Essex County Council

Cabinet

10:15	**Tuesday, 18 January 2022**	**Council Chamber County Hall, Chelmsford, CM1 1QH**

For information about the meeting please ask for:
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		Pages
*	**Meeting Arrangements** In accordance with paragraph 17.4 of the Council's Constitution, there is the option for the Leader to agree that members may take part in the meeting and vote if they are present via Zoom. The Leader has agreed that this is constitutionally possible on this occasion. Members of the public may watch on YouTube or attend in person.	
1	**Membership, apologies, substitutions and declarations of interest**	6 - 6
2	**Minutes: 21 December 2021**	

3	**Questions from the Public** A period of up to 15 minutes will be allowed for members of the public to ask questions or make representations on any item on the agenda for this meeting. On arrival, and before the start of the meeting, please register with the Democratic Services Officer.	
4A	**Everyone's Essex Annual Plan and Budget 2022-23 - Part 1 S151 Officer Report (FP/015/03/21)**	**7 - 20**
4B	**Everyone's Essex Annual Plan and Budget 2022-23 - Part 2 Budget and Plan (FP/015/03/21)**	**21 - 177**
5	**2020-22 Financial Overview as at the Third Quarter Stage (FP/013/03/21)**	**178 - 207**
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 Equality Impact Assessment is available online - please scroll to bottom of page, below Meeting Documents	**208 - 224**
7	**A120-A133 Link Road - decision to publish tender for main works contract (FP/185/10/21)** The Equality Impact Assessment is available online - please scroll to bottom of page, below Meeting Documents	**225 - 231**
8	**Land for Development in Harlow (FP/179/10/21)** The Equality Impact Assessment is available online - please scroll to bottom of page, below Meeting Documents	**232 - 240**
9	**Education Travel Contract Extensions and Awards 2022 (FP/191/10/21)** The Equality Impact Assessment is available online - please scroll to bottom of page, below Meeting Documents	**241 - 250**

10	**New Contract for Special Educational Needs or a Disability (SEND) Therapy Services (FP238/11/21)** The Equality Impact Assessment is available online - please scroll to bottom of page, below Meeting Documents	**251 - 285**
11	**Decisions taken by or in consultation with Cabinet Members (FP/255/12/21)**	**286 - 287**
12	**Date of Next Meeting** To note that the next meeting of the Cabinet will take place at 10.00am on Tuesday 15 February 2022 at County Hall, Chelmsford (exact venue to be confirmed).	
13	**Urgent Business** To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.	

Exempt Items

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

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

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

14 **Confidential Appendix A120-A133 Link Road - decision to publish tender for main works contract (FP185/10/21)**

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

15 Confidential Appendix Land for Development in Harlow (FP/179/10/21)

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

16 Confidential Appendix Education Travel Contract Extension and Awards 2022 (FP/191/10/21)

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

17 Urgent Exempt Business

To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency.

Agenda item 1

Committee: Cabinet

Enquiries to: Emma Tombs, Democratic Services Manager
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Membership, Apologies, Substitutions and Declarations of Interest

Recommendations:

To note:

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

Membership (Quorum: 3)	**Portfolio**
Councillor K Bentley	Leader of the Council (Chairman)
Councillor L McKinlay	Deputy Leader and Community, Equality, Partnerships and Performance (Vice-Chairman)
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

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

Report title: Annual Plan and Budget 2022/23 – Part 1: Section 151 Officer Report	
Report to: Cabinet	
Report author: Nicole Wood, Executive Director for Corporate Services	
Date: 18 January 2022	**For:** Discussion
Enquiries to: Nicole Wood, Executive Director for Corporate Services email Nicole.wood@essex.gov.uk	
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 recommendations to Full Council on the revenue budget and capital programme, included within the Annual Plan.

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.

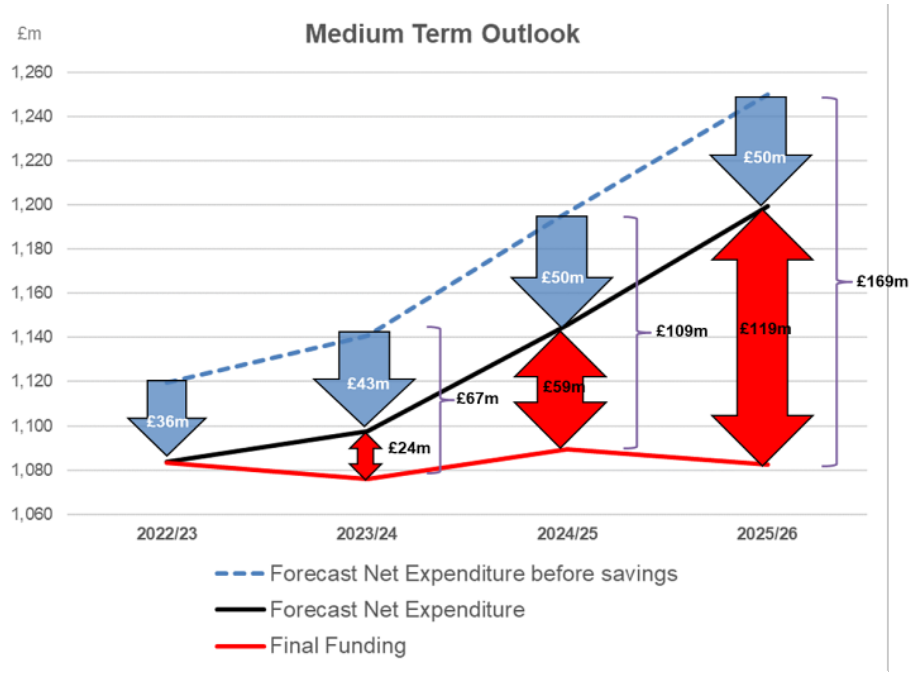
Other

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 81) 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: Cabinet	
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: 18 January 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 asks 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.

2.2 The Annual Plan publishes the Council's plans for 2022/23, highlighting those actions that the Council will focus on.

2.3 The report includes the Council's proposed financial strategy from 2022/23 to 2025/26, which is informed by the best information available regarding future funding and demand, whilst noting the risks and mitigations approach as outlined in the report. In the continued absence of a multi-year funding settlement for local government, there is inevitably significant uncertainty from 2023/24.

2.4 To note that whilst the budget proposed for approval for 2022/23 is balanced, there is not yet a balanced and sustainable budget for the medium term 2023/24 to 2025/26. Further plans and saving opportunities will be developed during 2022 to ensure financial sustainability.

3 Decision Areas and Recommendations

Everyone's Essex Annual Plan and Revenue Budget: Cabinet is asked to make the following recommendations to Full Council:

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 **£1,083.4million (m)** for 2022/23 – Appendix A (page 19).

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 23).

3.4 The total council tax funding requirement be set at **£763.7m** for 2022/23 – Appendix A (page 23).

3.5 That Essex County Council's element of the council tax be 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. 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

3.6 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.

3.7 That the underlying balance on the General Balance be set at **£68.1m** as at 1 April 2022 (Appendix A, Annex 1, page 51).

3.8 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 are asked to agree the following:

3.9 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)

3.10 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 this agenda).

Capital Strategy: Cabinet are requested to make the following recommendations to Full Council:

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 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).

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 94), be approved.

3.14 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 are requested to make the following recommendation to Full Council:

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

For Cabinet to note:

3.16 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.

3.17 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.

3.18 That the above figures are based on a Band D equivalent tax base of **545,042** properties (see Appendix A, page 23).

3.19 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.

3.20 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).

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

4.1 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.

4.2 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.

4.3 It should be noted that this report will see council tax increased by 4.49%, of which 2.5% is to be spent on adult social care using the adult social care precept.

5. Other Issues

5.1 An equality impact assessment has been undertaken on the budget in line with the public sector equality duty. The findings of the Equality Impact Assessment (EIA) carried out are included at Appendix B of this report.

5.2 The review of the fees and charges schedule is an annual process with fees and charges being agreed by officers or by the relevant Cabinet Member. The

proposed fees and charges for 2022/23 budget are published on the Council's website. These are provided for information only and none of the recommendations in this report ask the Cabinet to set these fees and charges.
www.essex.gov.uk/spending-and-council-tax/finance-and-spending-breakdowns

6. Relevance to the Council's Everyone's Essex Strategy and Plan

6.1 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.

7. Internal and External Consultation

7.1 All Executive Directors and Directors have been involved in the preparation of the Annual Plan and the Budget.

7.2 Through budget consultation meetings the Council engages with representatives from the unions.

7.3 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.

7.4 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%).

7.5 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.

7.6 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.

7.7 This report will also be reviewed by the Corporate Policy and Scrutiny Committee prior to final presentation of the Annual Plan to Full Council on 10th February 2022.

8. Legal Implications (Monitoring Officer)

8.1 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.

8.2 Those calculations are then used to determine the council tax requirement for the year.

8.3 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.

8.4 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.

8.5 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.

8.6 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.

8.7 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.

8.8 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 virements 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.

8.9 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.

8.10 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.

8.11 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. If the

Council sets council tax before the finance settlement, then it would need to reconvene to determine whether or not the increase is excessive. Based on what is currently known, the recommendations in this report would not lead to an increase in Council tax which is defined as 'excessive'.

8.12 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 'social care precept') would be defined by the then Secretary of State as 'excessive'. The recommendations in this report would not see any increase in the council tax other than the social care precept.

8.13 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.

8.14 This means that any increase by ECC of 4.5% or more would trigger a referendum.

9. Staffing and Other Resource Implications

9.1 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.

10. Equality Impact Assessment

10.1 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.

10.2 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).

10.3 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 4.1 and 7.7 of this report for further information.

11. 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
Appendix E – Flexible Use of Capital Receipts Strategy - Update

Everyone’s Essex Annual Plan

2022-2023

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

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1. 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 hosing 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.

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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.

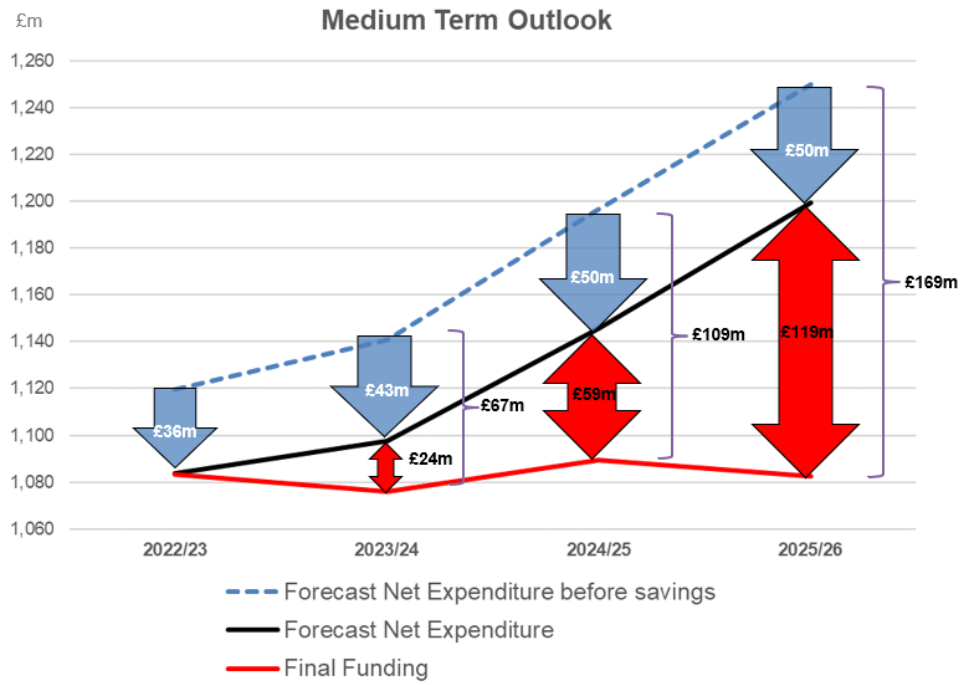
We have a strong record of sound financial management, and over the last 4 years have generated savings to taxpayers of **£222m**. A further **£36m** of new savings are forecast to be delivered by the end of 2022/23 (**3%** of net budget). The planned savings are focused around transformation of community 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.

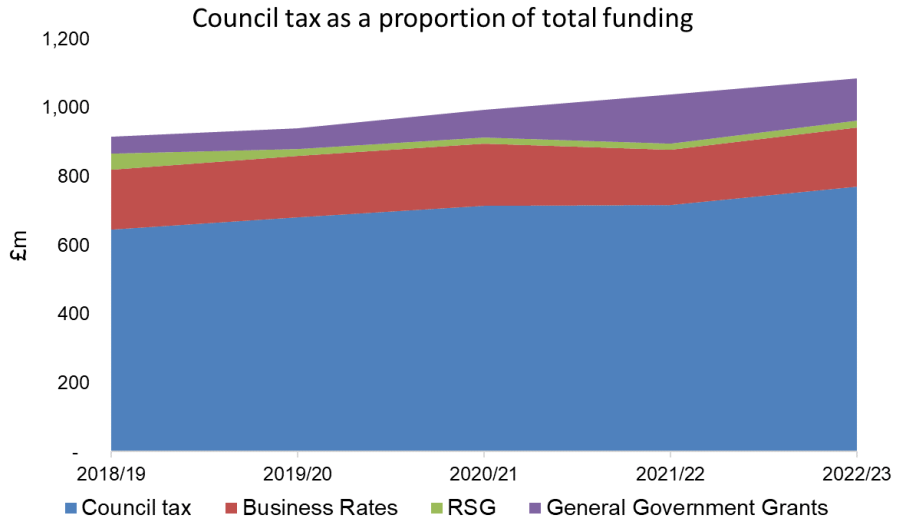
The Provisional Financial Settlement from Government confirmed the majority of announcements in the Autumn Spending Review. This included new monies for social care as well as a new Services grant for 2022/23. In addition to this, for the Dedicated Schools Grant (DSG), an additional £21.9m in respect 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.

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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.

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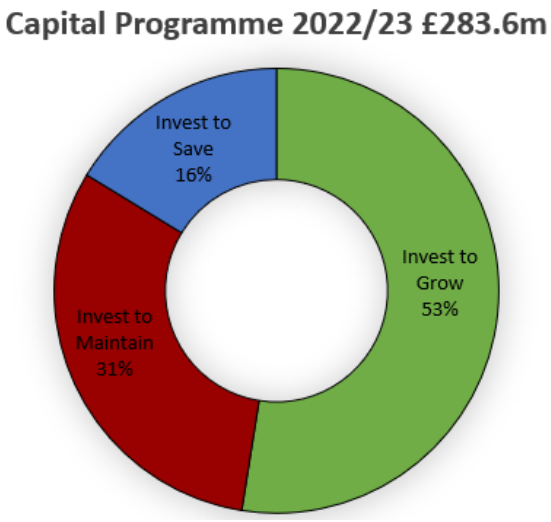
The total of the 2022/23 programme is **£283.6m**. This can be analysed as follows:

- **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.



