commitments the Council will make (including to provide cash management, working capital and longer term loan funding and/or financial guarantees), and details of any other financial implications for the Council arising as a consequence of the proposed alternative delivery model.
- (v) Arrangements for providing any information required for the Council's Statement of Accounts to the **Section 151 Officer**.
- (vi) Audit requirements (both internal and external) and arrangements for the Council's auditors, where relevant, to have access to information.
- (vii) The governance arrangements for decision making, and how these will be carried out to ensure that the services provided remain aligned to those of the Council.
- (viii) Performance measurement arrangements.
- (ix) Any proposals to transfer Council assets to the alternative delivery vehicle, and the arrangements for safeguarding their title and use.
- (x) Whether equality, sustainability, recruitment and employment practices, data handling and protection, freedom of information principles, standards and behaviour and arrangements for engaging with citizens and service users are aligned to the Council's legal requirements and policies.

- (xi) The pensions arrangements for employees of the alternative delivery vehicle, especially if Council employees are transferring to the alternative delivery vehicle.
- (xii) In the event that the proposal is for a local authority trading company, the proposed policy and decision making process for the retention or distribution of profits. A dividend policy should be agreed that sets out the process by which decisions will be taken regarding the retention or distribution of profits.
- (xiii) Exit arrangements, and if relevant what would be done to ensure services continue to be delivered in the event of non-delivery by the alternative delivery vehicle.

Where it is proposed to establish a local authority trading company, the new company will use the Council's support service functions and the Council's property (and its facilities management services) for the delivery of services on behalf of the Council, unless and until otherwise agreed by the **Section 151 Officer**. The new company will bear the full cost of the services provided by the Council's support service functions.

9.2. Partnerships

9.2.1. Context

Partnerships include any arrangements where the Council agrees to undertake, part fund or participate in a project with other bodies; either as a beneficiary of the project, or because the nature or status of the project gives the Council a right or obligation to support it. It does not include situations where the Council is simply providing funding without assuming any obligation or risk relating to delivery of the project.

It is important to understand and distinguish between a partnership in this context and a supplier who the Council may refer to as a 'partner' due to the status that the Council has contractually awarded to it. Irrespective of the title applied to it, this latter type of partnership is a supplier relationship, which will be entered into in accordance with, and governed by, the Council's Procurement Policy and Procedures.

9.2.2. Forming of partnerships

The approval of both the **Section 151 Officer** and the **Monitoring Officer** is required prior to the Council entering into any formal partnership agreement. The approval of the **Section 151 Officer** must also be obtained where it is proposed that the Council adopts the role of 'Accountable Body' for a partnership. This is to ensure that the:

- (i) Legal status and financial viability of the arrangement are clearly established and that they are acceptable.
- (ii) Council's financial commitment to the partnership is quantified and can be accommodated within the existing budget provision.
- (iii) Financial and corporate governance arrangements in place for the partnership are robust, and acceptable from the Council's perspective.

- (iv) The Council is not exposed to undue financial, legal or reputation risk as a consequence of its involvement in the partnership.
- (v) Council's own financial accounting and reporting requirements can be satisfied.

A partnership agreement must be produced that documents each of these matters, and the arrangements for dispute resolution and for exiting from the arrangement.

The Cabinet is responsible for approving delegations and frameworks for all partnerships.

Executive Directors will ensure that:

- (i) The approval of the **Section 151 Officer** and the **Monitoring Officer** is obtained prior to entering into a partnership agreement.
- (ii) An appraisal is undertaken which demonstrates that the risks associated with the arrangement are minimal, or that appropriate arrangements are in place to mitigate any such risks.
- (iii) The partnership agreement and arrangements will not impact adversely upon the services provided by the Council or upon its finances.
- (iv) The proposed financial contribution by the Council to the partnership can be met from existing budget provision.
- (v) Cabinet approval is secured for all delegations and frameworks for the proposed partnership.

9.2.3. Delegation of budget to a partnership

The delegation of budget to a partnership (whether or not the arrangement is binding on the parties involved), where money is normally spent in accordance with the wishes of a group of individuals or organisations, is subject to approval as follows:

Amount	Minimum approval required
Less than £250,000	Director
£250,000 and above, but not more than £500,000	Executive Director (<i>following consultation with the Director</i>)
£500,000 and above, but not more than £2m	Section 151 Officer (<i>following consultation with Executive Director</i>)
£2m and above, but not more than £5m	Cabinet Member with responsibility for Finance (<i>following consultation with Executive Director and the Section 151 Officer</i>)
More than £5m	Cabinet (<i>following consultation with the Section 151 Officer and the Cabinet Member with responsibility for Finance</i>)

9.2.4. Financial administration

Where the Council is the 'accountable body' for a partnership, these Financial Regulations and the Council's Constitution will apply to decisions relating to the expending of that money. All expenditure must be authorised by an appropriate ECC officer, or by someone else who has a statutory power to authorise expenditure. Executive Directors are responsible for ensuring that the Council is promoting and applying the same high standards of financial administration to the partnership as those that apply throughout the Council.

Whenever any such arrangements are made there must be a written document which clearly establishes the responsibilities of the respective partners for managing the arrangement and the resources made available to the partnership.

The document must also set out the arrangements in respect of unspent funding at each year end, unless this is to be returned to the Council as unspent money, and for addressing any over spend. The Council cannot carry underspent partner contributions forwards from one financial year to another if this is contrary to the partners's own financial procedure rules.

Executive Directors must provide information on the partnership arrangements to the **Section 151 Officer**, in order that the appropriate disclosures can be made within the Council's annual Statement of Accounts.

9.2.5. Documenting and recording of partnership agreements

Executive Directors must ensure that all partnership agreements and arrangements are properly documented, and that all money for which the Council is accountable is spent via a written contract with the recipient (even if the recipient is a party to the arrangements) and that a register of those contracts must be maintained in accordance with procedures specified by the **Section 151 Officer**.

9.2.6. Representing the Council

Executive Directors will ensure that the Council has full oversight of the operation of the arrangements. This will usually be by officer support and by representation on the 'partnership board' by Members of the Council.

Executive Directors will ensure that appropriate officer input is provided to support Members in this role, and that all decisions made by the Council are discharged as permitted within the Scheme of Delegation that forms part of the Council's Constitution.

9.3. External funding (grants and other contributions)

9.3.1. Funding conditions

External funding is an important source of income to the Council. However, the conditions attached to such funding need to be carefully considered prior to applying or bidding for, and accepting the funding, to ensure that:

- (i) They are compatible with the aims and objectives of the Council;
- (ii) The necessary procedures are in place to meet funding conditions and reporting requirements; and
- (iii) Appropriate budget provision is available if 'match funding' is required.

The relevant service finance contact should be notified of all external funding bids and applications, and will support the bid or application through the process.

9.3.2. Accounting for external funding

The **Section 151 Officer**, in conjunction with Executive Directors must, as appropriate, ensure that all grants and other funding awarded by external bodies is received and properly recorded in the Council's accounts.

9.3.3. External funding claims

Executive Directors must, as appropriate, ensure that appropriate records are maintained to evidence compliance with any applicable conditions placed on external funding by the awarding body and any instructions issued by the **Section 151 Officer**.

Executive Directors must also ensure that claims and returns are made by the due date, allowing sufficient time for **Section 151 Officer** review of those claims and returns prior to submission to the awarding body.

Executive Directors will notify the **Section 151 Officer** in the event that the awarding body requires an external audit of a grant or similar claim to evidence compliance with the grant or funding conditions.

9.3.4. Third party expenditure

Sometimes, grant funding awarded to the Council may be passed to a third party outside of the direct responsibility of the Council. The Council will however remain accountable for the grant funding and, as such, will be responsible for ensuring that the terms of the grant are met. Executive Directors must therefore ensure that effective monitoring and reporting procedures are in place to provide assurances over the eligibility of expenditure incurred by a third party.

9.4. Work by the Council for other organisations

9.4.1. Approval to contractual arrangements

Work can only be undertaken for other organisations where the Council has the legal powers to undertake the work. Where such legal powers exist, Executive Directors are responsible for:

- (i) Approving the contractual arrangements for any work undertaken by their services for third parties or external bodies.
- (ii) Ensuring that the appropriate expertise exists to fulfil the contract.
- (iii) Ensuring that no contract adversely impacts upon the services provided by the Council.

9.4.2. Financial aspects of third-party contracts

The **Section 151 Officer** will determine the accounting, banking and other financial arrangements for third party contracts.

Executive Directors will:

- (i) Comply with any accounting instructions and other guidance issued by the **Section 151 Officer**.
- (ii) Ensure that the appropriate insurance arrangements are made.
- (iii) Ensure that all costs arising from the provision of services to a third party are recovered and hence that there is no subsidy included within the contract.
- (iv) Ensure that the Council is not exposed to the risk of non recovery of contract income.

9.4.3. Documenting and recording contracts

A written agreement must be put in place between the Council and the third party, which details the services to be provided, over what period and at what price; this will be signed by both parties to the agreement.

10. Financial Limits

10.1. General

Throughout these Regulations, there are various financial limits. These limits have been brought together in this section, for ease of reference. The financial limits are to be applied subject to any limitations set out elsewhere in Financial Regulations.

The following tables summarise the minimum level of approval required on each matter; in the event that an officer at the specified level is unable to take a decision for any reason then the decision may be taken at a higher level in the organisation.

10.2. Revenue budget virements

Paragraph 4.3.3 set out the Scheme of Virement. This explains that virements that are being actioned to effect a change in policy or priorities (*either within the same portfolio or between portfolios*) will be subject to the following approval:

Amount	Minimum approval required
Up to and including £500,000 <i>(Subject to the aggregation rule in 4.3.3 (iv))</i>	Director (<i>following consultation with the Budget Holder</i>)
More than £500,000, but no more than £2m <i>(Subject to the aggregation rule in 4.3.3 (iv))</i>	Executive Director (<i>following consultation with Section 151 Officer and Service Cabinet member(s)</i>).
More than £2m and above, but no more than £5m	Cabinet Member with responsibility for Finance (<i>following consultation with Executive Director, Section 151 Officer and Service Cabinet Member(s)</i>)
More than £5m	Cabinet (<i>following consultation with Cabinet Members as above, Executive Director and Section 151 Officer</i>)

10.3. Supplementary funding

All requests for supplementary funding are subject to the approval of Cabinet or the Cabinet Member with responsibility for Finance (as detailed in paragraph 4.3.4).

As noted in paragraph 4.3.4, where supplementary funding is provided for a project that slips into the following financial year, or which progresses ahead of schedule, the supplementary funding can be re-profiled by one financial years without the need for

further approval up to a threshold of **£500,000** provided that the funding is still being used for the approved purpose and the total agreed amount is not exceeded.

The approval of Cabinet is required to re-profile supplementary funding in excess of **£500,000** and to extend the period of utilisation of an approved supplementary estimate by more than one year beyond the original agreed period of utilisation.

10.4. Capital expenditure

As noted in paragraph **3.4.1**, the Council applies various de-minimis limits below which items that meet the definition of capital expenditure will be charged to revenue on the grounds of materiality. The limits are as follows:

De-minimis limits	£
General limit (<i>to be applied where no specific limit is applicable</i>)	10,000
Specific limits	
▪ Schools' capital projects funded or supported by Formula Capital Grants	2,000
▪ Transport (Highways) infrastructure	Nil
▪ Land	Nil

10.5. Capital monitoring and control

Section **4.5** sets out the arrangements for making changes to the capital programme in-year, as follows.

10.5.1. Applying under spends to offset over spends

Where it is intended to redress an over spend against one scheme or 'block' approval by achieving savings against another project, the following consent is required to align the payment guidelines and scheme approvals for both projects:

Amount	Minimum approval required
Up to and including £500,000	Director (<i>following consultation with the Section 151 Officer, to ensure that there are no adverse implications upon capital financing resource, and Budget Holder</i>)
In excess of £500,000, but not more than £2m	Executive Director (<i>following consultation with Section 151 Officer and Service Cabinet Member(s)</i>) unless the saving being utilised is greater than 25% of the project or block approval that it is to come from, in which case the next level of approval is required.

Amount	Minimum approval required
More than £2m, but not more than £5m	Cabinet Member with responsibility for Finance (following consultation with Executive Director, Section 151 Officer and Service Cabinet Member(s))
More than £5m	Cabinet (following consultation with Cabinet Members as above, Executive Director and Section 151 Officer)

10.5.2. Re-profiling of payment guidelines between years

For schemes with 'starts approval', the re-profiling of capital payment guidelines between financial years is subject to agreement as follows:

Amount	Minimum approval required
Up to and including £500,000	Director (following consultation with the Section 151 Officer , to ensure that there are no adverse implications upon capital financing resources, and Budget Holder)
In excess of £500,000, but not more than £2m	Executive Director (following consultation with Section 151 Officer, Cabinet Member with responsibility for Finance and Service Cabinet Member , unless the amount being re-profiled is greater than 25% of the project or block approval, in which case the £2m and above level of approval is required.
More than £2m, but not more than £5m	Cabinet Member with responsibility for Finance (following consultation with Executive Director, Section 151 Officer and Service Cabinet Member)
More than £5m	Cabinet (following consultation with Cabinet Members as above, Executive Director and Section 151 Officer)

10.5.3. Adding scheme and payment approvals to the Capital Programme

Any request to change the capital programme outside of the annual budget setting by adding or removing schemes, by allocating additional scheme and payment approvals to an approved scheme or by accelerating a scheme within the programme must be approved as follows:

Amount	Minimum approval required
Up to £5m	Cabinet Member with responsibility for Finance (following consultation with the Executive Director, Section 151 Officer and the Service Cabinet Member)
£5m and above	Cabinet (following consultation with all of the above)

10.6. Settling insurance claims

As set out in paragraph 6.3, the settling of insurance claims against the Council will be subject to approval as follows:

Amount	Minimum approval required
Up to £20,000	Claims Lead
In excess of £20,000 and up to £150,000	Risk and Insurance Manager
In excess of £150,000 and up to £500,000	Head of Assurance
In excess of £500,000 and up to £1m	Director with responsibility for insurance arrangements (in consultation with Risk and Insurance Manager)
In excess of £1m	Section 151 Officer (in consultation with Director as above)

10.7. Property transactions

Paragraph 7.1.4 sets out the approval required to authorise property transactions, and to declare properties surplus to requirements, as follows:

Amount	Minimum approval required	
	Operational and surplus properties	Investment properties
Up to £250,000	Head of Property	Section 151 Officer (following consultation with the Head of Property)
In excess of £250,000, but less than £500,000	Director with responsibility for Property (following consultation with the Head of Property)	
£500,000 and above, but less than £2m	Executive Director with responsibility for Property (following consultation with the Director as above and the Cabinet Member with responsibility for Property)	Section 151 Officer (following consultation with the Cabinet Member with responsibility for Finance)
£2m and above but less than £5m	The Cabinet Member with responsibility for Property (following consultation with Executive Director as above and the Cabinet Member with responsibility for Finance).	The Cabinet Member with responsibility for Finance (following consultation with the Leader and Section 151 Officer).

Amount	Minimum approval required	
	Operational and surplus properties	Investment properties
£5m and above	The Cabinet (<i>following consultation with Cabinet Members as above and Executive Director as above</i>).	The Cabinet (<i>following consultation with the Cabinet Member with responsibility for Finance, the Leader and the Section 151 Officer</i>).

Notwithstanding the above thresholds, the approval of the **Cabinet Member with responsibility for Finance** must be obtained (*after consulting the Cabinet Member with responsibility for Property*) if it is proposed to dispose of the freehold or a leasehold interest (in full or in part) in a property at a value which is below fair value.

10.8. Disposal of other assets

Paragraph 7.1.5 sets out the approval required for the disposal of other assets, as follows:

Amount	Minimum approval required
Up to £250,000	Head of Service
In excess of £250,000, but not more than £500,000	Service Director
£500,000 and above, but not more than £2m	Executive Director (<i>following consultation with the Director and Service Cabinet Member</i>)
£2m and above but not more than £5m	Cabinet Member with responsibility for Finance (<i>following consultation with Executive Director as above and the Cabinet Member</i>)
More than £5m	Cabinet (<i>following consultation with Cabinet Member as above and Executive Director</i>)

10.9. Write off of inventory

The approval required to write off inventory balances per annum is detailed in paragraph 0, as follows:

Amount	Minimum approval required
Up to and including £10,000	Budget Holder.
In excess of £10,000, but not more than £25,000	Director (<i>following consultation with Budget Holder</i>)
In excess of £25,000, but not more than £50,000	Executive Director (<i>following consultation with Director</i>)

Amount	Minimum approval required
In excess of £50,000, but not more than £100,000	Section 151 Officer (<i>following consultation with Executive Director</i>)
In excess of £100,000 not more than £250,000	Service Cabinet Member (<i>following consultation with the Executive Director and Section 151 Officer</i>)
More than £250,000	Cabinet Member with responsibility for Finance (<i>following consultation with the Section 151 Officer and the Service Cabinet Member</i>)

10.10. Acceptance of cash payments

As noted in paragraph 6.5.6, the acceptance of cash payments of greater than **£10,000** is prohibited, other than with the prior approval of the **Section 151 Officer**.

10.11. Loans to third parties

The approval required for loans sought from the Council (paragraph 7.3.3) that are not loans to employees, treasury management investments, or loans for the purpose of financing expenditure which, if incurred by the Council, would constitute capital expenditure, requires approval as follows:

Amount	Minimum approval required
Less than £2m	Section 151 Officer
£2m and above but less than £5m	Cabinet Member with responsibility for Finance (<i>following consultation with the Section 151 Officer</i>)
£5m and above	Cabinet (<i>following consultation with Cabinet Member with responsibility for Finance and Section 151 Officer</i>)

The rate of interest chargeable on loans for this purpose will be determined in consultation with the Section 151 Officer, having due regard to the subsidy control requirements applicable in the United Kingdom .

10.12. Writing off debts

The approval required to write off debts is detailed in paragraph 8.1.4, as follows:

Amount	Minimum approval required
Up to £10,000	Service Manager – Income and Assessments or Head of Finance Transactional Services

Amount	Minimum approval required
In excess of £10,000, and not more than £25,000	Director (<i>following consultation with the Budget Holder and the Service Manager – Income and Assessments or Head of Finance Transactional Services</i>)
In excess of £25,000, and not more than £50,000	Executive Director (<i>following consultation with Director</i>)
In excess of £50,000, and not more than £100,000	Section 151 Officer (<i>following consultation with Executive Director</i>)
In excess of £100,000 not more than £250,000	Service Cabinet Member (<i>following consultation with the Executive Director and Section 151 Officer</i>)
More than £250,000	Cabinet Member with responsibility for Finance (<i>following consultation with the Section 151 Officer and the Service Cabinet Member</i>)

10.13. Purchasing

As set out in paragraph 8.3.1, orders for work, goods and services must be authorised by someone of at least the seniority set out below:

- a) Where the order is issued to reflect a procurement decision taken by Members then the order may be authorised by the operational budget holder;
- b) Where (a) does not apply, and the order will have effect for more than a year and have a value in excess of **£150,000**, then the order must be authorised by an Executive Director;

c) In other cases the order must be authorised in accordance with the table below:

Level	Financial limit	Minimum approval required	Allocated cost centres
L3	Up to £2m	Directors	As defined by Executive Director
L4	Up to £500,000	Heads of Service (i.e. when designated as the operational budget holder)	As defined by Director
L5	Up to £150,000	Officers authorised to act on behalf of the Operational Budget Holder	As defined by the Head of Service

Contracts with a value of under **£1m** may be signed by:

- a) A person who is authorised to issue an order for that contract; or
- b) The **Monitoring Officer** or **Section 151 Officer** (or a person authorised by any of them).

Contracts with a value of more than **£1m** must be in writing and must be signed in accordance with the Constitution (i.e. by an **Executive Director** or the **Chief Executive** or be affixed under the **common seal** of the Council).

10.14. Other payments

Payments other than those arising from purchasing and procurement must be authorised in accordance with the limits set out in paragraph 8.4, which are listed below:

Level	Financial limit	Minimum approval required	Allocated cost centres
L1	Over £2m	Chief Executive	All
L2	Over £2m	Section 151 Officer	All
L2	Up to £2m	Executive Directors	All related to areas of responsibility
L3	Up to £1m	Directors	As defined by Executive Director
L4	Up to £500,000	Heads of Service	As defined by Director
L5	Up to £150,000	Officers with delegated authority to act on their Budget Holder's behalf	As defined by the Budget Holder

10.15. Ex-gratia payments

The approval required to make ex-gratia payments to staff is set out in paragraph 8.5.3, as follows:

Amount	Minimum approval required
Up to £5,000	Budget Holder
In excess of £5,000, but not more than £10,000	Director (<i>following consultation with the Budget Holder</i>)
In excess of £10,000 but not more than £50,000	Executive Director (<i>following consultation with the Director</i>)
More than £50,000	Section 151 Officer (<i>following consultation with the Executive Director</i>)

10.16. Emergency Payments

As set out in paragraph 8.7, the following approval is required to make emergency payments:

Amount	Minimum approval required
Up to £500,000	Executive Director
In excess of £500,000, but not more than £2m	Chief Executive; or Section 151 Officer (<i>following consultation with the Cabinet Member with responsibility for Finance</i>).
More than £2m	Cabinet Member with responsibility for Finance (<i>following consultation with all of the above</i>)

10.17. Delegation of budget to a partnership

Paragraph 9.2.3 sets out what is meant by the term ‘partnership’, and sets out the approval required to delegate budgets to a partnership as follows:

Amount	Minimum approval required
Less than £250,000	Director
£250,000 and above, but not more than £500,000	Executive Director (<i>following consultation with the Director</i>)
£500,000 and above, but not more than £2m	Section 151 Officer (<i>following consultation with Executive Director</i>)

Amount	Minimum approval required
£2m and above, but not more than £5m	Cabinet Member with responsibility for Finance (following consultation with <i>Executive Director</i> and the <i>Section 151 Officer</i>)
More than £5m	Cabinet (following consultation with the <i>Section 151 Officer</i> and the <i>Cabinet Member with responsibility for Finance</i>)

11. Other key policies and documents

11.1. Introduction

The Financial Regulations should be read and used in conjunction with the Council's other policy documents and guidance. For ease of reference, links to the key documents and guidance are listed below.

11.2. Employment policies and guides

- Key employment policies and guides
- Officers' Code of Conduct
- Recruitment Guidance
- Disciplinary Policy
- Raising a concern at work

11.3. Information policies

- Information management policy
- Information Governance and Technology Services security policies
- Policy guidance
- Data Protection Impact Assessments
- Information Governance Framework

11.4. Procurement

- Buying goods and services process
- Procurement Policy and Procedures
- VAT Guidance
- Purchase Card Policy
- Electronic Payment Tool Requests
- ECC Spending Information

11.5. Governance

- Code of Corporate Governance
- Constitution Programme and Project Governance

- Board Approvals Guidance including business case template
-

11.6. Regulatory framework

- Anti-Money Laundering Policy
- Constitution
- Counter Fraud and Anti-Bribery Strategy
- Fees and charges policy
- Risk Management Strategy
- Whistleblowing policy
- Declarations of interest policy
- Gifts and hospitality policy

Part 2 – Scheme of Delegation for Financial Management

Scheme of Delegation for Financial Management

1. Introduction

The purpose of the Financial Regulations is to set out the Council's financial policies and framework for managing the Council's financial affairs. The Regulations seek to ensure that the Council conducts its affairs in a way that complies with specific statutory provisions and best professional practice. All financial and accounting procedures and delegations must therefore be carried out in accordance with the Regulations and other corporate guidance.

The purpose of this document is to set out how **non-executive decisions** are reserved or are delegated to officers within the Council.

2. Principles of delegation

2.1 Introduction

The Financial Regulations are organised around seven themes of financial management as follows:

- (i) [Financial planning](#) (Section 3)
- (ii) [Financial management](#) (Section 4)
- (iii) [Accounting records and financial systems](#) (Section 5)
- (iv) [Risk Management and Internal Control](#) (Section 6)
- (v) [Control of resources](#) (Section 7)
- (vi) [Income and expenditure](#) (Section 8)
- (vii) [External arrangements](#) (Section 9)

For each of these themes, delegation arrangements are needed that:

- support the efficient running of the Council, through appropriate allocation of tasks and responsibilities; and
- contribute to an effective internal controls' framework.