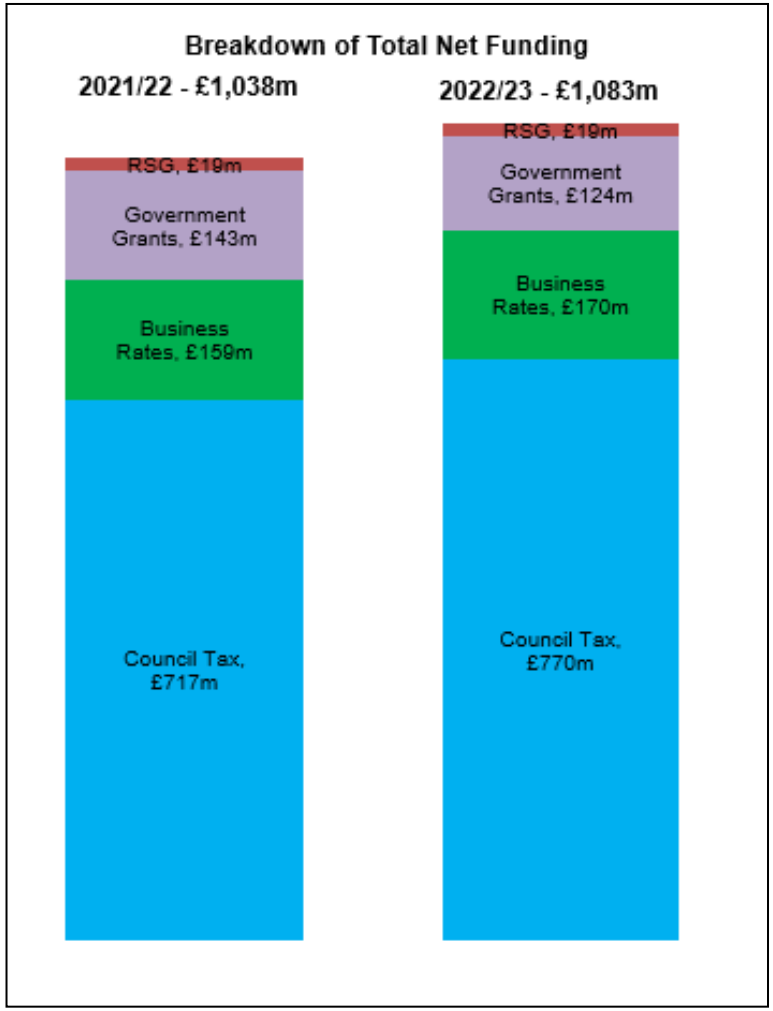
2022/23 Revenue Overview

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
Deduct:		
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**
Deduct:		
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 21.

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.

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Revenue Budget Summary

2020/21 Actuals £000	2021/22 Original Budget £000	2021/22 Latest Budget £000	Portfolio	2022/23 Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
414,173	441,280	453,414	Adult Social Care and Health	737,288	(151,389)	(115,669)	470,230
122,732	133,060	139,045	Children's Services and Early Years	249,649	(9,737)	(103,475)	136,436
14,934	22,800	27,130	Community, Equality, Partnerships and Performance	37,976	(12,298)	(2,018)	23,660
2,205	3,607	4,570	Devolution, the Arts, Heritage and Culture	8,062	(3,949)		4,113
(2,832)	6,195	17,976	Economic Renewal, Infrastructure and Planning	10,860	(4,011)		6,849
10,658	16,799	20,726	Education Excellence, Life Long Learning and Employability	543,321	(26,866)	(498,931)	17,525
584	10,613	11,127	Finance, Resources and Corporate Affairs	16,470	(2,477)	(256)	13,737
102,006	112,576	113,624	Highways Maintenance and Sustainable Transport	135,451	(20,059)	(995)	114,397
2,190	2,220	2,915	Leader	2,397			2,397
81,283	81,723	81,856	Waste Reduction and Recycling	90,040	(3,307)		86,733
194,564	115,094	52,028	Other Operating Costs	130,589	(21,483)		109,106
15,497	16,764	19,651	Community, Equality, Partnerships and Performance RSSS	20,194	(2,268)		17,927
955	1,099	1,067	Economic Renewal, Infrastructure and Planning RSSS	1,322	(220)		1,102
71,887	72,280	90,821	Finance, Resources and Corporate Affairs RSSS	96,941	(19,674)		77,267
1,960	1,810	1,970	Leader RSSS	1,860			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 £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
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 £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
3,377	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

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

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

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

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
								Access Assessment and Care Management				
7,835	(1)	(6)	7,828	8,865	3		8,868	Countywide Teams	11,226			11,226
7,649	(315)		7,333	8,357	(170)		8,187	Mid Teams	8,669	(160)		8,510
7,322	(399)		6,923	8,269	(83)		8,186	North East Teams	8,596	(208)		8,388
8,625	(439)		8,187	9,244	(414)		8,831	South Teams	9,582	(468)		9,115
5,649	(209)		5,440	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**	145			145
140	(14)		125	255			255	**Health Reform and Integration**	210	(69)		141
420		(328)	92	420		(328)	92	**Health Watch**	420		(328)	92
5,349		(694)	4,656	4,025			4,025	**Housing Related Support**	4,136			4,136
23,422	(2,795)		20,627	23,217	(2,317)		20,900	**Mental Health**	24,828	(2,363)		22,465
								Other Social Care				
141	(158)		(17)	317	(317)		(0)	Essex Vulnerable Adults	279	(279)		
3,225	(7)	(470)	2,748	3,426		(470)	2,956	Third Sector Funding	3,455	3	(470)	2,988
79,740	(1,134)	(86,571)	(7,964)	64,178	(187)	(65,742)	(1,750)	**Public Health**	65,947	(186)	(68,011)	(2,250)
30,323	(5,079)	(587)	24,656	27,047	(6,400)	(610)	20,036	**Service Management Costs**	27,423	(6,223)	(4,873)	16,327
375		(162)	213	349			349	**Social Fund**	349			349
11			11	0			0	**Support to Carers**				-
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		2022/23 Gross Expenditure £000	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**

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Devolution, the Arts, Heritage and Culture (Cllr Graham Butland)
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
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 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
(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)**	**-**	**6,849**
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)**	**-**	**1,102**

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 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
			Education and Life Long Learning DSG				
1,461	(73)	4,734	Schools and Central Services Block	325,069		(325,141)	(73)
(9,371)	(2,589)	(7,275)	High Needs Block	163,739	(1,264)	(165,064)	(2,589)
			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)	(8,279)	(452)
135	(833)	1,464	Schools	5,040	(5,794)	(446)	(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)**	**(498,931)**	**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 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
			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)	(256)	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)**	**13,737**
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)**	**-**	**77,267**

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 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
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)	(221)	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)	(773)	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**

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Leader (Cllr Kevin Bentley)
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
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 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
(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 50) 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 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
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**

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
			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.

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
			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)**	**-**	**48,755**
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 To County Revenue Account	Appropriations To Trading Activity reserve	Revenue reserve 31 March 2023
	£000	£000	£000	£000	£000	£000	£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			
				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
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			
				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
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 we 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 (MtCO2e)	-	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.

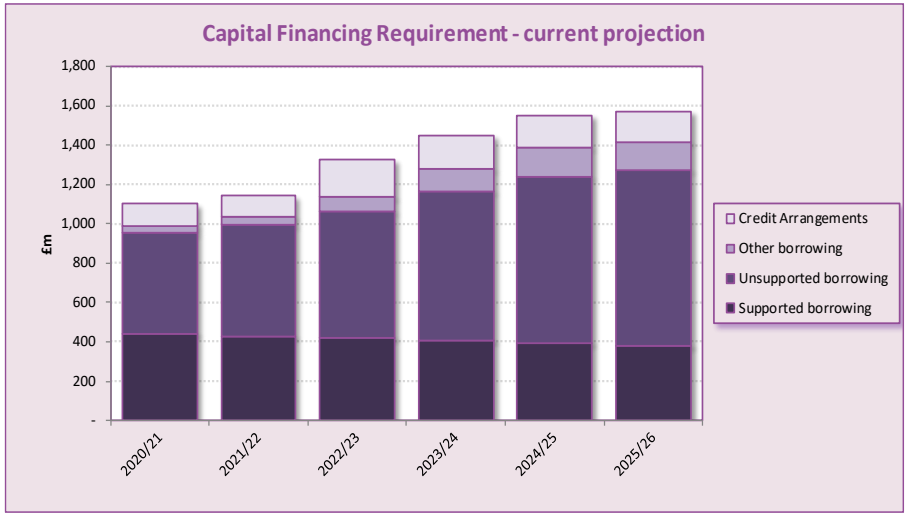
Capital Financing Requirement

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.

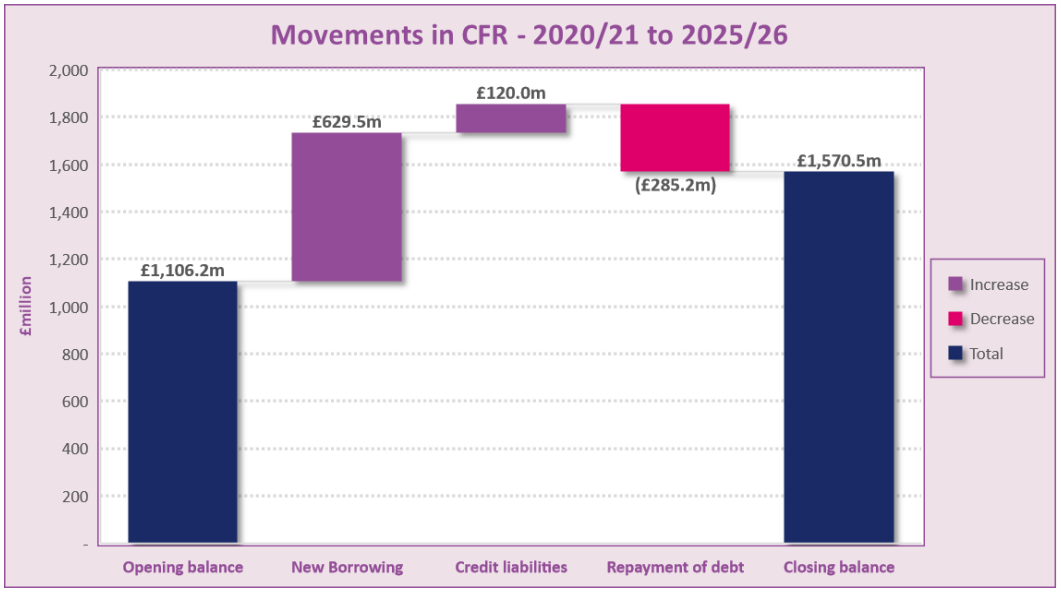
The actual CFR for 2020/21 and forward projections for the current and forthcoming years are illustrated in the graph below:



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.

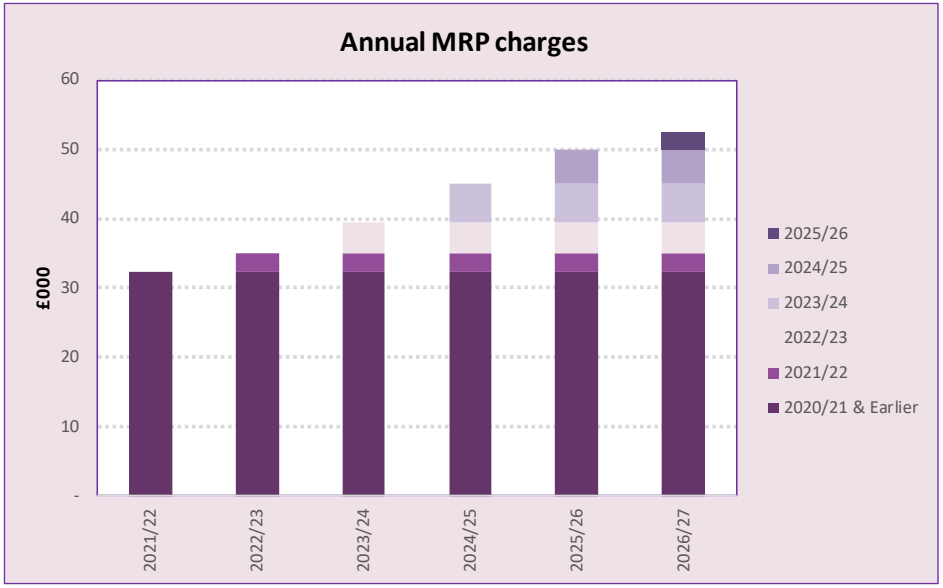
Statutory guidance requires MRP to be provided annually on a prudent basis, and interprets 'prudent' to mean that:

- 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

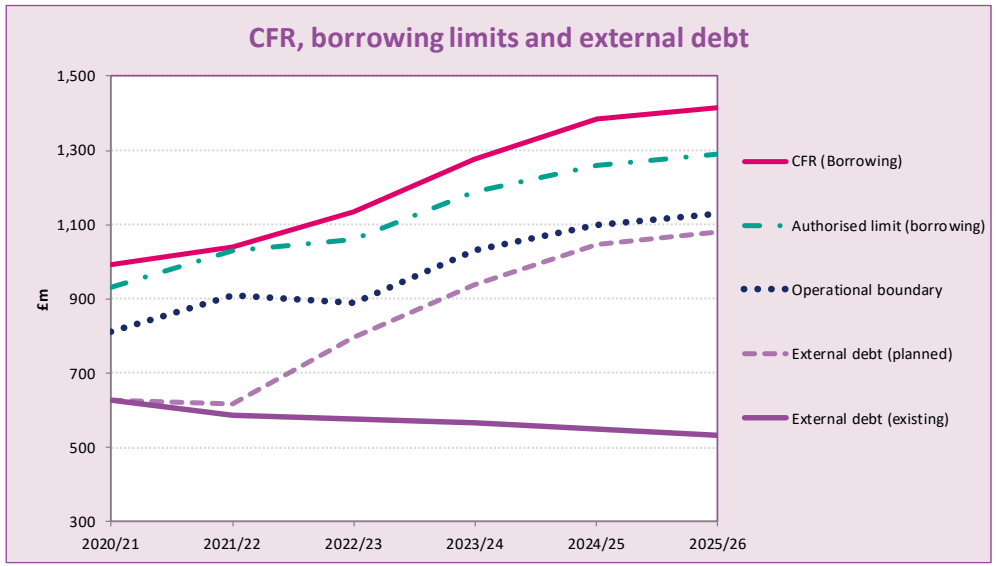
The Council is only permitted to borrow externally (including via credit arrangements) up to the level implied by its Capital Financing Requirement (CFR).

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.