This latter point is assessed on an annual basis through the self-assessment process that Executive Directors are asked to undertake and reported in the Annual Governance Statement.

The specific components of the internal controls' framework are:

- Preventative controls (*i.e. segregation of duties, authorisation procedures, physical custody, access limitations*);
- Detective controls (*i.e. arithmetical and accounting checks, consistency checks, continuity checks*); and
- Directive controls (*i.e. written policies and procedures, reporting lines, supervision and management and training*).

Scheme of Delegation for Financial Management

Compliance with Financial Regulations and the Scheme of Delegation for Financial Management not only enhances the Council's control environment but also protects employees against allegations of mismanagement, fraud and unprofessional conduct.

2.2 Powers for delegation

The Council operates a system of devolved financial management which is enshrined within its Constitution. It states that any exercise of delegated powers shall be subject to:

- Any statutory restrictions.
- Council Procedure Rules.
- Financial Procedure Rules,
- Procurement Policy and Procedures.

In exercising delegated powers:

- Cabinet Members and Officers shall not go beyond the provision made in the revenue or capital budgets for their service except to the extent permitted by Financial Procedure Rules and Procurement Policy and Procedures.
- The delegated authority to Officers includes management of the human and material resources made available for the service areas and the functions concerned.
- In each case the delegated authority excludes the determination of policy, exceptions to policy and budgets by the Cabinet Member or Officer concerned.

Decisions which an officer takes under delegated powers must:

- Only implement a policy or decision previously approved or taken by the Cabinet or Cabinet Member.
- Facilitate or be conducive or incidental to the implementation of a policy or decision previously taken by the Cabinet or Cabinet Member.
- Relate to the management of the human, material and financial resources made available for the functions for which they are responsible.

Officers do not have the power to:

- Make changes to policies relating to fees, charges or concessions.
- Make decisions on the use of permanent savings in a budget.
- Approve the making of an order for the compulsory acquisition of land.
- Approve the acquisition of land in advance of requirements.

Scheme of Delegation for Financial Management

This framework reflects the Financial Regulations and allocates responsibilities to **Executive Directors** as follows:

- Putting in place appropriate budget management and delegation arrangements to ensure the effective use of resources, the safeguarding of assets and the operation of a system of appropriate internal controls.
- Promoting the financial management standards set by the **Section 151 Officer** within their Services, and monitoring adherence to the standards and practices, liaising as necessary with the **Section 151 Officer**, and ensuring that appropriate training is provided to those staff with financial management responsibilities.
- Promoting sound financial practices in relation to the standards, performance and development of staff in their services.
- Advising Cabinet Members of the financial implications of all proposals and ensuring that the financial implications have been agreed by the **Section 151 Officer**.
- Seeking approval on any matter liable to affect the Council's finances materially before any commitments are incurred.
- Signing contracts on behalf of the Council (in accordance with the Council's Procurement Policy and Procedures).
- Consulting with, and obtaining the approval of, the **Section 151 Officer** before making any changes to accounting records or procedures.
- Complying with the following principles when allocating accounting duties:
 - Separating the duties of (i) providing information about sums due to or from the Council and calculating, checking (including reconciliations) and recording these sums, from (ii) the duty of collecting or disbursing them.
 - Employees with the duty of examining or checking the accounts of financial transactions must not themselves be engaged in these transactions.
- Ensuring that claims for funds, including grants and 'match funding', are made by the due date and that appropriate records are maintained, according to funding conditions.
- Contributing to the development of performance plans in line with statutory requirements.
- Contributing to the development of corporate and service targets, objectives and performance information.

3. Financial delegations

Matter	Threshold	Delegation to	Ref to Fin Regs
3.1 Control of Resources			Section 7
Ensure that borrowing and investment activities are undertaken in accordance with the parameters and limits set by the Council.	Within the parameters and limits set by the Council (in the annual Capital Strategy)	<ul style="list-style-type: none"> ▪ Section 151 Officer (<i>see note 0 on page 96</i>); and ▪ Chief Accountant. 	7.3.2
Day to day management of the Council's treasury management activities , ensuring that temporarily surplus funds are invested until next needed or that funds are borrowed to cover temporary shortfalls of cash.		<ul style="list-style-type: none"> ▪ Chief Accountant; and ▪ Authorised dealing officers. 	7.3.2
Operation of a petty cash imprest account .		Nominated Petty Cash Account Holders	7.3.5
Authorisation of petty cash disbursements per item		Heads of Service / Operational Budget Holders	7.3.5
3.2 Income and Expenditure			Section 8
Operation of a purchase card	Only for procurements with a total value of less than £2,000 and in accordance with the Council's Purchase Card Policy	Heads of Service / Operational Budget Holders	8.2.3
Authorise requisitions for work, goods and services via the Council's purchase to pay system	Requisitions for items individually up to £200 and raised against corporate mandated contracts	<ul style="list-style-type: none"> ▪ Self-certification by the person raising the requisition 	8.4

Matter	Threshold	Delegation to	Ref to Fin Regs
	approved by the Section 151 Officer		
	All other requisitions	<ul style="list-style-type: none"> Approved by an authorised signatory with the relevant approval limit, as defined in Financial Regulations. 	8.4
Authorise orders from Information Services' online catalogue	Orders for items individually up to £100	<ul style="list-style-type: none"> Self-certification by person raising the order 	N/A
	Orders for items individually in excess of £100	<ul style="list-style-type: none"> Approved by an authorised signatory with the relevant approval limit, as defined in paragraph 8.4 of the Financial Regulations (see page 67). 	N/A
Authorise the payment, to relevant government agencies and other bodies, of amounts either deducted from salaries, or related to officers' remuneration.		<ul style="list-style-type: none"> Section 151 Officer (see note 0 on page 96); Executive Director, People and Transformation; or Director, People Operations 	8.5.1
Authorise expense claims (incl. travel and subsistence)	Claims of up to £100 (or 200 miles)	<ul style="list-style-type: none"> Self-certification by claimant 	8.5.2
	Claims in excess of £100 (or 200 miles) and up to £1,000 (or 2,000 miles)	<ul style="list-style-type: none"> Line manager 	8.5.2
	Claims in excess of £1,000 (or 1,000 miles)	<ul style="list-style-type: none"> Head of Service / Operational Budget Holder 	8.5.2

Matter	Threshold	Delegation to	Ref to Fin Regs
3.3 Pension Fund Arrangements			
To manage the Pension Fund including the power to seek professional advice and to devolve day to day handling of the fund to professional advisors within the scope of the Pension's Regulations.		Director, Essex Pension Fund (<i>subject to Investment Steering Committee approval of the original appointment</i>)	N/A
Authorisation of: <ul style="list-style-type: none"> • custody agreements and variations • Investment advisor agreements and variations • Partnership agreements and variations • Investment applications and related documentation 		Director, Essex Pension Fund (<i>subject to Investment Steering Committee approval of the original appointment</i>)	N/A
Authorisation of: <ul style="list-style-type: none"> • Investment management agreements and variations • Payment of capital calls on approved investments • Instructions to the custodian to transfer funds and open/close accounts • Applications to sovereign states and administrative areas • Tax returns, applications and claims • Appointment of tax consultants, actuaries and other specialist advisers and consultants • The payment of invoices for services supplied to the Pension Fund and refunds of contributions • Instructions to the fund actuary 		Director, Essex Pension Fund	N/A

Note: As set out in paragraph 2.6.2 of the Financial Regulations (page 10), where it is stated that Section 151 Officer approval is required, this means the Executive Director, Corporate Services, or the Director for of Finance Services when acting in the capacity of Chief Financial Officer for the Council in the absence of the Executive Director, Corporate Services (or whichever officers subsequently act in the capacity of Chief Financial Officer for the Council, as defined within the Constitution).

Scheme of Delegation for Financial Management

4. Guidance on roles and responsibilities

4.1 Introduction

The Council operates a system of devolved financial management which, in practice, means certain responsibilities are devolved to services, as follows:

- Ensuring that there is proper stewardship of public resources.
- Ensuring that statutory and regulatory standards are met.
- Ensuring value for money in the use of resources.
- Identifying, evaluating and managing risk.
- Supporting good decision making through the provision of financial information and advice to decision makers.
- Analysis of service activity costs and trends to feed into performance information.
- Aligning resource allocations with business objectives.
- Maximising income sources without being diverted from business priorities.

It is therefore important that there is clarity over roles and responsibilities within these areas of activity.

4.2 Budget holders

The operation of financial management across the Council is carried out within a framework of budget holders, supported by Corporate Services.

The term 'budget holder' is used to cover a range of responsibilities and accountabilities starting from the Executive Director, who will oversee the overall delivery of a range of services, down to the operational budget holder who will be accountable for the day to running of a service and the management of the associated budget.

The default position is that the Director will be the operational budget holder. However, the Director may designate a Head of Service, or another officer, as the operational budget holder, where that officer has responsibility for a service area with a budget of at least **£1m**. Budgets of less than **£1m** are not permitted to be delegated without the approval of the **Section 151 Officer**.

There will usually be a series of delegations operating in support of the operational budget holder, whereby those with delegated authority are able to commit funds on the budget holder's behalf (*i.e. within parameters agreed by the operational budget holder*).

The role of each of these levels of 'budget holder', across the main themes in Financial Regulations, is summarised in the following pages.

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to act on Budget Holder's behalf
Financial Planning	<ul style="list-style-type: none"> Provides the overall strategic direction, and oversees the preparation of the budget, for their set of services. 	<ul style="list-style-type: none"> Ensures that new initiatives and legislative requirements are considered as appropriate. Prepares the detailed revenue and capital budgets, reflecting the strategic direction set by the Executive Director / Director. 	
Financial Management	<ul style="list-style-type: none"> Assigns budget holder responsibility and ensures there are appropriate budgetary control processes in place. Receives regular reports on performance against budget from Directors. Where appropriate, approves virements within the financial limits set out with Financial Regulations, or seeks additional funding if necessary. Ensures budget provision is in place for any new policies. 	<ul style="list-style-type: none"> Places orders and incurs expenditure for services in accordance with appropriate procurement advice and the approved budget. Records income and expenditure properly and maintains appropriate commitment records to aid with budget management. Prepares reports, with finance support on performance against budget. Where appropriate, approves virements within the financial limits set out with Financial 	<ul style="list-style-type: none"> Places orders and incurs expenditure for services in accordance with appropriate procurement advice and the approved budget.

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to act on Budget Holder's behalf
		<p>Regulations, or refers to the Executive Director for action,</p> <ul style="list-style-type: none"> Reviews regularly the value for money of the service delivery arrangements. 	
Accounting records and Financial Systems	<ul style="list-style-type: none"> Ensure Section 151 Officer' approval is obtained to operate or change a financial system (or any financial element of a non-financial system). Ensure that systems are backed up and disaster recovery and business continuity plans are maintained to allow information system processing to resume quickly in the event of interruption. Ensure adequate audit trail exists through computerised systems. 	<ul style="list-style-type: none"> Ensures compliance with proper accounting guidance and practice by following advice and guidance from finance. 	<ul style="list-style-type: none"> Complies with proper accounting practices and guidance issued from finance.
Risk Management and Control	<ul style="list-style-type: none"> Takes overall ownership of risk within their service areas, ensuring risk management is implemented in line with the 	<ul style="list-style-type: none"> Ensures risk management within their area is implemented in line with the strategy. 	

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to act on Budget Holder's behalf
	<p>overall risk management strategy.</p> <ul style="list-style-type: none"> Reviews risks in their service areas and progress on mitigating actions at regular management meetings. Consults the Section 151 Officer and the Monitoring Officer on the terms of any indemnity. Establishes sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness; and for achieving their financial performance targets. Undertakes an annual self-assessment of the status of the systems of internal control within their service areas, as directed by the Section 151 Officer. 	<ul style="list-style-type: none"> Reviews service risks and progress on mitigating actions at regular management meetings. Notifies the Section 151 Officer immediately of any loss, liability or damage that may lead to a claim against the Council. Notifies the Section 151 Officer promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances. Responds to internal audit reports in writing, within a timescale agreed detailing the action intended to address any recommendations, and monitors implementation of agreed actions Maintains a Hospitality Register and a Register of Interests within each service in which the 	

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to act on Budget Holder's behalf
	<ul style="list-style-type: none"> Supports Internal Audit in any review being undertaken within their area, nominates a sponsor responsible for taking forward audit issues, and responds to issues raised within audit reports within the agreed timescale Ensures that the anti-fraud and corruption policy is followed and that any appropriate action is taken. 	acceptance of any hospitality or gifts is recorded.	
Control of resources	<ul style="list-style-type: none"> Ensures there are appropriate control procedures in place with regard to assets, stock and stores 	<ul style="list-style-type: none"> Ensures the proper security of all buildings, vehicles, equipment, furniture, stock, stores and other property belonging to the Council and consults with the Director for Property, Facilities Management and Business Support in any case where security is thought to be defective or where it is considered that special security arrangements may be needed. 	<ul style="list-style-type: none"> Employees operating an imprest account will make adequate arrangements for the safe custody of the account as set out in paragraph 7.3.4 of the Financial Regulations

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to act on Budget Holder's behalf
		<ul style="list-style-type: none"> Ensures that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of such keys must be reported to the Chief Audit Executive. Provides the Section 151 Officer with the information required to maintain the asset register in relation to vehicles, plant and equipment (including IT) Maintains inventories of all furniture, fittings, equipment, plant and machinery, and carries out an annual check of all items on the inventory. 	
Income and Expenditure	<ul style="list-style-type: none"> Establishes a charging policy for the supply of goods or services, and reviews it regularly, in line with corporate policies and annual budget setting timetables. Ensures there are adequate arrangements and delegations in place for ordering, authorising 	<ul style="list-style-type: none"> Implements the charging policies. Acts in accordance with the delegated limits applied to ordering, authorisation and receipt of goods and services. 	<ul style="list-style-type: none"> Raises invoices according to the agreed charging policies. Places orders for goods and services in accordance with the Council's Procurement Policy and Procedures (<i>and on the Council's e-procurement purchase to pay system</i>).

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to act on Budget Holder's behalf
	<p>and receipting of goods and services.</p> <ul style="list-style-type: none"> Maintains an up to date list of those staff who can order, authorise and receipt goods and services, and identifies in each case, any limits to an individual's authority. Ensures there is an appropriate control arrangement in place relating to cash handling. Provides an up-to-date list of the names of officers authorised to sign records to the Head of Human Resources, together with specimen signatures, Ensures that appropriate arrangements are made for meeting the competitive requirements set out in the Financial Regulations. 	<ul style="list-style-type: none"> Has regard to value for money when considering procurement activities. Establishes and initiates appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly. Notifies the Section 151 Officer immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision. Ensures that adequate and effective systems and procedures are operated for payments to employees and for goods and services. 	<ul style="list-style-type: none"> Checks goods and services upon receipt to ensure they are in accordance with the order (<i>wherever possible, goods should not be received by the person who approved the order</i>). Records the receipt of goods on the Council's e-procurement purchase to pay system in order to provide an approval to pay for goods and services received by the authority. Ensures that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases and expenses complies with HM Revenue and Customs regulations. Follows the guidance on VAT issued by the Section 151 Officer.
External arrangements	<ul style="list-style-type: none"> Ensures partnership arrangements meet corporate 	<ul style="list-style-type: none"> Monitors partnership arrangements to ensure they 	

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to act on Budget Holder's behalf
	<p>policies and strategies for working with other bodies.</p> <ul style="list-style-type: none"> Ensures partnerships are governed by formal documented agreements. Undertakes a risk management appraisal of proposed new partnership arrangement. Ensures information on the partnership arrangements is provided to the Section 151 Officer, so that the appropriate disclosures can be made within the Council's annual statement of accounts. Approves the contractual arrangements for any work undertaken for third parties or external bodies. 	<p>are operating according to agreements.</p> <ul style="list-style-type: none"> Measures the performance of partnerships to ensure that the overall arrangements represent best value for the people of Essex. Ensures that all funding notified by external bodies is received and properly recorded in the Council's accounts. 	

Scheme of Delegation for Financial Management

4.3 Finance support

The Council's system of devolved financial management means that services take decisions on their budgets, supported by Finance. The organisational model for Finance is one that seeks to minimise transactional resource through the use of technology, allowing for a focus on value-added support to budget holders, backed up by specialist and technical accountants where appropriate and when needed.

There is a Head of Finance assigned to each Executive Director, acting as key liaison point between the services covered by the Executive Director and Finance. In addition, there are Heads of Finance (or equivalent) who have a focus on the Council's overall financial health and resilience, on major projects and on commercial insight. The Heads of Finance report to the Director for Finance (Deputy Section 151 Officer), who in turn reports to the **Section 151 Officer**. The Heads of Finance are required to report regularly on any issues relating to possible non-compliance with any financial rules or agreed practices and on any financial pressures which may result in a failure to meet the budgets.

5. Authorised signatory process

In order to facilitate compliance with the Financial Regulations and Scheme of Delegation for Financial Management (SoDFM), the Council has an authorised signatory process.

The authorised signatory arrangements are predicated on there being a primary approver assigned to each cost centre code. The primary approver is the lowest level authorised signatory for a cost centre code.

Budget holders must determine whether to fulfil the role of primary approver for their cost centre code(s) or whether to designate another officer as their primary approver. If the primary approver is an officer with delegated authority to act on the budget holder's behalf, the primary approver must be in the Budget Holder's line management hierarchy. This is because all requisitions will be routed up the primary approver's line management hierarchy until reaching the person with the relevant delegated approval limit.

The delegated limits of the primary and other approvers will be determined with reference to the following parameters:

Level	Job level	Financial limit	Minimum approval required	Allocated cost centres
L1	8	Over £2m	Chief Executive	All
L2	8	Over £2m	Section 151 Officer	All
L2	7	Up to £2m	Executive Directors	All related to areas of responsibility
L3	6	Up to £1m	Directors	As defined by Executive Director
L4	5	Up to £500,000	Heads of Service	As defined by Director
L5	4	Up to £150,000		As defined by the Budget Holder

Page 312 of 349

Scheme of Delegation for Financial Management

Level	Job level	Financial limit	Minimum approval required	Allocated cost centres
	3	Up to £50,000	Officers with delegated authority to act on their Budget Holder's behalf	
	2	Up to £10,000		
	1	Up to £1,000		

Whilst Financial Regulations (see paragraph 8.3.4) allow for the possibility of officers with delegated authority to act on their budget holder's behalf having a delegated limit of Up to **£150,000**, Budget Holders have the flexibility to assign a lower approval limit, taking account of the individual's job level.

It is only possible to have one primary approver for a cost centre code, and one approver at each successive level in the approval chain. However, any approver in the applicable approval chain can reassign their delegated limit to another officer (for example to cover periods of absence). No approver can assign their delegated limits to an officer who would have a lower limit than that implied in the above table though. Similarly, no one may authorise an order unless they are satisfied that they have the delegated power to commit the expenditure.

Details of the budget holder and primary approver for each cost centre code are held in the Corporate System and are used to notify the relevant authorised signatory when there are transactions to be approved. The authorised signatory details may also be used by Internal and External Audit to support their testing of the Council's internal controls framework.

Independent Remuneration Panel

Independent Remuneration Panel – Appointment of Panel Members and Agreement to Terms of Reference

1. Summary

- 1.1 The current scheme of allowances was drafted in 2015 and came into force in 2016. It has not been subject to any inflationary increase or other significant review during this time and is therefore overdue for a review. Any review must be informed by an independent panel. This report sets out the requirements for a review and asks members to agree the process.
- 1.2 It is important that members are fully involved in the review and much of the Panel's time will be spent speaking to members. It is important to note that the Panel does not have the power to decide what allowances will be paid – it will make recommendations to the Council and the Council will then decide how it wishes to respond to those recommendations.
- 1.3 Council is invited to agree a Panel to sit as the Independent Remuneration Panel and to agree Terms of Reference for the Independent Remuneration Panel and ultimately to approve a revised scheme of Members' Allowances.

2. Statutory Requirements

- 2.1 Under the Local Authorities (Members' Allowances) (England) Regulations 2003, before reviewing its scheme of members allowances every relevant local authority must consider the advice of an Independent Remuneration Panel. In doing so, local authorities are required to establish and maintain an Independent Remuneration Panel, whose function is to provide the local authority with advice and recommendations on its scheme, the amounts to be paid and whether such allowances should be pensionable.
- 2.2 Local Authorities must include in their scheme of allowances a basic allowance, payable to all members, and may include provision for the payment of special responsibility allowances and a dependents' carer's allowance. In addition, the 2003 Regulations allow for the inclusion of a travel and subsistence allowance and a co-optees' allowance, within the allowances scheme.

3. The Independent Remuneration Panel (IRP)

- 3.1 An Independent Remuneration Panel ("IRP") last met in 2015. A new Panel of independent people is being recruited to undertake a review of the scheme.

- 3.2 It is recommended that the Chairman should be someone who has considerable experience in reviewing Members' Allowances. Mark Palmer, Development Director for South East Employers (a branch of the Local Government Association) has indicated he would be willing to serve on the panel as the Chairman, he has extensive experience leading Independent Remuneration Panels reviewing member allowances and has served as Chairman for Panels across the country particularly in the South East and East of England. A summary of Mark's experience is included in **Appendix 2** of this report.
- 3.3 It is proposed that three other members be sought from representatives of the our residents and the Essex business sector. For this purpose, the role was advertised on the ECC website and expressions of interest were sought from members of the business sector, education sector and from our independent members used for Independent Statutory School Appeals Panels. At the time of writing, a total of ten applications were received and, of these, six people were formally interviewed by the Head of Democracy and Transparency. All those interviewed had the right type of experience and could bring skills and expertise to the panel. In order to give as long as possible for people to apply we have not been able to make recommendations in time for publication of this agenda, but the recommended Panel will be set out in the Order Paper circulated to Members before the meeting.
- 3.4 In recognition of the amount of time the Panel members will spend undertaking this task, it is proposed that they be paid a nominal sum of £500. No further expenses would be paid.

4. Eligibility for Appointment

- 4.1 The Regulations stipulate that no member of the IRP may be:
- i) a member of, or a member of a committee or sub-committee of the Council; or
 - ii) disqualified from becoming a member of a local authority i.e. was not an employee of the Council, not bankrupt, not convicted within the last 5 years).
- 4.2 The recommended candidates have been asked to confirm that they are eligible to serve.

5. Terms of Reference for the Independent Remuneration Panel

- 5.1 As it is a number of years since there has been a thorough review of the Council's scheme of allowances, it is seen as timely to check that the Scheme is still current and complies with up-to-date policies and that it properly recompenses councillors operating in a large, visionary local authority; bears comparison with other Councils; is completely transparent about what can or cannot be claimed; and is justifiable to the public. The panel will be asked to consider the remuneration paid to those representing other similar local

authorities (in terms of size, location and budget) and other non-local authority public sector organisations, charities and public sector or private sector companies. The draft Terms of Reference are set out below in **Appendix 1**.

6. Recommendations

1. That Mark Palmer be appointed to chair the new Independent Remuneration Panel serving alongside the members recommended in the order paper.
2. That the Terms of Reference and remuneration for the review of the Members' Allowances Scheme by the Independent Remuneration Panel as set out in Appendix 1 be approved.
3. That the report of the Panel be brought back to the next suitable meeting of the Council.

Draft Terms of Reference

Membership:

Organisation/ Role	Name
Chairman	Mark Palmer
Other Panel Members	TBC

Officer Support	Name
Director, Legal and Assurance	Paul Turner
Head of Democracy and Transparency	Joanna Boaler
Senior Democratic Services Officer	Graham Hughes

Role

1. To review the County Council's Members' Allowances Scheme, taking in to account the roles and responsibilities of Members (both in the Council and in serving their communities) set out in the County Council's agreed role profiles and elsewhere.
2. To take account of comparative data on the remuneration paid by other comparable local authorities in terms of size, location and budget and other non-local authority public sector organisations, social enterprises, charities and public sector or private sector companies.
3. To hear representations from elected Members
4. To make recommendations to the Council on:
 - (a) the amount of Basic Allowance which should be paid to all Members;
 - (b) the responsibilities or duties for which Members should receive Special Responsibility Allowances and the amount of such allowances;
 - (c) the amount of the Childcare and Dependants' Carers' Allowances;
 - (d) Travelling and Subsistence Allowances;
 - (e) Independent and Co-opted members' allowances;
 - (f) whether allowances should be index-linked and if so what the suitable index might be; and
 - (g) the timing of implementation of the recommendations.
5. To consider the introduction of a parental leave policy.