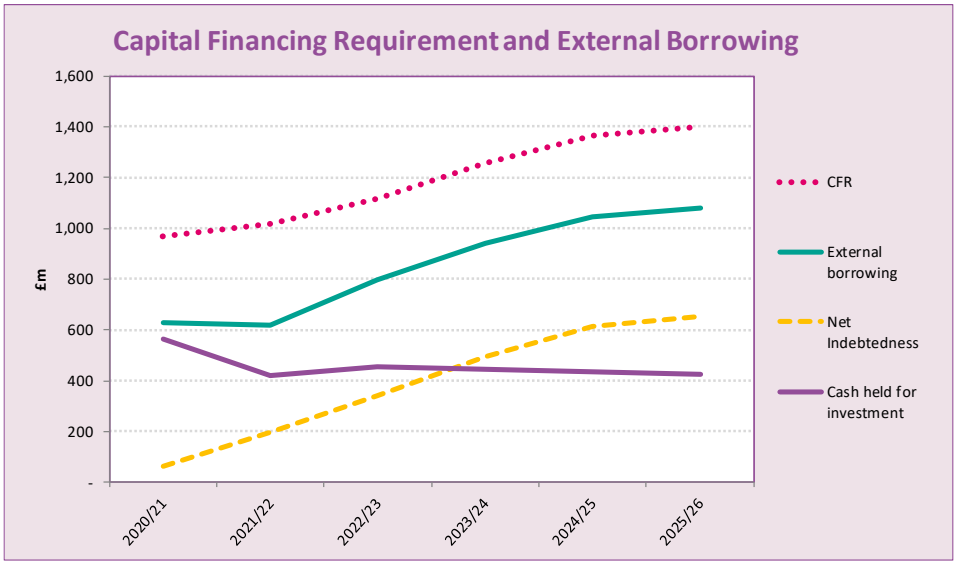
Currently, long-term external borrowing amounts to **£586m** which is equivalent to around **57%** of the estimated CFR for borrowing as at 31 March 2022. It is however possible (and assumed for the purposes of this Strategy) that further external borrowing (up to **£32m**) will be undertaken before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

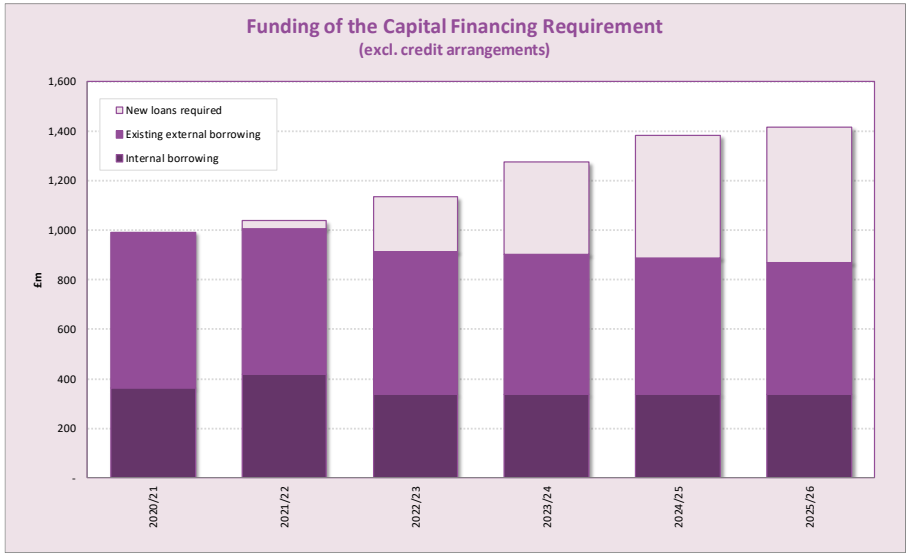


The graph also shows the Council's net indebtedness. Net indebtedness is the amount borrowed externally by the Council, reduced by the cash the Council expects to invest externally.

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	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m	£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.

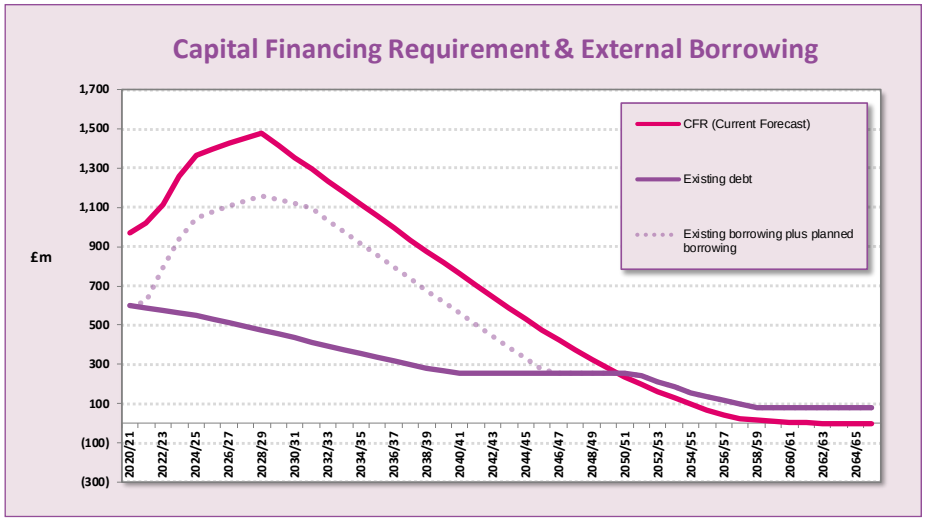
Monetary policy in the UK will have a major impact on gilt yields, but rising treasury yields in America could also impact on UK gilt yields, although gilt yields and treasury yields do not always move in unison.

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

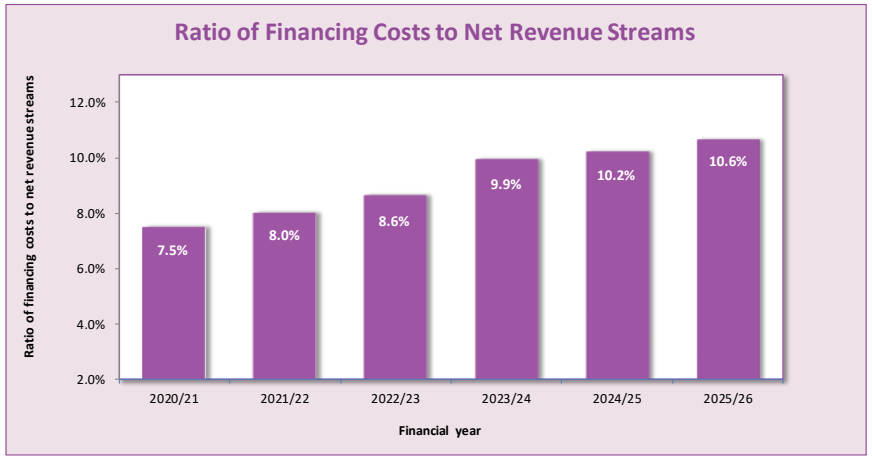
If long-term borrowing is undertaken, performance will be assessed against the average PWLB rate for the year for the applicable loan type and interest rate banding.

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

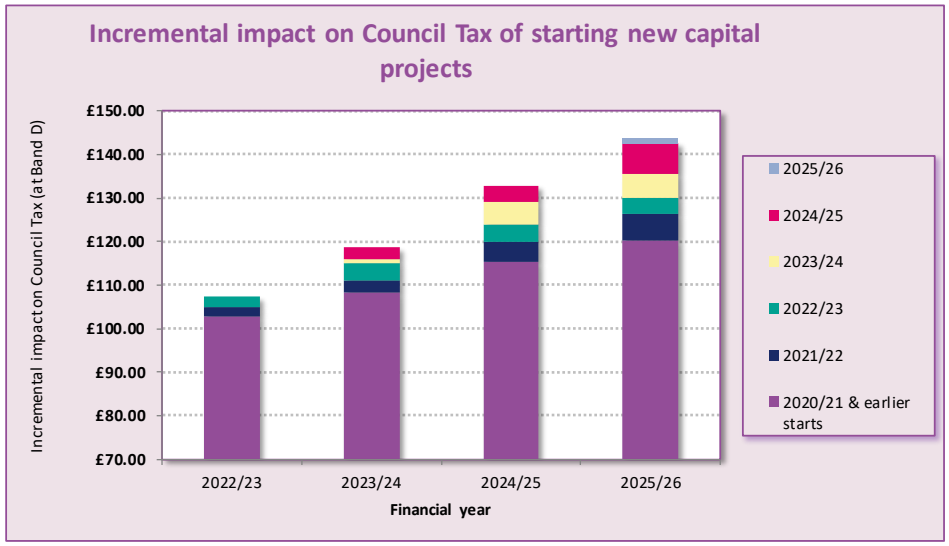
Another measure of the affordability of the capital programme proposals is their impact upon council tax.

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	2021-22		2022-23	2023-24	2024-25	2025-26
		Actual	Original Estimate	Updated Estimate	Forecast	Forecast	Forecast	Forecast
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	2021-22		2022-23	2023-24	2024-25	2025-26
		Actual	Original Estimate	Latest Estimate	Estimate	Forecast	Forecast	Forecast
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 Original Estimate	2021-22 Latest Estimate	2022-23 Estimate	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast
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

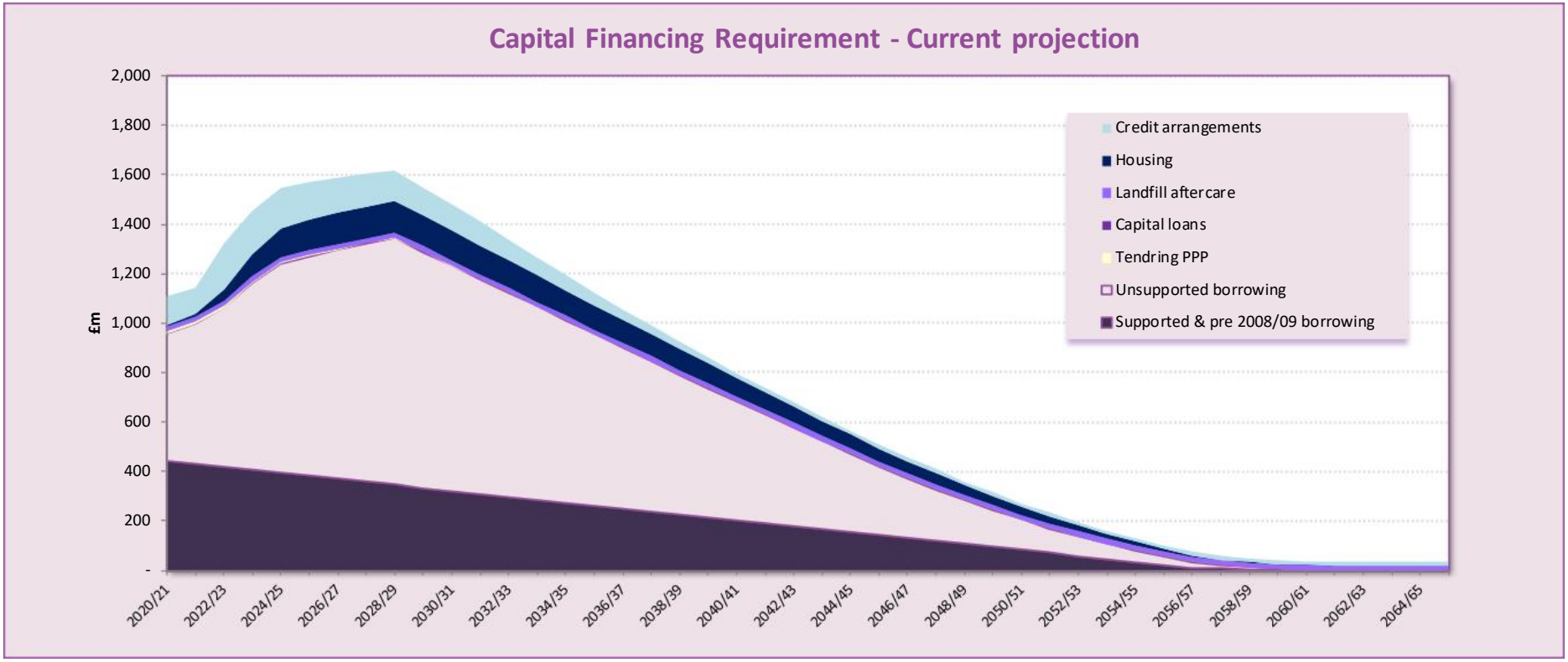
In accordance with the requirement to make a prudent 'revenue provision for the repayment of debt', the Council ensures that debt is repaid over a period that is commensurate with the period over which the capital expenditure provides benefit. This is achieved by applying the following methodology:

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 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	Maximum duration
	Fitch		Standard & Poor's		Moody's			
	Short term	Long term	Short term	Long term	Short term	Long term	£m	(No. years)
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 Councils 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 sills 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 (Organisation 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 though 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 Chef 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.

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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.

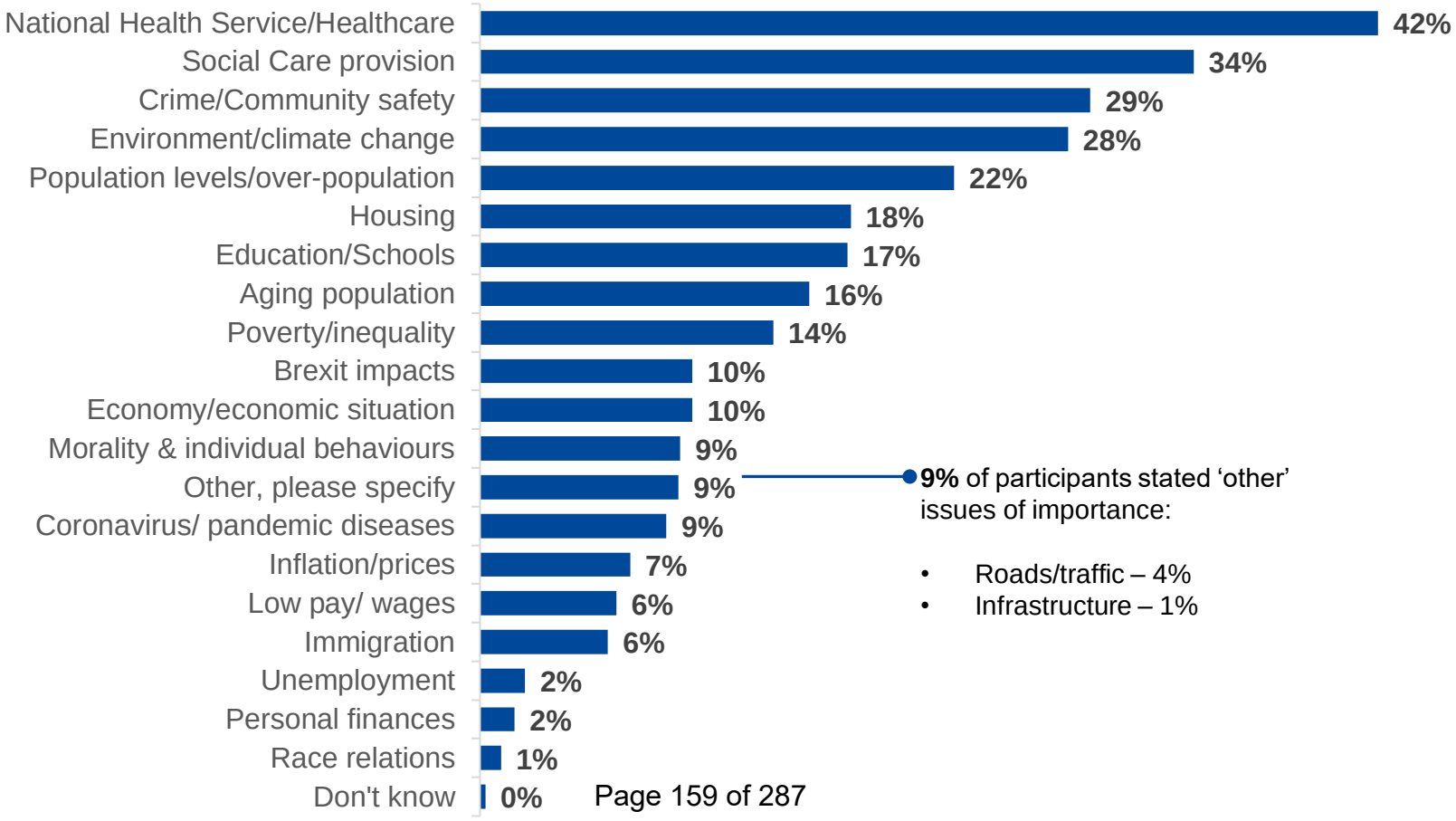
This underscores the fact that, in undertaking consultation, ECC must invite and consider all responses equally – it cannot design a representative sample of residents with which to engage to the exclusion of others.

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)

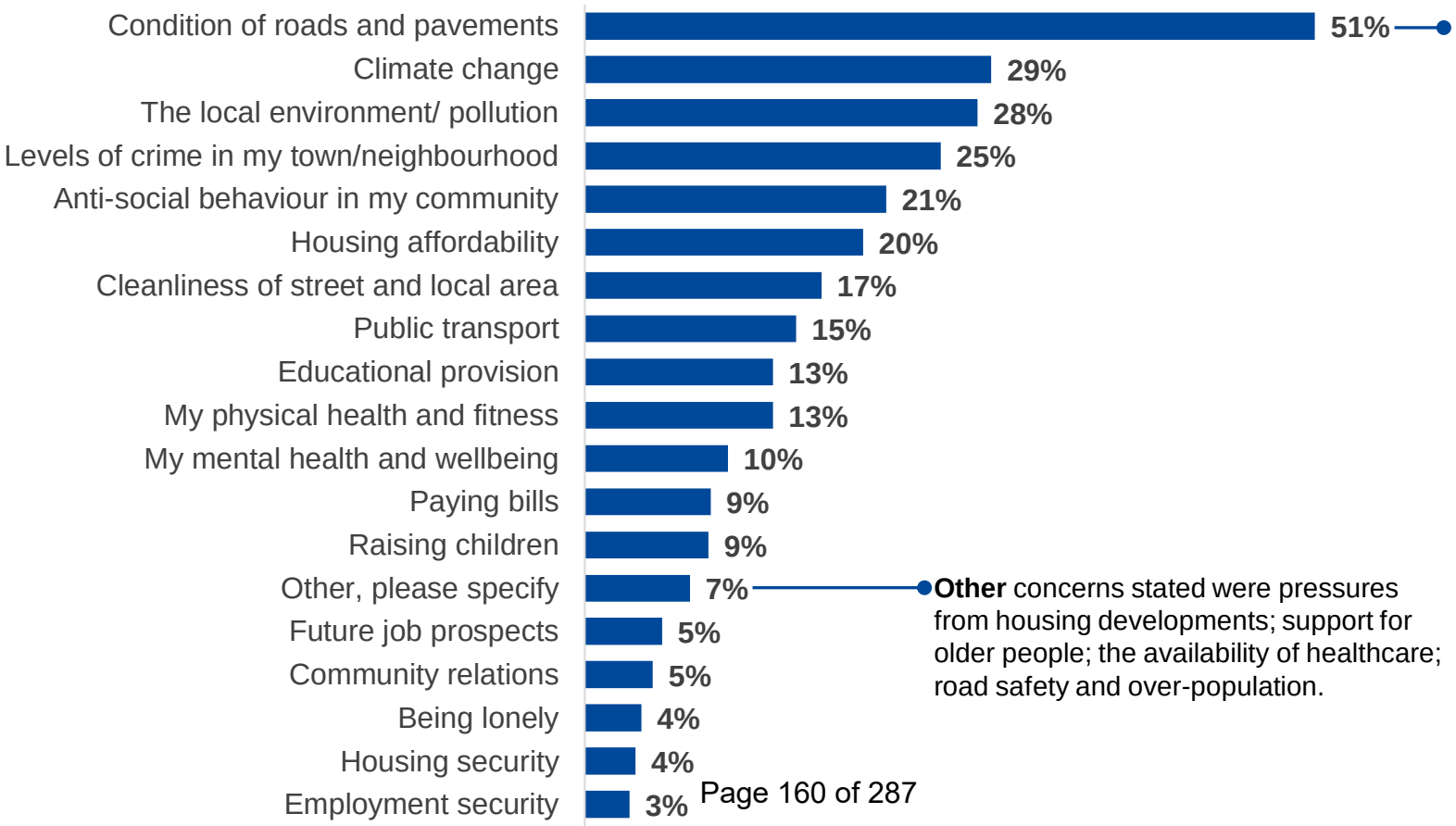


Produced by Essex County Council; Research & Citizen Insight; Chief Executive's Office

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)



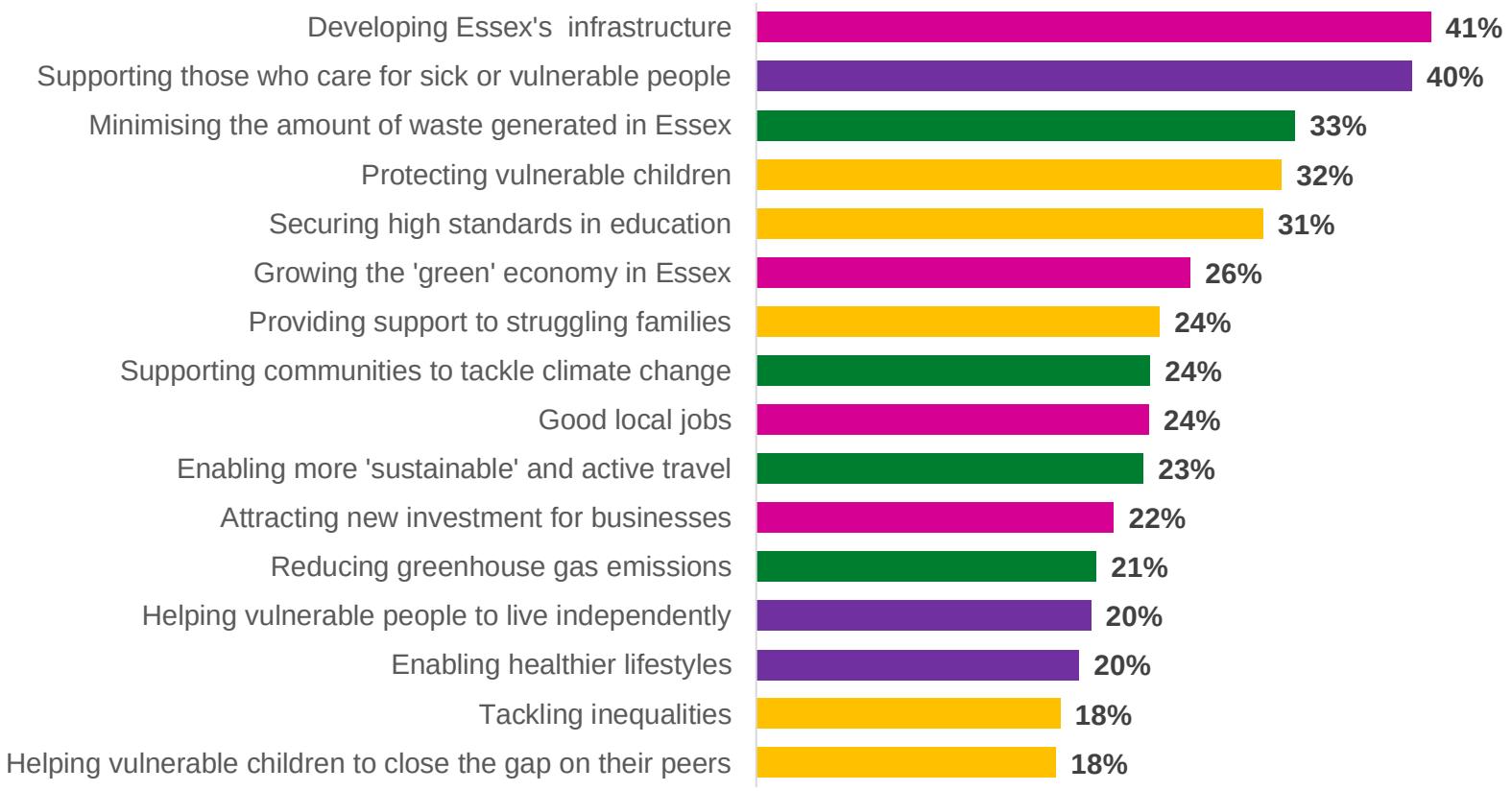
More than half of all those responding to the consultation highlighted the condition of roads and pavements as a something they are concerned about.

Other concerns stated were pressures from housing developments; support for older people; the availability of healthcare; road safety and over-population.

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

Produced by Essex County Council; Research & Citizen Insight; Chief Executive's Office

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.

Road and pavement repairs

- Quicker, comprehensive resurfacing e.g. not constant patching

A road in my area has been resurfaced three times and the same pothole reopens at the same time every year.

Traffic congestion levels

- More joined-up public transport
- New roads to facilitate growing communities.

Colchester has doubled in population and nothing has been done to the roads.

Crime and anti-social behaviour

- Improved street lighting that is on for longer at night
- More outreach workers (wardens, PCSOs).

I don't feel safe in my area. I'm considering moving.

Affordable, decent housing

- More affordable homes for local/young people.
- More long-term support for the vulnerably homed.
- Better insulation/fuel efficiency.

There are amazing examples of housing association 3-bed houses with fuel bills of £120 per year.

Health services

- More local services
- Right services at the right place
- Greater investment in alternatives to GP/ hospital-based services.
- Support for those most in need

If people could access health services in their library they would not necessarily have to visit their GP.

Climate

- Do our bits at community & local levels
- Bringing recycling centres closer to the people
- No double standard

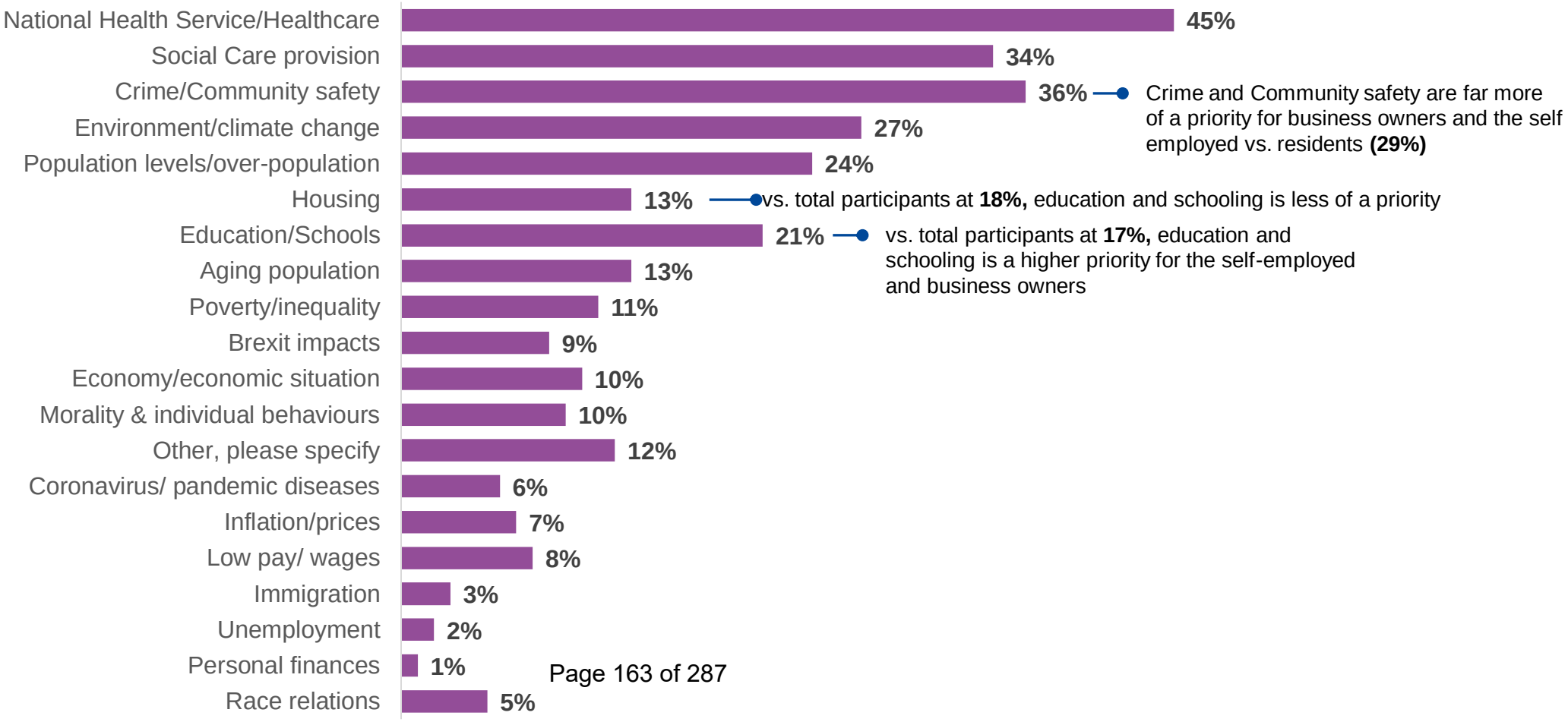
Essex are spending a lot of money on climate change policies but at the same time their pension scheme invests in fossil fuels so it's a bit of a double standard.