Frequency of Meetings:

The Panel has been scheduled to sit on 15-17 March 2022 on a virtual basis and will meet again as and when required for the purpose of further reviewing the allowance scheme if requested to do so by the Council.

Term of Office:

Four years from the date of their appointment.

Remuneration:

That the Chairman be paid a fee of £850 per day via the East of England Local Government Association with the fee paid on completion of the work. The other panel members will be paid a one-off sum of £500 each with a further payment of £500 for each further full detailed review of allowances undertaken by the Panel.

Panel Members

Mark Palmer (Chairman) is Development Director for South East Employers. Mark heads the Development Team of South East Employers and has a lead role in the facilitation and delivery of programmes to enhance effective governance, scrutiny and accountability. Specialising in effective governance, political leadership and change management he is a strong advocate of local democracy and has extensive experience working with councillors. He also leads the implementation of the LGA Councillor Development Charter across the South East, East of England, London and Northern Ireland. Mark is a Senior Research Associate at the Local Government Centre, University of Warwick and was one of the facilitators on the Local Government Association (LGA) Leadership Academy. He has also supported a number of LGA/IDeA Peer Improvement Reviews. Mark also supports councillors through 1-1 coaching.

He has significant experience of chairing and supporting Independent Remuneration Panels in respect of member's allowances and he chairs and supports 17 Independent Remuneration Panels across the South East and East of England.

1 Approval of reason for non-attendance at this meeting

- 1.1 As a result of the ongoing prevalence of the omicron variant of the coronavirus causing Covid-19, the group leaders have agreed that they would advise their members that attendance at this meeting, whilst desirable, would not be essential and those members who are not attending may be present via zoom. This enables us to achieve 1.5m social distancing and comply with advice from the Director of Public Health.
- 1.2 Unfortunately, a court case involving Hertfordshire County Council made it clear that attending the meeting via zoom does not count as attending the meeting for the purpose of section 85 of the Local Government Act 1972 (often known as the six-month rule).
- 1.3 We do not believe that attendance at this meeting via zoom currently impacts on any member of the County Council since anyone potentially at risk under the 'six-month rule' has been given individual advice and will be physically present.
- 1.4 The six-month 'clock' is re-started every time a member attends any meeting of the council or of any of its committees or of an outside body where the member is the officially appointed ECC representative. Any issue which did arise could be dealt with at the May 2022 meeting.
- 1.5 That said, we cannot be absolutely certain that this will not cause an issue to anyone, and it would be unfair if a member attending this meeting virtually via zoom lost their seat under the six-month rule because they had followed the public health advice.
- 1.6 It is therefore proposed to in effect disapply the six-month rule to prevent the risk of any member losing their seat as a result of attending this meeting via zoom.
- 1.7 Members who attend the 10 February meeting via zoom will be included in the minutes as present remotely.

Recommendation:

- 1.8 That for the purposes of section 85(1) of the Local Government Act 1972 the Council approves the following as a reason for a Member's non-attendance of the council meeting on 10 February 2022:
- 1.9 The Member took part in the meeting via zoom as a result of the public health advice regarding attendance in the council chamber for that meeting.

2 Delegated Decision-making on employment policies etc

- 2.1 The Head of the Paid Service has significant delegated responsibility for making decisions with respect to employment policy and pay.
- 2.2 The decisions can affect pay and the budget but there is no constitutional requirement for the Head of the Paid Service to take financial or legal advice. This contrasts with the position for Cabinet Member and the Leader who are required by the constitution not to take any formal decision without legal and financial advice.
- 2.3 On occasion the Head of the Paid Service may wish to authorise others to make certain decisions under these delegated powers.
- 2.4 As a result the Chief Executive has requested that we should formally record the importance of taking financial and legal advice in this key item of expenditure and legal risk, if the exercise of delegated powers on policy were made subject to a requirement to take legal and financial advice. It would be expected that this was via consulting with the Section 151 Officer and the Monitoring Officer or their nominee.
- 2.5 This doesn't change accountability for decisions – the Chief Executive is still the decision-maker and would of course make decisions in accordance with his own judgment, having regard to advice given.

Recommendations

- 2.6 Amend the constitution by adding a new paragraph 15.1(o) to the Constitution:
 - (o) Nothing in this scheme of delegations authorises any decision to be taken to do any of the following without first consulting both the Section 151 Officer and the Monitoring Officer (or their nominee):
 - (i) Changing the management structure of the council
 - (ii) Making a decision which will affect the pay of more than one employee or contractor.
 - (iii) Adopting any policy or plan relating to the exercise of the Council's functions as employer.

3 Auditor Appointment Scheme for External Auditors

- 3.1 The Audit, Governance and Standards Committee having considered the matter at its meetings on 13 December 2021 and 31 January 2022 have recommended that Council agree to opt into the national appointing scheme for external audit contracts due to start from 1 April 2023. Public Sector Auditor Appointments Ltd (PSAA) is the appointing person under this national scheme.

- 3.2 Council must decide whether to either opt into the PSAA's national scheme for auditor appointments covering the audit of accounts for the financial years 2023/24 to 2027/28 or make its own auditor appointment for this period by itself or in conjunction with other bodies.
- 3.3 Legislation requires full council to decide whether or not it wishes to opt into the national procurement arrangement. Failure to make a formal decision before 11 March 2022 is deemed to be a decision by the Council to procure its own external auditor.
- 3.4 This matter has been considered by the Audit, Governance and Standards Committee. After consulting the Essex Pension Fund Strategy Board the Committee has recommended to the Council that it opts into the PSAA National Appointing Scheme.

Recommendation:

- 3.5 That Council agree to opt into the PSAA's national procurement arrangement for auditor appointments for contracts due to start from 1 April 2023 and covering the audit of accounts for the financial years 2023/24 to 2027/28.
- 3.5 Agree that the Section 151 officer gives formal notification of the Council's decision to PSAA Limited.

4 Appointment of Co-opted Members to the People and Families Policy and Scrutiny Committee

- 4.1 The People and Families Policy and Scrutiny Committee scrutinises many aspects of ECC services, including education. The law requires us to have external co-opted members as follows:

- One Church of England diocesan representative
- One Roman Catholic diocesan representative
- Between two and five parent governors of maintained schools.

Co-opted education representatives can vote on education matters only. Maintained schools are those which are funded by ECC. Academies are therefore not maintained schools.

- 4.2 The Constitution says we will have two parent governors on our committee. There is a complex set of laws which requires us to invite nominations and hold elections from parent governors of maintained schools.
- 4.3 In line with guidance we have historically allocated one seat for a parent governor of a maintained primary school and the other for a parent governor of a maintained secondary school. Two separate sets of nominations are held and two different elections take place.

- 4.4 At present both parent governor seats are vacant. The increase in the number of academies means that there are very few maintained secondary schools in Essex, making it virtually impossible to get a nomination. We are able to get nominations for maintained primary schools.
- 4.5 Therefore, going forward, the past practice of seeking separate primary and secondary school parent governor representatives no longer seems feasible, appropriate or proportionate.
- 4.6 Difficulties in filling parent governor positions on scrutiny committees has been discussed at regional and national forums. Whilst there has been discussion at these forums about the possibility of future changes to the law, the County Council needs review how it complies with the current law and tries to maximise participation in the scrutiny process. The current practice means that the committee usually has a vacancy.
- 4.7 The main options are:
1. **Continue with the current practice.** This means that we may have to run an election for a secondary school governor elections every six months but never receive nominations, meaning a waste of effort and poorer representation on the committee.
 2. **Have area-based seats for parent governors eg one for north Essex and another for south Essex,** without reserving seats to primary or secondary school governors. This would make the elections more complex.
 3. **Have two seats for parent governors of maintained schools which are open to any parent governor of a maintained school.** This aligns to the practice of neighbouring authorities and would be likely to result in vacancies being filled as we are likely to receive sufficient nominations.
- 4.8 On balance it's recommended that we follow the third option. This doesn't require a change to the constitution, but it does need to be approved by the Council.

Recommendation

- 4.9 That future vacancies on the People and Families Police and Scrutiny Committee for co-opted parent governors of maintained schools are opened to any such governor of a primary or secondary school in Essex.

The Leader's Report of Cabinet Issues

This report is

- a) To note decisions that have been taken as urgent key decisions, not on the forward plan (Constitution para 19.17) as attached as Appendix 1 to the report since the last meeting of Council on 7 December 2021 and
- b) To receive the minutes of the Cabinet meeting held on 24 November and 21 December 2021 and 18 January 2022 and attached to the report as Appendices 2, 3 and 4.

Recommendations

To receive the list of urgent decisions taken and the minutes of the Cabinet meeting held on 24 November and 21 December 2021 and 18 January 2022.

Urgent Decisions

Part 1: Decisions Exempt from Call-in

The following decisions were taken which were either not key decisions or where prior notice was given, but the Chairman of the Corporate Policy and Scrutiny Committee agreed that it was in the best interests of the Council for the decision to be implemented urgently and the decision was therefore exempted from call-in.

DATE PUBLISHED	CABINET MEMBER	TITLE OF DECISION	REFERENCE NUMBER
11/01/2022	Leader	Adult Social Care Workforce Retention and Recruitment Fund, Round 2	FP/257/12/21
20/01/2022	Cllr Spence	Allocation of Government Funding – Adult Social Care Omicron Support Fund	FP/281/01/22

Minutes of a meeting of the Cabinet that took place in the Council Chamber at County Hall on Wednesday 24 November 2021

Present:

Councillor	Cabinet Member Responsibility
Councillor K Bentley	Leader of the Council (Chairman)
Councillor L McKinlay	Deputy Leader and Community, Equality, Partnerships and Performance
Councillor T Ball	Education Excellence, Life-Long Learning and Employability
Councillor M Buckley	Waste Reduction and Recycling
Councillor G Butland	Devolution, the Arts, Heritage and Culture
Councillor B Egan	Children's Services and Early Years
Councillor L Scott	Highways Maintenance and Sustainable Transport
Councillor J Spence	Health and Adult Social Care
Councillor L Wagland	Economic Renewal, Infrastructure and Planning

Councillors M Durham, I Henderson, D King, M Mackrory, M Platt, and P Schwier were also present. Councillor C Pond also participated via Zoom link.

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

The report of Membership, Apologies and Declarations was received and the following were noted:

1. There had been no changes of membership since the last report.
2. Apologies for absence were received from Councillor Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs.
3. There were no declarations of interest.

2. **Minutes of Previous Meetings**

The Minutes of the meeting held on 15 October 2021 were approved as a true record and signed by the Chairman.

3. **Questions from the public**

Representations were heard from Prof. Jules Pretty and Mr S Lyster speaking in support of Agenda item no. 4 – Action Plan in Response to Essex Climate Action Commission's Report.

4. **Action Plan in Response to Essex Climate Action Commission's Report (FP/177/10/21)**

The Cabinet received a report setting out a number of matters in relation to the action plan developed in response to the Essex Climate Action Commission's report for their consideration and approval.

The Leader of the Council, the Cabinet Member for Highways Maintenance and Sustainable Transport, the Cabinet Member for Economic Renewal, Infrastructure and Planning, the Cabinet Member for Devolution, the Arts, Heritage and Culture, and Councillor Schwier responded to questions from Councillors Henderson, King and Pond regarding:

- The distribution of initiatives throughout the County;
- The finances required to deliver the plan, and the reliance on central government for this;
- The Council's amount of influence in respect of bus routes and fares;
- The delivery of Active Travel and funding for Public Rights of Way and cycle paths;
- The emerging timeline delivery of the plan and the resources, both financial and human, that would be required;
- A 'responsible investment' approach for the Essex Pension Fund;
- The strength of the Developers' Charter;
- Plans to increase the number of School Streets;
- The implementation of the Essex Housing pilot scheme.