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)

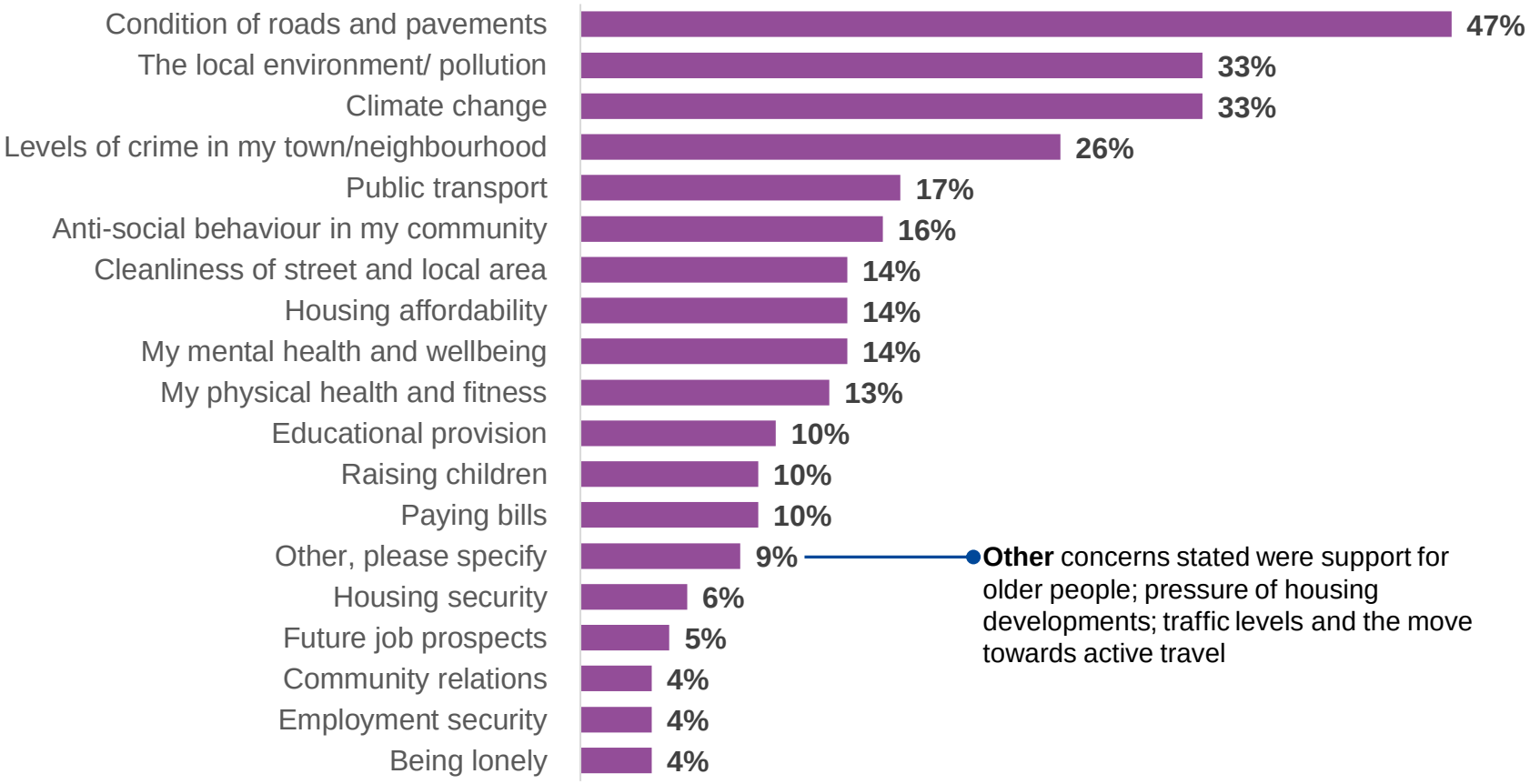


BUSINESS PRIORITIES

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)

Which of the following are you concerned about?
(Max. 3 responses - figures reflect % of respondents who gave each answer)

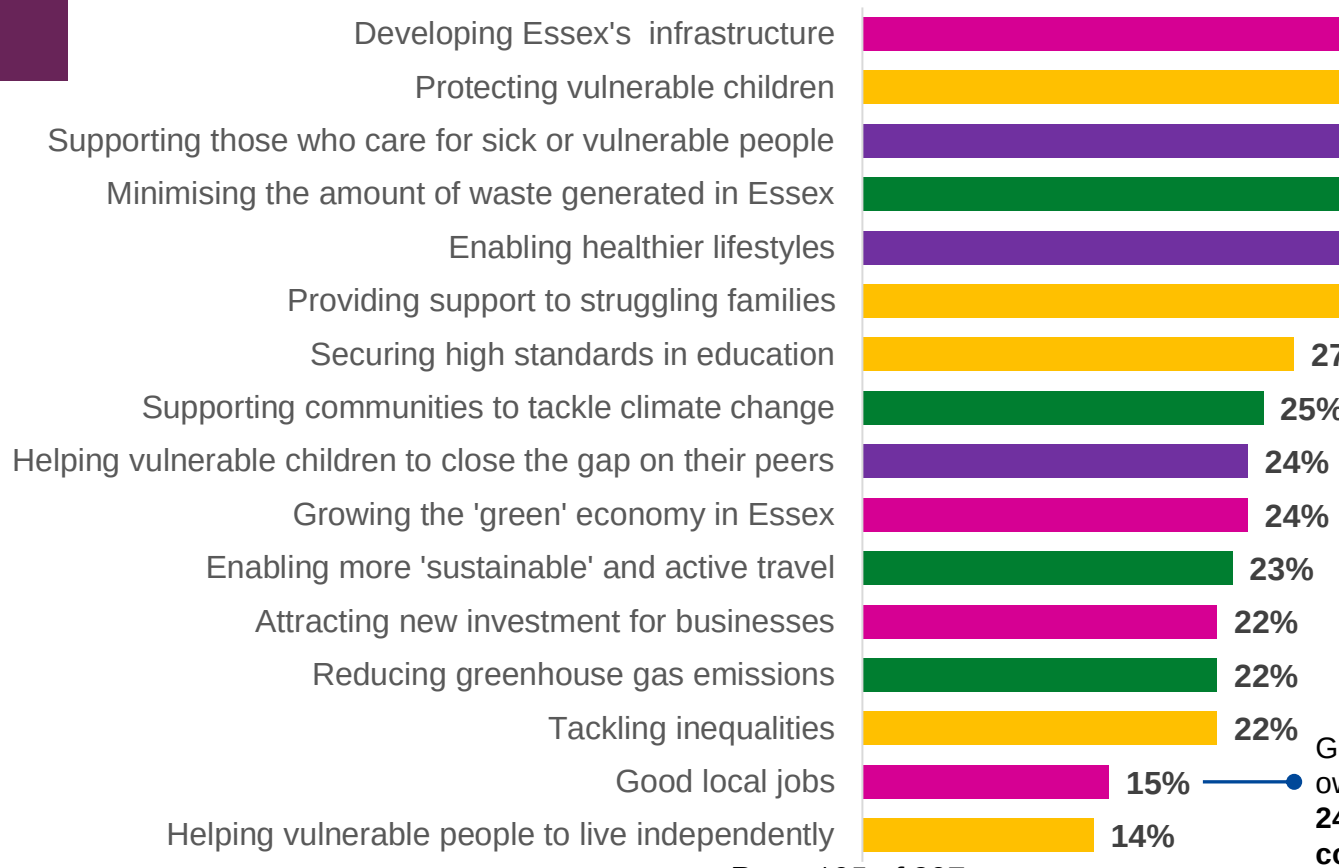


BUSINESS PRIORITIES

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)



Public transport and general transport infrastructure cited as priorities for action

Good local jobs are less of a priority for business owners and the self-employed vs. all participants (at **24%) (*difference is significant to a 95% confidence level)**

20 commitments key:
Economy Environment Health Family

Produced by Essex County Council; Research & Citizen Insight; Chief Executive's Office

Budget setting and managing resources

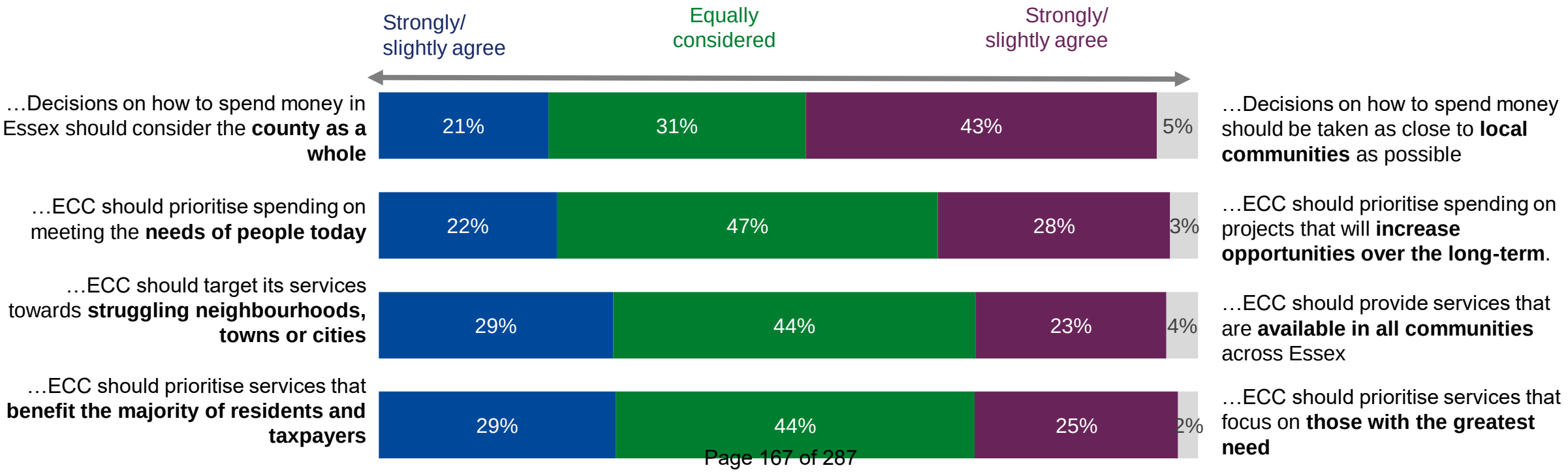
SPENDING ALLOCATIONS

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?

ECC should prioritise services that benefit the majority ⟷ **ECC should prioritise services that focus on those with greatest need**

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.

Meeting the needs of people today is sometimes just fixing the symptoms of a problem. If you're looking more long-term then you are going to be fixing those problems.

ECC should prioritise spending to meet people's needs today ⟷ **ECC should spend on projects that increase opportunities long-term**

It's difficult to split between the two; you have to meet some of the needs of today - there are responsibilities. But the County Council need to be looking to the future, they need to have that vision and horizon scanning

DEALING WITH FINANCIAL PRESSURES

Encouraging independence and prioritising services for the most vulnerable are considered most important when ECC faces financial pressure

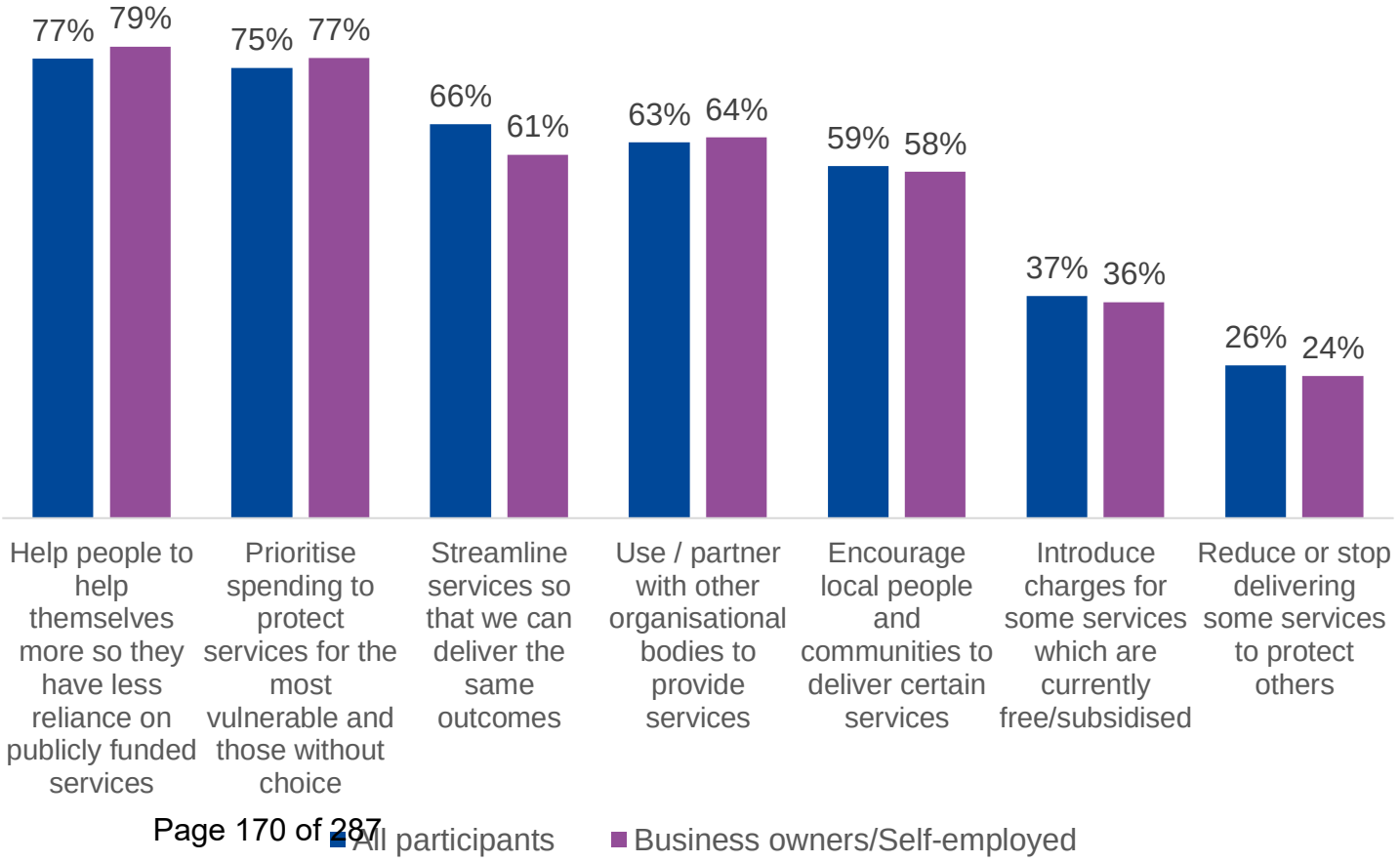
When faced with financial pressure, residents are most supportive of moves to:

- 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"

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"

COUNCIL TAX

The majority will accept council tax increases when these are required to avoid service closures and to protect services for vulnerable people

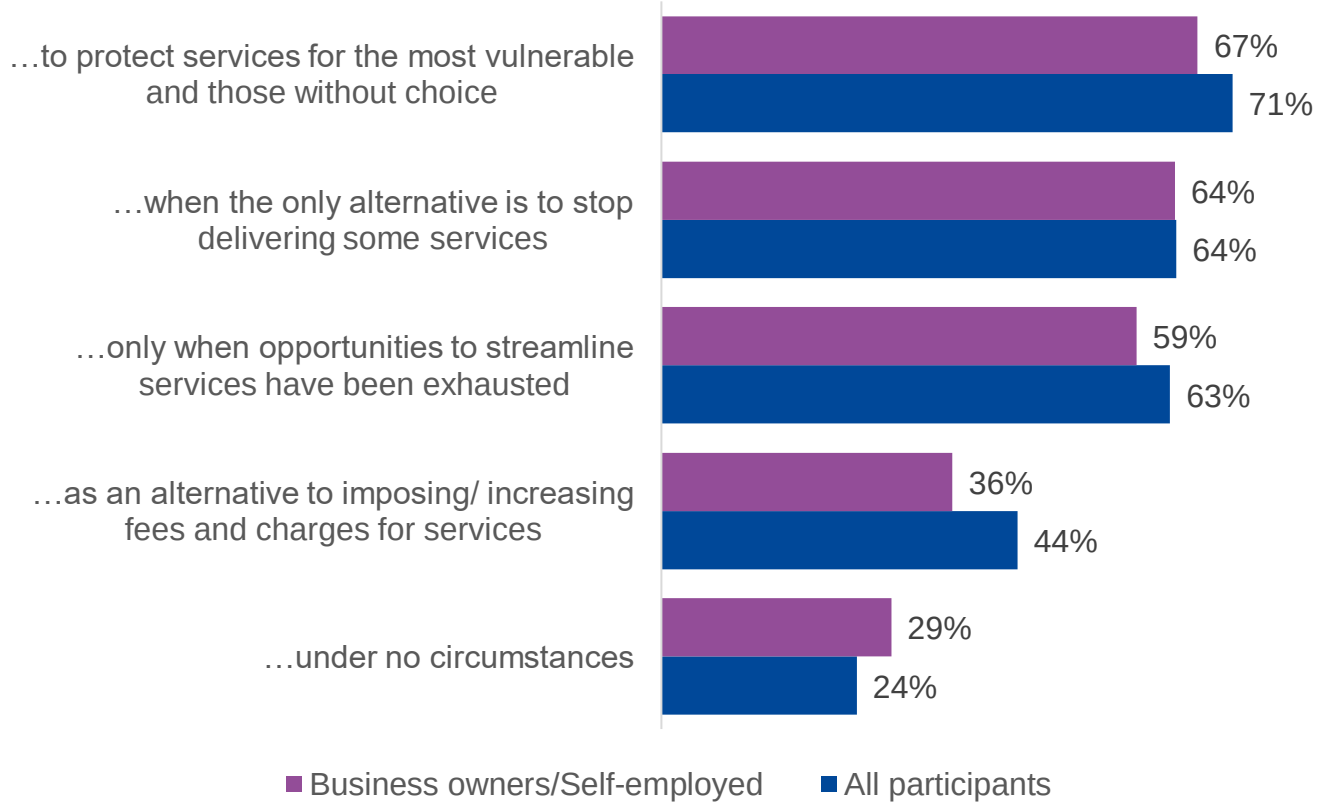
The majority of participants agreed that ECC should consider increases in council tax where these would protect services for the most vulnerable people.

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."

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The information contained in this document can be translated, and/or made available in alternative formats, on request.

Published November 2021

Appendix E

Essex County Council

Flexible Use of Capital Receipts Strategy - Update

Introduction

As part of the 2018/19 Local Government Settlement, government announced an extension to 2021/22 of flexibilities given to local authorities on increased freedoms over how capital receipts could be utilised.

The Council's Flexible Use of Capital Receipts Strategy was approved at Full Council in December 2020, taking the opportunity to finance up to £4.9m of expenditure on the replacement for the corporate finance and payroll system across 2020/21 and 2021/22 using capital receipts generated in the qualifying period.

Review of Previous Years' use of the Flexibility

				Associated Revenue savings £m		
Investment initiative	Total scheme spend £m	2020/21 scheme spend £m	2021/22 scheme spend proposed for Flexible Use of Capital Receipts £m	2020/21	2021/22	2022/23
Corporate Systems Programme - Tranche 1	**11.3**	**3.4**	**1.3**			0.6

In 2020/21, there was £3.4m of qualifying expenditure on the Corporate Systems Programme. This was £200,000 lower than the expectation set out in budget papers at Full Council in February 2021. The proposal for a further £1.3m of qualifying expenditure in 2021/22 is still planned to be utilised, and capital receipts are ringfenced in the Useable Capital Receipts reserve for this purpose.

This expenditure supported design and implementation of the corporate IT system to Oracle Fusion Cloud, which went live in Autumn 2021.

It is still anticipated cashable savings of £600,000 will be achieved. Now that the system is live, a review of savings is underway, and an update on this will be included as part of the annual review of the Flexible Use of Capital Receipts Strategy. It should also be noted that a significant level of cost avoidance (circa £3m) has been enabled through implementation of this project.

Strategy for ongoing use of Flexibility

The Council has no plans to continue the use of the flexibility past 2021/22.

Forward Plan Reference Number: FP/013/03/21

Report title: 2021/22 - Financial Overview as at the Third Quarter Stage	
Report to: Cabinet	
Report author: Councillor Christopher Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs	
Date: 18 January 2022	**For:** Decision
Enquiries to: Nicole Wood, Executive Director, Corporate Services nicole.wood@essex.gov.uk or Adrian Osborne, Head of Strategic Finance and Insight email adrian.osborne2@essex.gov.uk	
County Divisions affected: All Essex	

1. Everyone's Essex

1.1 The purpose of this report is to set out the current forecast financial position of Essex County Council's (ECC) revenue and capital budgets as at the third quarter stage of the 2021/22 financial year. The report will highlight that whilst there is a forecast small revenue under spend, the overall outlook remains very challenging and volatile, notably with demand pressures across social care, market volatility and rising inflation.

1.2 Despite the challenge the focus remains on prioritising resources to achieve the strategic aims outlined in Everyone's Essex. In the intervening quarter resources have been prioritised from the Everyone's Essex reserve notably to target the climate agenda (£6.2m), to support the Heritage and Arts sector (£1.6m) and for the financial wellbeing programme and community challenge fund (£1.1m).

1.3 There is a forecast under spend of **£5.8m** (0.6%) against a net revenue budget of **£1,041m (**gross £2,168m). The originally approved gross budget for 2021/22 was **£2,014m**, this is now **£2,168m,** an increase in our spending base of 8%, and which will increase further as more Covid related grants from government are announced.

1.4 This is an increased under spend since the Quarter 2 report of **£2m**. **The reasons for this movement are set out in section 5**. The overall under spend position is driven by an improved forecast Funding position due to an improved council tax overall position and minor under spends across portfolios.

1.5 While there is a minor under spend forecast, the outlook is volatile. We do not yet know the impact of the winter and potential surges in Covid-19 cases and discharge notably on Adult Social Care.

1.6 We have continued to receive further funding from Government since the previous quarter, for example the Adult Social Care Workforce Retention and Recruitment Fund (estimated circa £11m) and the Household Support Fund (£9.5m). We estimate our known Covid-19 related costs to be circa £120m for 2021/22, and the funding received from Government to date is adequate to meet this.

1.7 There is an under spend of **£58.9m** (20%) on the capital programme against the current budget of **£295.4m. This has been driven by a relatively small number of schemes, predominantly for reasons outside of the Councils control**. After taking account of budget change requests in this report there will be a small residual over spend of **£205,000**.

2. Recommendations

Approval is sought for the following:

2.1 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)

2.2 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).

2.3 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).

3. Executive Summary: Revenue

3.1 Appendix A summarises the revenue budgets and forecast outturn for each portfolio. There is a full year forecast under spend of **£5.8m (0.6%** against a net budget of **£1bn)**. The overall under spend position is driven by under spends across portfolios and an improved Funding position, as a result of greater certainty in the level of grant to be received from government for the Tax Income Guarantee scheme.

3.2 As we move towards the final quarter of the financial year the Council faces increasing risks and challenges. The rate of inflation continues to rise, and is predicted to increase further. This will have a much greater impact from 2022/23 as we renew contracts notably across care and energy. Alongside this the December interest rate rise by the Bank of England and potential further rate rises in the future could put pressure on the revenue cost of borrowing for the capital programme.

3.3 The Council has continued to be proactive in its response to Covid-19. Known costs are in the region of £120m for 2021/22 or an additional 6% of planned expenditure, and we have sufficient funding for this. Should the current situation surrounding the pandemic deteriorate further, this funding position will be re-evaluated.

3.4 Over 60% of our Covid-19 costs have been met through the use of specific government grants. The remainder will continue to be funded via the balance sheet and the Covid Equalisation reserve, which we retain to meet the higher costs we face. To date in 2021/22 **£11.1m** has been drawn down from the Covid Equalisation Reserve to support Covid-19 pressures and income losses. There are a further **£1.2m** of approvals sought in this report from the reserve. There is also an appropriation back to this reserve of **£479,000** relating to funding no longer required to compensate for lost income, due to an improved financial position within Essex Outdoors. Further drawdowns from the Covid Equalisation Reserve will be requested as part of the Provisional Outturn report, as well as through individual decisions.

3.5 With the end of the Government's Coronavirus Job Retention scheme on 30 September 2021, we are mindful that the 2022/23 Council Tax base could be negatively impacted by unemployment in the early part of 2022, which could result in a significant funding reduction for the Council. We currently assume a return to pre-pandemic growth of 1% per annum in the tax base for 2022/23. This will be monitored closely throughout the remaining months of the year and into 2022/23.

3.6 The revenue position is built on a budgeted savings programme of £46m and the current forecast for year end is the programme will be fully delivered.

Continued focus and delivery upon savings, efficiencies and income remains critical to financial sustainability for both the current year and future years budgets.

3.7 The position reported in section 5 is written on the assumption that the recommendations in sections 2.1 to 2.3 of this report are approved.

4. Executive Summary: Capital

4.1 The original capital programme for 2021/22 as set by Full Council in February 2021 was **£290.3m**. The forecast outturn is **£236.5m**, before adjustments proposed within this report. This represents an under spend of **£58.9m (20%)** against the latest budget of **£295.4m**. After taking account of budget change requests in this report, there is a residual over spend of **£205,000**. More detail is set out in Section 7.

4.2 The **£58.9m** under spend in the Capital Programme position relates to the following requests in this report:

- Slippage: **£56.8m**
- Additions: **£7.6m**
- Reductions: **£10.1m**
- Advanced Works: **£226,000**

The nature, size and complexity of the schemes within the capital programme are changing. Significant movement has been driven by a relatively small number of schemes with the primary reasons for this movement being complex land negotiations, delays with planning determinations and impact of Covid-19; most of which are outside of the Council's control. Around 70% of the schemes being slipped are funded from external sources.

4.3 Appendix C (i) summarises current year forecasts and changes to the Capital Programme for 2021/22 since approval of the original programme in the Budget Report to Council in February 2021. Appendix C (ii) contains the detail of the budget adjustments seeking approval.

5. Revenue Position

5.1 Adult Social Care and Health – £2.1m (0.5%) under spend

i. The Adult Social Care portfolio budget is the area most materially impacted by Covid-19 across the Council during 2021/22. The original approved budget was £699m gross, and with additional Covid-19 monies is forecast to be £740m. Whilst there is a small under spend of 0.5% on the revised budgeted position, there has overall been significantly greater spend on the portfolio than originally budgeted of £47.8m due to Covid-19 related expenditure. It is also the case that it is difficult to predict the full

year position before the extent of winter pressures and Covid-19 surges occur.

ii. It is important to understand the current position in context of the significantly heightening financial risks facing the portfolio due to market capacity and workforce pressures, volatile demand, inflation and cost of care escalation as well as NI rises from 1st April.

iii. Adult Social Care continues to meet the significant impact of the Covid-19 pandemic. In particular, the consequences of paused work and backlog on teams, and of reviews and assessments, changing demographic projections and the demand for services. The majority of funding that flows to the care market also manages the impact with both care home resident population and staff recruitment and retention a factor. It should be noted that this reported position is in the context of £14m being applied from ECC Covid specific funds and core budget, and £34m of government funds being passported directly to providers to support Covid-19 related costs in this financial year.

iv. Public Health is forecast to spend in line with budget. Within this position are additional 'Contain Outbreak Management' funding and 'Track & Trace' funding received from Government, totalling £15.9m. At this stage, it is anticipated that all such funding will be fully spent; with the exception of **£236,000** of Contain Outbreak Management funding, which will be appropriated to the Grant Equalisation reserve in the Provisional Outturn report. This position will continue to be monitored throughout the course of the year. Central Government have also awarded ECC self-isolation grant funding of **£2.3m**. Spending plans are currently being drawn up and will be reflected in the forecast once known.

v. There remain significant risks around the impact of Covid-19 on the cost and demand for Adult Social Care services. Any placements made on the Hospital Discharge pathway over and above the normal placement trend are claimable for up to 28 days from Health funding up until 31 March 2022, when it has been indicated that the funding will come to an end. To give an indication of scale we have received £3.4m funding from the NHS for 2021/22. The Hospital Discharge Pathway funding guidance was issued after the current year budget was agreed and therefore the monies recovered from this source are driving some of the under spend.

vi. Within the overall forecast position reported for Adult Social Care, there are **£4m** of savings reflected as not deliverable, within a total savings programme of £25.6m, predominantly due to slippage in the Connect Programme because of Covid-19 related delays and the revised Hospital Discharge model, Choice & Control and business as usual activities in Physical and Sensory Impairment.

vii. The overall under spend position is driven by under spends in Nursing (where less people moved over to social care from the Continuing

Healthcare cohort than was expected at budget setting) and Cash Payments (where there are lower volumes and greater levels of surplus return). There has also been an increase against budget in non-residential income (£3.3m) and receipt of unbudgeted income from Health in relation to the Hospital Discharge Pathway (£3.4m). However, this has been offset by over spends in Residential and Domiciliary Care due to increased demand. Residential volumes to date are 2.4% higher than budgeted, and 16% more hours of domiciliary care are being provided compared to January 2020.

viii. There has been a small favourable movement from Quarter 2. This is predominantly driven by additional surplus fund returns from Cash Payment accounts, additional income from the Clinical Commissioning Group (CCG) in relation to clients on the Hospital Discharge Pathway and a reduction in the Bad Debt Provision requirement, these are all current year only changes and do not impact the assumptions included within the 2022/23 budget forecast. At Quarter 3 there is a request to carry forward **£5.5m** and appropriate **£2m** to reserves as set out below, resulting in an adjusted movement of **£1.6m**.

ix. Approval is sought in this report for the following:
- **£5.5m** to the Carry Forward Reserve: **£2.5m** to support staffing pressures in areas such as Adult Mental Health Practitioners (AMHPs), the Safeguarding Triage, Apprenticeships including the Nightingale Bursary and Deprivation of Liberty Safeguards (DoLS) backlog and the set aside of **£3m** to support workforce recruitment and retention in the care market
- **£2m** to the Adults Transformation Reserve to support new burdens preparation costs expected as a result of the Adult Social Care Reform White Paper; 'People at the Heart of Care' with full implementation of the new system by October 2023 with consequent impact across assessment capacity, technology solutions and implementation costs.