Councillor Schwier would additionally provide a written answer to Councillor King with regard to the implementation of the Greening our Streets scheme.

Resolved:

1. That Essex County Council fully supports the recommendations in the Commission's report Net Zero: making Essex Carbon Neutral.
2. That ECC will work with partners across Essex to play its part in the delivery of the Commission's vision for a net zero, climate resilient county and that it will establish a climate action group with the anchor institutions to drive collective action across Essex on the climate agenda and help Essex deliver the Commission recommendations.
3. To agree the action plan at appendix A to this report.
4. To agree to earmark reserves funding to deliver the action plan as follows and note that the Cabinet Member for Finance, Resources and Corporate Affairs will be asked to approve drawdowns when detailed business cases have been completed:
 - Everyone's Essex Plan Reserve £6.23m,
 - Climate Change Reserve £2.265m,
 - Transformation Reserve £695,000

5. To agree that ECC work to develop a zero landfill by 2030 policy, subject to an affordability and deliverability review, for all waste it is responsible for as the Waste Disposal Authority. ECC will develop a new Essex Joint Municipal Waste Management Strategy in partnership with District, Borough and City authorities which will put greenhouse gas emission considerations at its heart.
6. That within the Everyone's Essex Plan Reserve, agree to request that Essex Housing Development LLP develops proposals for the proposed residential units on the Hargrave House development to be a pilot scheme to be net zero in construction and net zero in use, as well as climate resilient for flooding, overheating and water scarcity. This requirement will be reflected in the development appraisal which is used to inform the value at which the site is transferred to Essex Housing LLP.
7. To recognise new burdens of £1.151m for consideration for approval within future years' Medium Term Resource Strategy (MTRS) and future budget planning requirements.
8. To note that cabinet members are committed to bringing updates, on a rolling rota basis, progress made in their own portfolios to address the climate challenge.
9. To instruct officers to report annually to Cabinet on the Council's greenhouse gas emissions and climate resilience measures. The first report will be for financial year 2021/22 and will be published in 2022.
10. To agree that an updated action plan should come back to Cabinet following publication of these emission reports.

5. **Better Care Fund Plan 2020/21 (FP/180/10/21)**

The Cabinet received a report containing matters related to the Better Care Fund Plan 2020/21 for their consideration and approval.

The Cabinet Member for Health and Adult Social Care responded to questions and comments from Councillors Mackrory, Henderson and King in respect of the need to keep hospital patients mobile to improve outcomes on their release, the reasons for readmittances post release, the resources required to deliver the plan, and the importance of high quality end of life care.

Resolved:

1. To agree the Better Care Fund Plan for Essex in the form appended to this report.
2. To agree to authorise the Executive Director for Adult Social Care to vary the section 75 agreements to reflect the agreed Plan.

6. Early Years and Childcare Strategy 2022 (FP/178/10/21)

The Cabinet received a report containing matters related to the Early Years and Childcare Strategy 2022 for their consideration and approval.

The Cabinet Member for Children's Services and Early Years would provide written answers to Councillors Mackrory and Henderson with regard to the £4.7m funding block surplus and the number of Family Hub Networks in the County.

Resolved:

1. To adopt the Essex Early Years and Childcare Strategy 2022 as appended to this report.
2. To agree that implementation of the Strategy will start in January 2022.

7. Extension and Tender of Local Bus Services (FP/136/08/21)

The Cabinet received a report containing matters related to the extension and tender of local bus services for their consideration and approval.

The Cabinet Member for Highways Maintenance and Sustainable Transport responded to questions from Councillors Pond and Mackrory in respect of operators' pricing models and options for including emissions standards within the tendering process.

Resolved:

1. To agree that, subject to 2.2, arrangements are made to continue the local bus network in its current form until 31 July 2024 by:
 - (a) undertaking a procurement exercise using the ECC Dynamic Purchasing System to competitively tender 47 contracts (set out in Appendix A, Part I);
 - (b) Extending those contracts which allow for extension until 31 July 2024;
 - (c) Undertaking a procurement exercise using the ECC dynamic purchasing system for those contracts which cannot lawfully be extended or where the operator will not agree to them being extended.
2. To agree that the contracts for services in the Uttlesford area as listed in part (iv) of Appendix A are consulted on and re-tendered, commencing on 31 January 2023 with the possibility of extension for up to two years in total.
3. To agree that nothing in this decision allows the cost of the local bus network to exceed the budget as set out in the medium term resource strategy, or the sum in the confidential appendix.

4. To agree that the Director, Highways and Transportation is authorised to extend contracts where possible, retender if extension is not possible and award contracts is delegated to the Director, Highways and Transportation.

8. **Concessionary Fares Settlement 2022/23 (FP/138/08/21)**

The Cabinet received a report containing matters related to the Concessionary Fares Settlement 2022/23 for their consideration and approval.

1. To agree to proceed as in option 3 below and that for 2022/23 we will keep the same discretionary elements of concessionary fares in as for 2021/22.
2. To authorise the publication of a draft reimbursement scheme for concessionary bus fares in 2022/23 based on the DfT default Calculator Scheme on or before 1 December 2021.
3. To agree that ECC's preference is to agree a fixed cost scheme that is consistent with Government advice, subject to this being lawful.
4. To agree that a further report be made to the Cabinet Member for Highways Maintenance and Sustainable Transport with respect to negotiation of reimbursement arrangements once the Department for Transport guidance on concessionary fares payments for 2022/23 has been assessed in order to set out our negotiating parameters for the scheme.
5. To agree that if the Cabinet Member authorises negotiations with operators and a final negotiated scheme is recommended and it meets the terms set out in Option 3 then he is authorised to make a final decision on issuing the final scheme.

9. **Decisions taken by or in consultation with Cabinet Members (FP/176/10/21)**

The report was noted.

10. **Dates of Future meetings**

The dates of future meetings for 2022 were noted as:

18 January
15 February
15 March
19 April
24 May
21 June
19 July
13 September
18 October

15 November
15 December (Thursday)

(all Tuesdays, except 15 December)

11. Date of the next meeting

The next meeting of the Cabinet would take place on Tuesday 21 December 2021 in the Council Chamber at County Hall, Chelmsford.

12. Urgent Business

There was no urgent business.

13. Confidential Appendix: Extension and Tender of Local Bus Services (FP/136/08/21) (Public and press excluded)

The confidential appendix to report FP/136/08/21, to which minute 7, above, refers was agreed.

14. Urgent exempt business (Public and press excluded)

There was no urgent exempt business.

There being no further business, the meeting closed at 3.40pm

Minutes of a meeting of the Cabinet that took place in the Council Chamber at County Hall on Tuesday 21 December 2021

Present (via Zoom):

Councillor	Cabinet Member Responsibility
Councillor K Bentley	Leader of the Council (Chairman)
Councillor L McKinlay	Deputy Leader and Community, Equality, Partnerships and Performance
Councillor T Ball	Education Excellence, Life-Long Learning and Employability
Councillor M Buckley	Waste Reduction and Recycling
Councillor G Butland	Devolution, the Arts, Heritage and Culture
Councillor B Egan	Children's Services and Early Years
Councillor L Scott	Highways Maintenance and Sustainable Transport
Councillor J Spence	Health and Adult Social Care
Councillor L Wagland	Economic Renewal, Infrastructure and Planning
Councillor C Whitbread	Finance, Resources and Corporate Affairs

Councillors M Durham, D King, M Mackrory, M Platt, A Goggin, B Massey and L Scordis were also present via Zoom.

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

The report of Membership, Apologies and Declarations was received and the following were noted:

1. There had been no changes of membership since the last report.
2. Apologies for absence were received from Councillor Henderson, Leader of the Labour Group, for whom Councillor Scordis substituted.
3. There were no declarations of interest.

2. **Minutes of Previous Meeting**

The Minutes of the meeting held on 24 November 2021 were approved as a true record and would be signed by the Chairman.

3. **Questions from the public**

There were no questions from members of the public.

4. **Procurement of new energy supply contracts and adoption of renewable energy policy for 2021-22 (FP/096/07/21)**

The Cabinet received a report setting out a number of matters in relation to the procurement of new energy supply contracts and adoption of renewable energy policy for 2021-22 for their consideration and approval.

The Cabinet Member for Finance, Resources and Corporate Affairs responded to a question from Councillor Mackrory in respect of the options for schools now they were not included within the contracts. Written responses would also be provided to Councillors Scordis and King in respect of the timetable for the installation of solar panels and related infrastructure, assurance around the use of Certified Renewable Energy certificates and the options available to Essex County Council in creating it's own carbon offsets.

Resolved:

1. To agree to procure flexible supply contracts for electricity and gas for the Council's energy requirements for its core estate and infrastructure from 1 October 2022 using an open single stage procurement procedure. Contracts will be for a 3-year contract term with an option to extend for up to 3 years.
2. To agree that the purchases under the flexible supply contracts over the 3 year term will have a maximum total expenditure of £25.6m (£23.1m for electricity and £2.5m for gas) based on forecast spend in 2022/23 of £8.4m (£7.6m for electricity and £800,000 for gas).
3. To agree to back up the flexible electricity supply contracts with the purchase of Renewable Energy Guarantee of Origin certificates from the successful electricity supplier at an additional estimated cost of £78,000 per annum.
4. To agree that the flexible supply contracts will be procured using an evaluation model based on 60% price and 40% quality, of which 5% of the quality score will assess social value.
5. To agree that the Executive Director, Economy, Investment and Public Health, is authorised to agree the detailed evaluation model for the procurement of the flexible supply contracts in consultation with the S151 Officer.
6. To agree that the Cabinet Member for Finance, Resources and Corporate Affairs is authorised to award the contracts to the successful bidders following completion of the procurement process.
7. To agree to adopt the Renewable Electricity Policy 2021-25 in the form appended to the report.

5. Essex County Council Social Value Policy (FP/183/10/21)

The Cabinet received a report containing matters related to the Essex County Council Social Value Policy for their consideration and approval.

The Cabinet Member for Finance, Resources and Corporate Affairs moved the following further recommendation in respect of the report:

That a report be brought back to the Cabinet Member for Finance, Resources and Corporate Affairs to consider how the policy may be expanded to take account of social value relating to the Council's commitments under the Armed Forces Covenant.

This was duly seconded by the Cabinet Member for Education Excellence, Life-Long Learning and Employability and it was agreed by those present that the recommendation would be voted on at the conclusion of the report's presentation.

The Cabinet Member for Finance, Resources and Corporate Affairs responded to questions from Councillors Mackrory and King with regard to flexibility when suppliers were selected, and the enforceability of social value elements of the procurement process.

Resolved:

1. To agree the social value policy in the form appended to the report.
2. That a report be brought back to the Cabinet Member for Finance, Resources and Corporate Affairs to consider how the policy may be expanded to take account of social value relating to the Council's commitments under the Armed Forces Covenant.

6. Beaulieu Park Railway Station - Commissioning of Network Rail GRIP Stage 5 (FP/204/11/21)

The Cabinet received a report containing matters related to the Beaulieu Park Railway Station – Commissioning of Network Rail GRIP Stage 5 for their consideration and approval.

The Cabinet Member for Economic Renewal, Infrastructure and Planning agreed to provide a written response to Councillor King with regard to the detail of the risk review completed by Essex County Council and the challenges made to Network Rail's assumptions as part of this process, and any elements of the scheme that may have been removed due to value engineering.

Resolved:

To authorise the Director, Highways and Transportation, in consultation with the section 151 officer to enter into the Development Services Agreement

(DSA) with Network Rail for GRIP stage 5 to enable the Beaulieu Park Railway Station Project to progress through GRIP Stage 5 for the sum of £9,407,267 if the final total project cost estimate issued at the conclusion of GRIP Stage 4 is less than £157.07m.

7. Transfer of Land at former Essex County Hospital, Colchester to Essex Housing Development LLP (FP/206/11/21)

The Cabinet received a report containing matters related to the transfer of land at former Essex County Hospital, Colchester to Essex Housing Development LLP for their consideration and approval.