5.2 Children's Services and Early Years:

- **Non Dedicated Schools Grant (DSG) - £724,000 (0.5%) under spend**
- **DSG - £9,000 (2.3%) over spend**

i. The portfolio reports an overall under spend of **£715,000** of which there is an under spend of **£724,000** within Non DSG. The main driver for this under spend is a lower than budgeted client count for children with disabilities who are in care. The forecast is made up of current 32 placements when compared to a budgeted 42. The position will continue to be monitored since placements are a volatile area of spend, a small volume adjustment could have a material financial impact.

ii. It will be proposed the forecast residual under spend will be used to support the volatility of the service in 2022/23 (particularly around potential increases in referrals following the recent nationally publicised

child abuse cases), subject to the 2022/23 budget being secure. A decision on this will be recommended in the Provisional Outturn report.

iii. Within DSG there has been an adverse movement of **£366,000** in the Early Years Block due to the Education and Skills Funding Agency (ESFA) announcing the final adjustment for the 2020/21 financial year; a reduction of £504,000. This is partially offset by the autumn term claims for three-year-olds from early years providers being lower than anticipated. After this adjustment the forecast closing balance on the Early Years Block is a surplus of **£4.3m**.

iv. Approval is sought in this report for the following:
- **£650,000** to the Carry Forward Reserve for additional staff recruitment required to support newly arrived Unaccompanied Asylum Seeking Children **(£450,000)** and to support the 2022/23 Family Innovation Fund saving **(£200,000)**
- **£317,000** from the Covid Equalisation Reserve relating to pandemic related pressure on the equipment budget **(£215,000)** and additional Personal Allowance for care leavers **(£101,000).**

5.3 Community, Equality, Partnerships and Performance - £198,000 (0.7%) under spend

i. The portfolio reports an under spend of **£198,000** which is attributable to vacancies in the Libraries and Youth Services and over achievements in income in regard to Deputyships and Emergency Planning**.**

ii. This is a favourable movement of **£241,000** since the Quarter 2 report due to a reduction in planned recruitment and a request for Covid Equalisation reserve funding to mitigate income pressures in Libraries. This position is partly offset by an adverse movement in Registrations where the funding anticipated from the final Income Loss Guarantee Scheme claim was lower than previously estimated.

iii. Approval is sought in this report for the following:
- **£360,000** from the Covid Equalisation Reserve to offset Libraries income pressures related to the pandemic.

5.4 Devolution, the Arts, Heritage and Culture - £190,000 (4.2%) over spend

i. There is a **£190,000** forecast over spend, and an adverse movement of **£182,000** since Quarter 2.

ii. The key driver of the over spend position is the additional security costs being incurred at one of the traveller sites to ensure the safety of both residents and ECC staff, coupled with higher than budgeted utility costs across a further four sites, totalling **£123,000**. A future strategy paper for Gypsys and Travellers is currently in progress and will be coming forward shortly. A further **£90,000** is due to the service redesign, across Leisure,

Heritage and Culture, becoming operational from 1 September where savings were budgeted to be achieved from the 1 April 2021.

iii. Approval is sought in this report for the following:
- Vire **£439,000** within the portfolio to realign the staffing budgets following the Organisational Redesign that has been undertaken within Culture & Green Space.

5.5 Economic Renewal, Infrastructure and Planning - £26,000 (0.1%) under spend

i. There is a small under spend forecast of **£26,000,** which represents a favourable movement of **£109,000** since Quarter 2. Within this position the portfolio has continued to provide support for businesses throughout the pandemic by distributing Covid-19 specific grant funding and prioritising budgets to support economic recovery activity.

ii. The favourable movement of **£109,000** is a result of two elements. The first is due to the transfer of a saving to the Highways Maintenance and Sustainable Transport portfolio where it will be delivered. The second element is a result of successful mitigation of previously reported pressures in relation to retrospective pay increases.

iii. Before adjustments there is an underlying over spend resulting from a technical accounting treatment, previously reported to Cabinet, which does not result in a real cash impact to ECC. We must treat the accumulated capital expenditure on Essex Housing projects as abortive. The developments will be completed by Essex Housing Development LLP. The Council will transfer the housing development sites to the LLP during 2021/22 at a price that reflects the current market value of the sites and includes the pre-construction costs being treated as abortive by the Council. The Council's reserves will therefore be replenished via the sales proceeds agreed for these sites, ensuring that the Council remains in a cost neutral position overall as a result of transferring its housing development activity to the LLP. Formal approval will be sought as part of the Provisional Outturn report to Cabinet once the true cost is known.

5.6 Education Excellence, Life Long Learning and Employability (Dedicated Schools Grant) - £1.6m under spend

i. The High Needs Block (HNB) increased by **£18.2m** for 2021/22. The HNB is forecasting a **£5.3m** in-year under spend, this will leave a **£600,000** deficit balance overall. This is a favourable movement of **£1.3m** since Quarter 2 due to:

- A reduction in places in Independent Schools due to unexpected leavers **(£649,000),** fewer Post 16 Further Education learners than forecast **(£356,000)** and a reduction in special school residential top-up funding due to a delay in expansion of residential provision **(£239,000)**

- A reduction in the costs of educating excluded pupils **(£268,000)**
- Staff vacancies across the service **(£119,000)**
- A favourable movement in the import / export adjustment which increases funding **(£106,000)**
- Partly offset by a continued increase in demand for Education, Health and Care Plans (EHCP) in mainstream schools and academies **(£463,000)**

ii. The Central School Services Block (CSSB) is forecasting a **£3.8m** over spend, which is an adverse movement of £1m since Quarter 2. This is due to a planned increase in the historic commitments revenue contribution to the High Needs and Pupil Referral Unit capital project and so reduces the opening surplus balance. The block is forecast to close with a deficit a forecast balance which is due to a reduction in funding from the DfE for ongoing responsibilities. A review is underway to make this block sustainable in 2022/23.

iii. The Schools Block is forecasting a **£66,000** over spend, which is an adverse movement of **£341,000** since Quarter 2 due to a reduction in funding which is being investigated as there have been no academy conversions.

5.7 Education Excellence, Life Long Learning and Employability (Non-DSG) - £149,000 (0.6%) over spend

i. This is a favourable movement of **£63,000** since Quarter 2 due to an anticipated reduction in commitments within the Skills Strategy.

ii. Approval is sought in this report for:
- **£253,000** from the Covid Equalisation Reserve due to pressures from a reduced number of school attendance and absence penalty notices issued
- **£130,000** from the Covid Equalisation Reserve due to reduced ACL tuition fees
- **£38,000** from the Bursary for Trainee Carers Reserve to Adult Community Learning (ACL) in respect of the Nightingale project.

5.8 Finance, Resources and Corporate Affairs - £866,000 (7.8%) under spend

i. The portfolio is reporting an under spend of **£866,000**. This is a favourable movement from Quarter 2 of **£858,000**.

ii. The movement is due to a **£858,000** under spend against the centralised pay pot as it is no longer expected to be required.

iii. The underlying position reflects a change to forecasts on commercial property where, to be prudent, expected tenancy voids are being allowed for. There is however a **£40,000** opportunity flagged in this area which could mitigate this over spend.

iv. Approval is sought in this report for the following:
   - **£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.
   - Vire **£42,000** to the Finance, Resources and Corporate Affairs RSSS portfolio in order to correct staff pay inflation within the Pension service.

5.9 Highways Maintenance and Sustainable Transport - £513,000 (0.5%) under spend

i. The forecast under spend of **£513,000** and favourable movement from Quarter 2 of **£364,000** are mainly as a result of in-year vacancies in addition to a net under spend within Passenger Transport following a re-negotiated Concessionary Fares fixed pot, based upon a continued downward trajectory in passenger numbers.

ii. Approval is sought in this report for the following:
   - Vire **£239,000** within the portfolio to align with staffing movement from Essex Highways to Essex Highways Commissioning
   - **£1.9m** to the Carry Forward Reserve to enable purchase of fleet in 2022/23.

5.10 Leader - £5,000 (0.2%) under spend

i. The portfolio reports an immaterial under spend of **£5,000**. This is an adverse movement of **£19,000** since Quarter 2 due to the transfer of under spends to Leader RSSS to support a carry forward request.

ii. Approval is sought in this report for the following:
   - Vire **£20,000** from the Leader RSSS portfolio to realign under spends to support a carry forward request for Communications and Marketing.

5.11 Waste Reduction and Recycling - £83,000 (0.1%) over spend

i. The portfolio reports an over spend of **£83,000** and an adverse movement of **£11,000** since Quarter 2.

ii. This forecast pressure is attributable to the non delivery of prior year's savings which are in the baseline of the 2021/22 budget. Previously, mitigations have been found for this saving from one off in year initiatives such as project or grant funding. The service will need to identify a mitigation in the current financial year.

5.12 Other Operating Costs – £53,000 (0.1%) over spend

i. There is a small over spend of **£53,000** reported with an adverse movement from Quarter 2 of **£50,000**.

ii. This is due to reflecting decreased interest receivable from loans to Essex Housing LLP where there have been delays to the start-up of the organisation.

iii. It should be noted that within the position there is a high level of risk and opportunity. There is further opportunity in the interest payable budgets as well as either risk or opportunity of uncertain amount within the Insurance Cost Recovery Account (ICRA). In particular, ICRA is likely to create a year-end swing for the organisation when the level of claims against ECC in year and the future provision needed are assessed by the actuary in March 2022. Until that point, ICRA can only be reported as online.

iv. Approval is sought in this report for the following:
- **£1.5m** to the Reserve for Future Capital Funding in relation to interest rate risk: interest rates have risen in December and there is a high risk of further rate rises with consequent impact on PWLB rates; this will provide some resilience to in year increased borrowing costs.
- **£837,000** to the Carry Forward Reserve to support the following in 2022/23:
  - **£407,000** Procurement staffing: to provide short term capacity for peak workloads over next 18 months due to increased liquidity and market activity across all categories
  - **£150,000** Procurement due to the number of known stresses around social care market shaping and management
  - **£150,000** review of Transactional Services to identify opportunities for increased productivity and savings
  - **£80,000** Pressure created by the inflationary increase in Levies to third parties
  - **£50,000** minor movement against baseline 2022/23 ECL dividend saving.

5.13 Community, Equality, Partnerships and Performance Recharged Strategic Support Services - £17,000 (0.1%) over spend

i. There is an immaterial forecast over spend of **£17,000.**

ii. This is an adverse movement of **£80,000** since the Quarter 2 report, which can be attributed to slippage in recruitment in Performance, Business Intelligence, Planning and Partnerships, offset by reduced staff recharge income in Legal Services. There are other small movements across the portfolio.

iii. Approval is sought in this report for the following:
- **£1.794m** from the Covid Equalisation Reserve to be drawn down into 2022/23 relating to the Transformation Delivery Resourcing CMA, FP/880/11/20, previously approved but not drawn down within the approved timescale
- **£479,000** returned to the Covid Equalisation Reserve, due to an improved income position within Essex Outdoors

- **£70,000** to the Carry Forward Reserve to fund the extension of an Intelligence Manager role for data development for 2022/23 – particularly essential as we move forward onto a new data storage and reporting solution and to help us deliver against the data strategy
- Vire **£65,000** from the Leader RSSS portfolio to realign under spends to support the carry forward request for Communications and Marketing.

5.14 Economic Renewal, Infrastructure and Planning Recharged Strategic Support Services - £3,000 (0.3%) under spend

i. There is an immaterial forecast under spend of **£3,000** and small favourable movement from Quarter 2 of **£1,000**.

5.15 Finance, Resources and Corporate Affairs Recharged Strategic Support Services - £103,000 (0.1%) under spend

i. The portfolio reports an under spend of **£103,000** and a favourable movement from Quarter 2 of **£102,000**

ii. This is due to staffing under spends in Information Services and Procurement and also to increased income being received by Procurement for collaborative work with districts.

iii. Approval is sought in this report for the following:
- **£1.2m** to the Carry Forward Reserve to support the following in 2022/23:
    - **£642,000** for interim staffing and training across the Portfolio
    - **£228,000** Rental Costs at Rowan House due to delays with the move
    - **£200,000** Reprofile 'Beyond Corporate Systems Programme' funds - Financial Services Review
    - **£130,000** Partial mitigation of known pressures in the People and Transformation 2022/23 budget; an 'at risk' saving and Management Team staffing costs
    - **£41,000** Digital Inclusion

- **£992,000** to the Technology and Digitisation Reserve for use in 2022/23 to support: future Technology projects **(£568,000)**, Azure **(£300,000),** Print savings **(£100,000)** and Project staffing **(£24,000)**
- **£293,000** from the Transformation Reserve to be drawn down in 2022/23 relating to the delivery of the Workforce Strategy CMA FP/271/10/18 approved but not drawn down within the approved timescale
- **£209,000** from the Quadrennial Elections Reserve relating to costs of the May 2021 elections
- Vire **£76,000** within the portfolio from Executive Director to Procurement in order to support interim staffing working on service change projects

- **£16,000** from the Covid Equalisation Reserve to cover additional staff within the HR Service Centre due to the pandemic
- Vire **£42,000** from the Finance, Resources and Corporate Affairs portfolio in order to correct Staff pay inflation within the Pension service
- **£5,000** from the Everyone's Essex Reserve relating to a contribution to Harwich Kindertransport.

5.16 Leader Recharged Support Services - £56,000 (2.9%) over spend

i. The portfolio reports a forecast over spend of **£56,000** due to a Communications and Customer Relations staffing pressure.

ii. This is an adverse movement of **£32,000** since the Quarter 2 due to increased promotions and publications activity.

iii. Approval is sought in this report for the following:
- **£127,000** from the Covid Equalisation Reserve due to costs within Communications and Marketing of publications and promotions relating to Covid-19
- **£85,000** to the Carry Forward Reserve to extend a Communications and Marketing Manager post supporting Adults and Children teams
- Vire **£85,000** 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.

6. Trading Activities

6.1 Trading activities as a whole are reporting a surplus of **£312,000** against the budgeted surplus of **£304,000**.

6.2 Place Services is reporting an achievement of target of **£300,000;** this amount is planned to be appropriated to reserves.

6.3 Music Services is reporting an over achievement of target of **£8,000;** of this **£4,000** is planned to be appropriated to reserves. The service forecasts an under spend of **£8,000**.

6.4 These forecast positions will leave a net residual surplus in reserves of **£1.3m**, of which **£1.1m** relates to Place Services.

6.5 **Appendix B** shows the position by each Trading Activity.

7. Capital

7.1 An under spend of **£58.9m** (20%) is forecast against the latest capital budget of **£295.4m**. After taking account of budget change requests in this report there is a residual over spend of **£205,000**.

7.2 Approval is sought for:

i. Slippage of **£56.8m**
ii. Budget additions of **£7.6m**
iii. Budget reductions of **£10.1m**
iv. Advanced works of **£226,000**

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

7.4 **Adult Social Care and Health – £716,000 under spend**

i. Approval is sought to reprofile £716,000 in future years - this relates to Independent Living due to delays in the planning process.

7.5 **Children's Service and Early Years – £644,000 over spend**

i. Approval is sought to reprofile **£230,000** into future years driven by the Great Chesterfield Project with delays in the funding agreement with the Parish Council

ii. Approval is sought to add **£1m** into the programme to reflect the reassignment of part of the Runwell Hospital scheme for the Early Years portion that previously sat in the Education Excellence, Lifelong Learning and Employability portfolio. An offsetting reduction is sought in the Education Excellence, Lifelong Learning and Employability portfolio.

iii. Approval is sought to reduce **£171,000** of the programme mainly due to Rum Tum Tugger nursery project that will not go ahead due to a costly sprinkler system.