Resolved:

1. To agree to enter into a contract for the transfer of the freehold ownership of land shown edged red on the Plan from the Council to Essex Housing Development LLP for the value shown in the Confidential Appendix in three phases.
2. To agree to provide Essex Housing Development LLP with a development loan for the value shown in the Confidential Appendix as part of a development loan facility made by Essex County Council (the Council) to Essex Housing Development LLP ('The LLP').
3. To agree revenue expenditure value as shown in the Confidential Appendix to be drawn down from the Working Capital facility provided by the Council.
4. To note that the Section 151 Officer has delegated authority to amend the period of the loan agreement and the repayment amounts and dates.
5. To agree in its role as Member of Essex Housing Development LLP that:
 - 5.1 Essex Housing Development LLP enters into an agreement with Essex County Council to take out a development loan for the value shown in the Confidential Appendix.
 - 5.2 Essex Housing Development LLP enters into an agreement with Essex County Council to purchase the Site.
 - 5.3 Essex Housing Development LLP enters into a design and build contract for the building of 63 units on the site for Phase 1.

8. Decisions taken by or in consultation with Cabinet Members (FP/221/11/21)

The report was noted.

9. **Date of the next meeting**

The next meeting of the Cabinet would take place on Tuesday 18 January 2022 in the Council Chamber at County Hall, Chelmsford.

10. **Urgent Business**

There was no urgent business.

11. **Confidential Appendix: Confidential Appendix: Transfer of Land at former Essex County Hospital to Essex Housing Development LLP (FP/206/11/21) (Public and press excluded)**

The confidential appendix to report FP/206/11/21, to which minute 7, above, refers was agreed.

12. **Urgent exempt business (Public and press excluded)**

There was no urgent exempt business.

There being no further business, the meeting closed at 11.05 am.

Minutes of a meeting of the Cabinet that took place in the Council Chamber at County Hall on Tuesday 18 January 2022

Present:

Councillor	Cabinet Member Responsibility
Councillor K Bentley	Leader of the Council (Chairman)
Councillor L McKinlay	Deputy Leader and Community, Equality, Partnerships and Performance
Councillor T Ball	Education Excellence, Life-Long Learning and Employability
Councillor M Buckley	Waste Reduction and Recycling
Councillor G Butland	Devolution, the Arts, Heritage and Culture
Councillor B Egan	Children's Services and Early Years
Councillor L Scott	Highways Maintenance and Sustainable Transport
Councillor J Spence	Adult Social Care and Health
Councillor L Wagland	Economic Renewal, Infrastructure and Planning
Councillor C Whitbread	Finance, Resources and Corporate Affairs

Councillors C Pond, I Henderson, M Mackrory, D King, P Schwier, M Platt, T Cunningham and L Barber were also present.

1. Membership, Apologies, Substitutions and Declarations of Interest.

The report of Membership, Apologies and Declarations was received and the following were noted:

1. There had been no changes of membership since the last report.
2. There were no apologies for absence.
3. There were no declarations of interest, however the Leader of the Council advised that as he was a Director of a Company that had previously worked with one of the providers involved in item 10 - *New Contract for SEND Therapy Services* (although not on this current contract) he would take a cautious approach and withdraw from the meeting when that report was being considered.

2. Minutes of Previous Meeting

The Minutes of the meeting held on 21 December 2021 were approved as a true record and were signed by the Chairman.

3. Questions from the public

There were no questions from members of the public.

4a. Annual Plan and Budget 2022/23 – Part 1: Section 151 Officer Report (FP/015/03/21)

Cabinet received a report setting out the Section 151 (S151) Officer's statement on the adequacy of reserves; robustness of the 2022/23 revenue budget; the medium term financial outlook; Financial Strategy; and the Capital and Treasury Management Strategy.

Resolved:

That the report was noted before making recommendations to Full Council on the Revenue budget and capital programme, included within the Annual Plan.

4b. Everyone's Essex Annual Plan and Budget 2022/23 – Part 2: Budget and Plan (FP/183/10/21)

The Cabinet received a report asking that the Cabinet make a recommendation to the Council that it adopts the Everyone's Essex Annual Plan and Budget 2022/23 including the revenue budget, capital programme, financial strategy and capital strategy. In doing so, the report of the Section 151 (S151) Officer on the robustness of the 2022/23 Budget and adequacy of reserves, included elsewhere on this agenda, should be considered.

The Cabinet Member for Finance, Resources and Corporate Affairs, together with Cabinet Members from the appropriate service areas, responded to questions from Councillors Henderson, Barber, Pond and King in relation to:

- The impact of increases to the cost of living currently being experienced by residents;
- The potential to use the Council's reserves to mitigate Council Tax rises;
- The potential impact of reductions in funding to the highways maintenance, waste and recycling infrastructure, and Adult Social Care budgets;
- The management of the funding gap in future financial years;
- The administration's key priorities when developing the budget;
- Increases in demand for domiciliary care;
- What further measures may be possible, including working with central government, to support the most vulnerable members of society

Resolved:**Everyone's Essex Annual Plan and Revenue Budget:****Cabinet made the following recommendations to Full Council:**

1. That the Everyone's Essex Annual Plan be approved in the form appended to the report (Appendix A).

2. That the net cost of services be set at **£1,083.4million (m)** for 2022/23 Appendix A (page 19).
3. That the net revenue budget requirement to be set at **£959.7m** (net cost of services less general government grants) for 2022/23 – Appendix A (page 23).
4. That the total council tax funding requirement be set at **£763.7m** for 2022/23 – Appendix A (page 23).
5. That Essex County Council's element of the council tax be increased by 4.49%. This was made up of a 1.99% general council tax precept, and 1% adult social care precept as set out by government for 2022/23, plus an additional 1.5% adult social care precept, deferred from 2021/22 using the flexibility set out by government for 2021/22. Therefore, the Essex County Council element of the council tax charge for a Band D property in 2022/23 will be **£1,401.12**. A full list of bands is as follows:

Council Tax Band	2021/22 £	2022/23 £
Band A	893.94	934.08
Band B	1,042.93	1,089.76
Band C	1,191.92	1,245.44
Band D	1,340.91	1,401.12
Band E	1,638.89	1,712.48
Band F	1,936.87	2,023.84
Band G	2,234.85	2,335.20
Band H	2,681.82	2,802.24

6. That the proposed total schools budget be set at **£576.1m** for 2022/23 which will be funded by the Dedicated Schools Grant, Universal Free School Meals Grant, Pupil Premium Grant, PE and Sports Premium Grant, Sixth Form Grant, Teachers Pay and Pension Grants and the COVID-19 Recovery Premium Grant. The majority of this will be passed through to maintained schools.
7. That the underlying balance on the General Balance be set at **£68.1m** as at 1 April 2022 (Appendix A, Annex 1, page 51).
8. That the capital payments guideline be set at **£283.6m** for 2022/23 and that the Executive Director for Corporate Services, in consultation with the Cabinet Member for Finance, Resources and Corporate Affairs, be

authorised to make adjustments to the phasing of payments between years (should that be necessary) as the capital programme is finalised, and to report any impact on the Prudential Indicators at the subsequent quarterly review to Cabinet in July 2022. Any requests to change the prudential borrowing indicators would be brought back before Full Council.

Cabinet agreed the following:

9. That the Cabinet Member for Finance, Resources and Corporate Affairs, in consultation with the Executive Director for Corporate Services, may adjust the recommendations to Full Council upon receipt of:
 - (a) the final tax base and forecast business rates receipts for 2022/23 from the billing authorities (due by 31 January 2022)
 - (b) the final Local Government Finance Settlement from Government (expected early February 2022)
10. That the report by the Executive Director for Corporate Services (S151 officer) on the robustness of the estimates, reserves and capital strategy be noted (see the separate item on the agenda).

Capital Strategy:

Cabinet made the following recommendations to Full Council:

11. That the 2022/23 to 2025/26 Prudential Indicators and limits, together with updated limits for 2021/22 as set out in Annexes 3A and 3B of the Capital Strategy (Appendix A) be approved.
12. That the Treasury Management Strategy for 2022/23 be approved, comprising:
 - a. Borrowing strategy, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 76).
 - b. Treasury management investments strategy, as set out in Annex 3 and Annex 3D of the Capital Strategy (Appendix A, Annex 3, page 82).
 - c. Indicative strategy for commercial investment activities, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 85).
13. That the policy for making a prudent level of revenue provision for the repayment of debt, (the Minimum Revenue Provision policy) as set out in Annex 3C of the Capital Strategy (Appendix A, Annex 3, page 94), be approved.
14. That the revised Treasury Management Policy Statement (Appendix A, Annex 3, page 100) and Treasury Management Practices (Appendix A, Annex 3, page 101), which set out the policies, objectives and approach to treasury management, are adopted.

Pay Policy Statement:**Cabinet made the following recommendation to Full Council:**

15. Recommend that the Council adopts the Pay Policy Statement for 2022/23 as set out in Appendix C.

Cabinet noted:

16. That the medium term (2023/24 to 2025/26) revenue issues facing the Council as set out in the report (Appendix A, page 13); at present we do not have a balanced budget from 2023/24 and further action will be necessary to identify plans and savings to ensure financial sustainability. The position is based on the best intelligence available today including future funding, price rises and demand. However, in the absence of a government funding settlement beyond 2022/23 and the inherent uncertainty notably given the pressures arising as the pandemic recedes, the financial outlook is volatile.
17. That the recommendations in this report present a balanced budget for 2022/23. The Council's plans for 2023/24 to 2025/26 are not sufficiently firm as to allow for a balanced budget to be set. Further opportunities for improving income and funding, plus greater efficiencies, will need to be secured in the medium term which will be achieved by a focus on prioritisation and outcomes based commissioning and transformation.
18. That the above figures are based on a Band D equivalent tax base of **545,042** properties (see Appendix A, page 23).
19. That the Capital Strategy, which is presented as Annex 3 in Appendix A, sets out the long-term context in which capital expenditure and treasury management investment decisions are made by the Council and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. It comprises a number of distinct, but inter-related, elements as follows:
 - **Capital expenditure** – this provides an overview of the governance process for approval and monitoring of capital expenditure, including the Council's policies on capitalisation, and an overview of its capital expenditure and financing plans.
 - **Capital financing requirement and borrowing** – this provides a projection of the Council's capital financing requirement, how this will be funded and repaid, sets out the Council's borrowing strategy and explains how the Council will discharge its duty to make prudent revenue provision for the repayment of debt.
 - **Treasury management investments** – this explains the Council's approach to treasury management investment activities, including the criteria for determining how and where funds will be invested to

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

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

20. The assessment of the impact of the Corporate Systems Programme expenditure funded by the 2020/21 Flexible Use of Capital Receipts Strategy, totalling £3.4m (Appendix E).

5. **2021/22 - Financial Overview as at the Third Quarter Stage (FP/013/03/21)**

The Cabinet received a report containing matters related to the 2021/22 – financial Overview as at the Third Quarter Stage for their consideration and approval.

The Cabinet Member for Highways Maintenance and Sustainable Transport Responded to questions from Councillor Henderson in relation to active travel schemes and Local Highways Panel.

Written answers would also be provided to Councillor Henderson from the Cabinet Member for Finance, Resources and Corporate Affairs in respect of the likelihood of a worsening position with regard to council tax deficits, and from the Cabinet Member for Adult Social Care and Health in respect of an underspend in Adult Social Care related to delays in the planning process.

Resolved:

1. To draw down funds from reserves as follows:
 - i. **£383,000** from the Covid Equalisation Reserve to the Education Excellence, Life Long Learning and Employability portfolio due to pressures from reduced number of school attendance and absence penalty notices issued (**£253,000**) and reduced Adult Community Learning (ACL) tuition fees (**£130,000**) (section 5.7.ii)
 - ii. **£360,000** from the Covid Equalisation Reserve to the Community, Equality, Partnerships and Performance portfolio to support Covid-19 related income shortfalls within the Library service (section 5.3.iii)
 - iii. **£317,000** from the Covid Equalisation Reserve to the Children's Services and Early Years portfolio relating to pandemic related pressure on the equipment budget (**£215,000**) and additional Personal Allowance for care leavers (**£101,000**) (section 5.2.iv)

- iv. **£209,000** from the Quadrennial Elections Reserve to the Finance, Resources and Corporate Affairs RSSS portfolio relating to costs of the May 2021 elections (section 5.15.iii)
- v. **£127,000** from the Covid Equalisation Reserve to the Leader RSSS portfolio due to publications and promotions costs relating to Covid-19 within Communications and Marketing (section 15.16.iii)
- vi. **£38,000** from the Bursary for Trainee Carers Reserve to the Education Excellence, Life Long Learning and Employability portfolio to ACL in respect of the Nightingale project (section 5.7.ii)
- vii. **£16,000** from the Covid Equalisation Reserve to the Finance, Resources and Corporate Affairs RSSS portfolio to cover additional staff within the HR Service Centre due to the pandemic (section 5.15.iii)
- viii. **£5,000** from the Everyone's Essex Reserve to the Finance, Resources and Corporate Affairs RSSS portfolio relating to a charitable contribution to Harwich Kindertransport (section 5.15.iii)

2. To appropriate funds to reserves as follows:

- i. **£10.3m** to the Carry Forward Reserve from the portfolios outlined below, to support the 2022/23 budget as detailed in section 5.

Portfolio	Amount £000
Adult Social Care and Health	5,500
Highways Maintenance and Sustainable Transport	1,900
Finance, Resources and Corporate Affairs RSSS	1,241
Other Operating Costs	837
Children's Services and Early Years	650
Leader RSSS	85
Community, Equality, Partnerships and Performance RSSS	70
Q3 Carry Forward Request Total	10,283

- ii. **£2m** to the Adults Transformation Reserve from the Adult Social Care and Health portfolio to support new burdens preparation costs (section 5.1.ix)
- iii. **£1.5m** to the Reserve for Future Capital Funding from Other Operating Costs in relation to interest rate risk (section 5.12.iv)
- iv. **£992,000** to the Technology and Digitisation Reserve from the Finance, Resources and Corporate Affairs RSSS portfolio for use in 2022/23 to support various projects (section 5.15.iii)

- v. **£853,000** to the Collection Fund Risk Reserve from the Finance, Resources and Corporate Affairs portfolio to support council tax funding deficits in future years (section 5.8.iv)
 - vi. **£479,000** to be returned to the Covid Equalisation Reserve from the Community, Equality, Partnerships and Performance RSSS portfolio, due to an improved income position within Essex Outdoors (section 5.13.iii).
3. To approve the following adjustments:
- i. To create a new **Children's Risk Reserve** to set aside resources to help manage unbudgeted price and demand pressures that may arise from the changing landscape of Children's services
 - ii. To rename the Technology Solutions Reserve to the **Technology and Digitisation Reserve** with the revised purpose to set aside resources to meet the future cost of replacing key council technology systems and the digitisation of public services
 - iii. Vire **£439,000** within the Devolution, the Arts, Heritage and Culture Portfolio to realign the staffing budgets following the Organisational Redesign that has been undertaken within Culture & Green Space (section 5.4.iii)
 - iv. Vire **£239,000** within the Highways Maintenance and Sustainable Transport portfolio to align with staffing movement from Essex Highways to Essex Highways Commissioning (section 5.9.ii)
 - v. Vire **£85,000** from the Leader RSSS portfolio to the Community, Equality, Partnerships and Performance RSSS portfolio (**£65,000**) and Leader portfolio (**£20,000**) to realign under spends to support the carry forward request for Communications and Marketing (sections 5.16.iii, 5.13.iii & 5.10.ii)
 - vi. Vire **£76,000** within the Finance, Resources and Corporate Affairs RSSS portfolio from Executive Director to Procurement in order to support interim staffing working on service change projects (section 5.15.iii)
 - vii. Vire **£42,000** from the Finance, Resources and Corporate Affairs portfolio to the Finance, Resources and Corporate Affairs RSSS portfolio in order to correct Staff pay inflation within the Pension service (section 5.8.iv & 5.15.iii)
 - viii. To draw down the following into 2022/23. These have been previously approved but not drawn down within the approved timescale (financial regulation 4.3.4). New approval is therefore sought:

- **£293,000** from the Transformation Reserve to the Finance, Resources and Corporate Affairs RSSS portfolio relating to the delivery of the Workforce Strategy CMA FP/271/10/18 (section 5.15.iii)
 - **£1.794m** from the Covid Equalisation Reserve to the Community, Equality, Partnerships and Performance RSSS portfolio relating to Transformation Delivery Resourcing CMA FP/880/11/20 (section 5.13.iii)
- ix. To amend the capital budget as shown in Appendices C (i) and C (ii) which allows for capital slippage of **£56.8m**, capital budget additions of **£7.6m**, capital budget reductions of **£10.1m** and advanced works of **£226,000** (see section 7.2).
- 6. Submission of business cases for funding for the delivery of Essex County Council projects as part of the Colchester Town Deal programme (FP/209/11/21)**

The Cabinet received a report containing matters related to the submission of business cases for the delivery of Essex Councils projects as part of the Colchester Town Deal programme for their consideration and approval. It was noted that there had been a relatively late change to the apportionments for some of the Colchester Borough Council-led public realm projects within the Town Centre and Gateways programme that formed part of the Town Deal. Appendix 1 of the published Cabinet report did not reflect those reapportionments, however ECC's projects (and therefore the recommendations to Cabinet) were unaffected. The updated apportionments were provided in an updated version of Appendix 1 (erratum), for information.

The Cabinet Member for Economic Renewal, Infrastructure and Planning responded to a question from Councillor King in relation to the lessons that could be learned in respects of the quality of past estimates and the importance of being able to deliver what was agreed.

Resolved:

1. Agreed to submit business cases to Colchester Borough Council, for onward submission to Central Government, to secure funding of £6.297m to contribute to the delivery of the six projects set out in Appendix 2.
2. Agreed that, subject to confirmation of such funding, ECC enters into an agreement with Colchester Borough Council for the delivery of the projects set out in Appendix 2.
3. Agreed that the Cabinet Member for Economic Renewal, Infrastructure and Planning is authorised to agree the terms of the agreement with Colchester Borough Council.

7. A120-A133 Link Road – Decision to publish tender for main works contract (FP/185/10/21)

Cabinet received a report containing matters related to the A120-A133 Link Road and the decision to publish a tender for the main works contract for their consideration and approval.

The Cabinet Member for Economic Renewal, Infrastructure and Planning responded to questions from Councillors Henderson and King in relation to the potential for pressure related to Homes England funding deadlines resulting in reductions to the scope of the project, in particular the Rapid Transport Scheme (RTS), and the priority afforded to the RTS and cycling and walking provision by residents.

Resolved:

1. That the Council launches a competitive procurement for the A120-A133 Works contract via the Crown Commercial Services Framework. The estimated value of the works can be found in the confidential appendix.
2. Agreed that tender evaluation criteria to be used are 50/50 Price/Quality split with 15% of Quality represented by Social Value criteria to the extent that they are consistent with the most economically advantageous tender.
3. Noted that a further report will be brought back to the Cabinet on the award of the contract which will identify potential funding sources at the time of award to inform the Cabinet's decision on awarding the contract.

8. Land for Development in Harlow (FP/179/10/21)

Cabinet received a report containing matters in relation to land for development in Harlow for their consideration and approval.

The Cabinet Member for Economic Renewal, Infrastructure and Planning responded to a question from Councillor Mackrory in relation to the number of affordable units within the development.

Resolved:

1. Agreed the transfer of freehold ownership of the land shown edged red on the Plan appended to this report ('the Site') from the Council to Essex Housing Development LLP for the price shown in the Confidential Appendix.
2. Noted that the purchase price is £230,000 below market value to reflect the cost of additional energy efficiency measures contained within the scheme including air source heat pumps, photovoltaic cells and electric vehicle charging points.

3. Agreed to reimburse Essex Housing Development LLP up to £564,375 representing the costs it has incurred on site remediation and demolition before the date of this report.
4. Agreed to provide Essex Housing Development LLP with a development loan for the value shown in the Confidential Appendix as part of a development loan facility made by Essex County Council (the Council) to Essex Housing Development LLP ('The LLP').
5. Agreed that the Section 151 Officer may amend the period of the loan agreement and the repayment amounts and dates.
6. Agreed to the drawdown of £187,431 from the working capital fund (for marketing and professional fees that cannot be capitalised) as set out in the confidential appendix.
7. Agreed, in its role as a member of Essex Housing Development LLP, that:
 - 7a. Essex Housing Development LLP enters into an agreement with Essex County Council to take out a development loan for the value shown in the Confidential Appendix.
 - 7b. Essex Housing Development LLP enters into a design and build contract for the building of 35 units on the Site.
 - 7c. Essex Housing Development LLP is authorised to establish a management company for the management of communal areas of the Site and dispose of its interest in the Company to the buyers of the units.

9. Education Travel Contract Extension and Awards 2022 (FP/191/10/21)

Cabinet received a report setting out matters in relation to education travel contract extension and awards 2022 for their consideration and approval.

The Cabinet Member for Highways Maintenance and Sustainable Transport responded to questions from Councillors Mackrory and Henderson related to options for a sustainable procurement model and the potential impact of government investment in the Bus Back Better scheme with regard to upgrades to vehicles.

Resolved:

1. Agreed that the Director, Highways and Transportation, is authorised to extend any education transport contracts which expire in July 2022 for a one year period where extension is permitted under the terms of the contract and where he considers this to be in the Council's best interests.

2. Agreed that the Director, Highways and Transportation, is authorised to procure new contracts as set out in Appendix C using a single sealed bid via the Council's existing dynamic purchasing system where extension of the current contract is not permitted or where extension is not considered to be in the Council's best interests. Any new such contract is to be for a period determined by the Director, Highways and Transportation initially for a maximum of three years and on terms which give the Council the right to extend for up to a further 3 years.
3. Agreed that new contracts will be awarded on a 100% price basis following a single sealed bid on the dynamic procurement system.
4. Agreed that the Director, Highways and Transportation may determine how the price evaluation model takes account of the cost of changing contracts to meet customer demand after consulting the Director, Procurement.
5. Agree that the Director, Procurement will develop a procurement model to be used for future procurements of transport contracts which seeks to reduce carbon emissions and improve quality and social value, but note that this model will not be available for the procurements in the report.

10. New Contract for SEND Therapy Services (FP/238/11/21)

Cabinet received a report setting out matters in relation to a new contract for SEND therapy services for their consideration and approval. The Leader of the Council left the room for the duration of this item and did not vote.

The Cabinet Member for Education Excellence, Life-Long Learning and Employability agreed to provide a written answer to a question by Councillor King regarding when it would be possible to respond to the matters raised raised by Ofsted.

Resolved:

1. Agreed to undertake a single stage open competitive tender process to procure a single supplier for each local health delivery area in Essex (Mid and South Essex, North East Essex, and West Essex) to deliver an integrated therapy service for children with special educational needs and disability as set out in paragraph 3.9.
2. Agreed that each contract will be for a four year term commencing on 1 August 2022 with options to break the contract at years two and three.
3. Agreed that the award criteria will be based on 50% Price, 50% Quality, with 20% of the quality marks being for Social Value.
4. Agreed to delegate approval of the detailed evaluation model to the Director, Education.

5. Agreed that Cabinet Member for Education Excellence, Lifelong Learning and Employability may award the contract to the successful bidders.
6. Agreed to extend the current contract with Provide CIC for a further four month period to cover the period 1 April to 31 July 2022 at a cost of £432,000.

11. Decisions taken by or in consultation with Cabinet Members (FP/255/21/21)

The report was noted.

12. Date of the next meeting

The next meeting of the Cabinet would take place on Tuesday, 15 February 2022, and was expected to be held in the Council Chamber at County Hall, Chelmsford.

13. Urgent Business

There was no urgent business.

14. Confidential Appendix: A120-A133 Link Road – decision to publish tender for main works contract (FP/185/10/21) (Public and press excluded)

The confidential appendix to report FP/185/10/21, to which minute 7, above, refers was considered.

15. Confidential Appendix: Land for Development in Harlow (FP/179/10/21)

The confidential appendix to report FP/179/10/21, to which minute 8, above, refers was considered.

16. Confidential Appendix: Education Travel Contract Extension and Awards 2022 (FP/191/10/21)

The confidential appendix to report FP/191/10/21, to which minute 9, above, refers was considered.

17. Urgent exempt business (Public and press excluded)

There was no urgent exempt business.

There being no further business, the meeting closed at 12.05 pm.