7.6 **Deputy Leader & Community, Equity, Partnerships and Performance – on line**

i. There is no variance to budget

7.7 **Devolution, the Arts, Heritage and Culture – £10,000 under spend**

i. There is an immaterial £10,000 variance to budget

7.8 **Economic Renewal, Infrastructure and Planning - £44.5m under spend**

i. Approval is sought to reprofile **£41.4m** into future years. The drivers of the slippage are the following:

- Highways Major Schemes slipping **£16.5m**, mainly due to Active Travel (£6.7m) which requires redesign/rework leading to the project not being delivered as anticipated, A127 Fairglen (£4.6m) as there are on-going land enquiry negotiations, A127 Autonomous (£1.8m) where the construction start date has slipped following project options being expanded from the original scope and the Army & Navy (£1.1m) where delays in design and option decisions are impacting on delivery commencement.
- Housing Infrastructure Fund slipping **£8.1m**, mainly due to the A133-A120 Link Road (£5m) as a result of increased delivery time and funding required - there are a matrix of decisions to be made pushing out the construction start date. Also the Colchester Rapid Transit System (£2.3m), with the Section A construction start date now being scheduled for the end of the financial year due to delays in determining the planning conditions.
- Economic Growth slipping **£6.9m**, due mainly to Colchester Grow on Space (£2.2m) into 2022/23, in line with the revised spending plan and Jaywick Market and Commercial (£1.7m), where a request to extend the Getting Building Fund funding has been agreed to the end of September 2022 following delays relating to revised scheme design and consequently achieving planning permission.
- Localities slipping **£5m** due to the delays in getting approval from HM Treasury and Places for People, which means there won't be sufficient time for the project to go into delivery mode before the end of the 2021/22 financial year for the Harlow Development Fund.
- Superfast Essex Broadband Programme slipping **£4.4m** relating to Phase 3 of Essex Broadband due to delays in achieving the triggers for milestone payments regarding Phases 3.1 and 3.2 and Phase 2. This ensures that ECC only pays when contractual requirements have been delivered by providers.

ii. Approval is sought for additions of **£3.5m** to the programme. £1.7m of this relates to Essex Housing Development LLP where funding is required for Essex County Hospital, Purford, and Hargraves developments. These are to be funded from borrowing and are expected to deliver a financial return to the Council. Also A127 Air Quality (£934,000) for works relating to grant funding that has been secured, with delivery expected as soon as possible.

iii. Approval is sought to reduce **£6.6m** from the programme, which is mainly attributable to Essex County Hospital due to its imminent move from the ECC capital programme to Essex Housing Development LLP.

7.9 **Education Excellence, Life Long Learning and Employability - £11.5m under spend**

i. Approval is sought to reprofile **£11.9m** into future years due to slippage for the following:

- Slippage (£2.9m) Temporary Accommodation mainly in relation to Copford Primary School (£1.3m) and Great Bardfield Primary School (£1.2m) to reflect the anticipated completion timelines of the projects.
- Slippage (£2.5m) Special Schools mainly in relation to Wickford Pupil Referral Unit (£900,000) where contingency funds that are not required in this financial year will be used to help fund cost pressures in 2022/23 on this scheme, Southview (£400,000) due to work being delayed as a result of ongoing asbestos in the grounds and Fairview Pupil Referral Unit (£250,000) to 2023/24 due to planning issues where work is now not expected to start on site until July 2022.
- Slippage (£1.9m) on Harlowbury Primary as this project has not yet progressed due to land transfer issues; this is now expected to start on site March 2022 at the earliest.
- Slippage (£1.1m) on Rochford Primary Basic Need relating to issues with Barling Magna where there are cost escalations. As a consequence, an addition of (£402,000) from under spends within the capital programme is required, which will also be slipped to 2022/23.
- Slippage (£1.1m) Tendring Secondary Basic Need in relation to Clacton County High School, where access to the site has been delayed due to Tendring District Council and PFI related works being carried out.
- Slippage (£1m) Chelmsford Primary Basic Need mainly in relation to Trinity Road Primary School due to delays in the planning approval and agreement. Phase 1 works are due to commence in January 2022 and will take 3 months. Phase 2 and 3 works are not due to commence until April / May 2022.

ii. Approval is sought to reduce a net **£22,000** to the programme mostly relating to reallocating budget within the portfolio. The main additions of £440,000 relates to Schools Capitalised Building Maintenance for Salix Schools Windows following a cost estimate from Mitie, and £402,000 relating cost escalation with Barling Magna School. This offset by the reduction of £798,000 for Runwell Hospital where the Early Years element has now been included in the Children's Service and Early Years portfolio, therefore this reduction has a net nil impact on the capital programme.

iii. Approval is sought to advance **£222,000,** relating to a variety of works across Basic Needs and Special Schools

7.10 **Finance, Resources and Corporate Affairs – £553,000 under spend**

i. Approval is sought to reduce a net **£441,000,** in order to return funding to the programme, as it is no longer needed, mainly in relation to the Core Estate Window project.

7.11 **Highways Maintenance and Sustainable Transport - £2.2m under spend**

i. Approval is sought to reprofile **£2.4m** into future years mainly relating to Road Maintenance (£908,000) to cover Fleet purchases that have been

ordered but for which delivery has been delayed until 2022/23, which has not had an impact on service delivery. In addition, slippage of £300,000 for Local Highways Panels (LHP) additional funding received of £2.4m which is unable to be fully commissioned due to insufficient schemes reaching full agreement and the ability to be able to deliver in this financial year. It is anticipated that circa 90% of the current LHP budget will be fully spent this year which is in line with previous trends. This does not impact the 3 year programme of delivery.

ii. Approval is sought to add a net **£93,000** to the programme relating to Section 106 to cover expenditure on various schemes

7.12 **Leader - £222,000 under spend**

i. Approval is sought to reduce **£50,000** from the programme relating to Energy Efficiency Lighting funds no longer required

ii. Approval is sought to reprofile **£107,000** into future years mainly relating to Local Energy Communities Interreg 2 Seas (LECSEA) in to 2022/23, as a 6 month extension that has been agreed as a result of Covid-19.

7.13 **Waste Reduction and Recycling - £124,000 over spend**

i. Approval is sought to add **£124,000** to the programme relating to waste and recycling, due to the purchase of fleet as a result of in-housing the recycling centre service

7.14 **Controlled Elsewhere – on line**

i. There is no variance to budget

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

8. Policy context and Outcomes Framework

This report is an assessment of the financial position of the County Council against the budget. The budget and organisation plan were approved in parallel in February 2021, although they were set against the former organisation strategy.

9. Reserves

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

9.2 Approvals totalling **£10.3m** are sought in this report to appropriate to the Carry Forward Reserve to support the 2022/23 budget and specific risks. This should be seen in the context of a gross budget of £2,168m. The breakdown of what this relates to specifically can be found in sections 5.1.ix, 5.2.iv, 5.12.iv, 5.13.iii, 5.15.iii and 5.16.iii.

9.3 To create a new **Children's Risk Reserve**. **Purpose:** to set aside resources to help manage price and demand pressures that may arise from the changing landscape of Children's services.

9.4 To rename the Technology Solutions Reserve to the **Technology and Digitisation Reserve. Revised purpose:** to set aside resources to meet the future cost of replacing key council technology systems and the digitisation of public services.

10. Financial Implications

Finance and Resources Implications (Section 151 Officer)

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

11. Legal Implications

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

12. Equality and Diversity implications

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

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

12.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

12.3 The equality implications are assessed as part of budget setting process and as part of individual schemes.

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

13. List of Appendices

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

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

14. List of Background Papers

Budgetary control reports.

Appendix A

2021/22 Revenue

Portfolio	Latest Budget £000	Q3 Forecast Variance £000	% of Latest Budget	Half Year Forecast Variance £000	Movement £000	Direction of Travel
Adult Social Care and Health	453,414	(2,080)	(0.5%)	(3,712)	1,632	↓
Children's Services and Early Years DSG	(401)	9	(2.3%)	(372)	381	↓
Children's Services and Early Years NON DSG	139,446	(724)	(0.5%)	(133)	(591)	↑
Community, Equality, Partnerships and Performance	27,130	(198)	(0.7%)	44	(241)	↑
Devolution, the Arts, Heritage and Culture	4,570	190	4.2%	8	182	↓
Economic Renewal, Infrastructure and Planning	17,976	(26)	(0.1%)	83	(109)	↑
Education Excellence, Life Long Learning and Employability DSG	(2,541)	(1,557)	61.3%	(1,508)	(49)	↑
Education Excellence, Life Long Learning and Employability NON DSG	23,266	149	0.6%	212	(63)	↑
Finance, Resources and Corporate Affairs	11,127	(866)	(7.8%)	(8)	(858)	↑
Highways Maintenance and Sustainable Transport	113,624	(513)	(0.5%)	(149)	(364)	↑
Leader	2,915	(5)	(0.2%)	(24)	19	↓
Waste Reduction and Recycling	81,856	83	0.1%	72	11	↓
Other Operating Costs	52,028	53	0.1%	3	50	↓
Community, Equality, Partnerships and Performance RSSS	19,651	17	0.1%	(63)	80	↓
Economic Renewal, Infrastructure and Planning RSSS	1,067	(3)	(0.3%)	(2)	(1)	↑
Finance, Resources and Corporate Affairs RSSS	90,821	(103)	(0.1%)	(1)	(102)	↑
Leader RSSS	1,970	56	2.9%	24	32	↓
Total	**1,037,921**	**(5,519)**	**(0.5%)**	**(5,527)**	**9**	
DSG Offset	(2,942)	(1,548)	52.6%	(1,880)	332	
Total Excluding DSG	**1,040,863**	**(3,971)**	**(0.4%)**	**(3,647)**	**(323)**	
Funding		(1,877)		(209)	(1,668)	
Revised Total	**1,040,863**	**(5,848)**	**(0.6%)**	**(3,856)**	**(1,991)**	

Appendix B

2021/22 Traded Services

Traded Services	Revenue reserve 1 April 2021	Budget Income	Budget Expenditure	Budget (Surplus) /Deficit	Forecast Income	Forecast Expenditure	Forecast (Surplus) / deficit	Appropriations To County Revenue Account	Appropriations To Trading Activity reserve	Final Outturn position	Revenue reserve 31 March 2022
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Place Services	(1,113)	(3,192)	2,892	(300)	(3,528)	3,228	(300)	(300)	-	-	(1,113)
Music Services Traded	(228)	(3,889)	3,889	-	(3,807)	3,795	(12)	(4)	-	(8)	(228)
Total	**(1,341)**	**(7,081)**	**6,781**	**(300)**	**(7,335)**	**7,023**	**(312)**	**(304)**	**-**	**(8)**	**(1,341)**

Appendix C (i)

2021/22 Capital

	Year to date			Budget Movement		Full Year		
	Budget	Actuals	Variance	Original Budget	In year approved changes	Revised Budget	Outturn	Variance
	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care and Health	545	0	(545)	1,160	208	1,368	652	(716)
Children's Services and Early Years	1,930	1,371	(559)	2,235	468	2,703	3,347	644
Deputy Leader & Community, Equality, Partnerships and Performance	354	376	22	500	54	554	554	(0)
Devolution, the Arts, Heritage and Culture	188	74	(114)	70	177	247	237	(10)
Economic Renewal, Infrastructure and Planning	67,180	46,718	(20,463)	136,622	(2,473)	134,149	89,623	(44,526)
Education Excellence, Life Long Learning and Employability	37,744	30,619	(7,125)	62,374	(3,597)	58,777	47,253	(11,524)
Finance, Resources and Corporate Affairs	5,922	2,665	(3,257)	5,813	3,311	9,124	8,571	(553)
Highways Maintenance and Sustainable Transport	55,338	56,571	1,234	80,903	6,398	87,302	85,147	(2,155)
Leader	525	933	408	662	512	1,174	952	(222)
Waste Reduction and Recycling	-	-	-	-	-	-	124	124
ECC Capital Programme	**169,726**	**139,326**	**(30,399)**	**290,341**	**5,057**	**295,398**	**236,460**	**(58,938)**

Financed by:

	Budget Movement		Full Year		
	Original Budget	In year approved changes	Revised Budget	Outturn	Variance
ECC Capital Programme	£000	£000	£000	£000	£000
Grants	151,504	8,423	159,927	132,158	(27,769)
Reserves	2,900	4,100	7,000	7,000	-
Developer & Other contributions	16,028	21	16,049	13,104	(2,945)
Capital receipts	5,000	(3,700)	1,300	1,300	-
Unsupported borrowing	114,543	(4,087)	110,456	82,232	(28,224)
ECC Capital Programme	**289,975**	**4,757**	**294,732**	**235,794**	**(58,938)**
Grants	366	300	666	666	-
Unsupported borrowing	-	-	-	-	
School Balances	**366**	**300**	**666**	**666**	**-**
Total ECC & Schools Capital Funding	**290,341**	**5,057**	**295,398**	**236,460**	**(58,938)**

Appendix C(ii)

2021/22 Capital Variance Plan

Portfolio	Approved changes					Variance Plan					
	Slippage	Additions	Reductions	Advanced Works	Approved changes	Slippage	Additions	Reductions	Advanced Works	Residual Variance	Total Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care and Health	8	200	-	-	208	(716)	-	-	-	0	(716)
Children's Services and Early Years	501	216	(216)	(33)	468	(230)	1,045	(171)	-	(0)	644
Deputy Leader & Community, Equality, Partnerships and Performance	54	-	-	-	54	-	-	-	-	(0)	(0)
Devolution, Art, Heritage and Culture	177	-	-	-	177	-	-	(10)	-	(0)	(10)
Economic Renewal, Infrastructure and Planning	(2,914)	13,994	(16,830)	3,277	(2,473)	(41,419)	3,499	(6,597)	4	(12)	(44,526)
Education Excellence, Life Long Learning and Employability	(5,997)	14,270	(10,126)	(1,744)	(3,597)	(11,938)	1,878	(1,900)	222	214	(11,524)
Finance, Resources and Corporate Affairs	44	4,507	(1,158)	(194)	3,199	-	332	(773)	-	(112)	(553)
Highways Maintenance and Sustainable Transport	(497)	78,859	(73,470)	1,506	6,398	(2,363)	713	(620)	-	116	(2,155)
Leader	997	-	(485)	-	512	(172)	-	(50)	-	0	(222)
Waste Reduction and Recycling	-	-	-	-	-	-	124	-	-	-	124
ECC Capital Programme	**(7,628)**	**112,047**	**(102,286)**	**2,811**	**4,945**	**(56,838)**	**7,590**	**(10,121)**	**226**	**205**	**(58,938)**
Schools Cash Balance	-	-	-	-	-	-	-	-	-	-	-
Devolved Formula Capital	-	-	-	-	-	-	-	-	-	-	-
Total Capital Programme	**(7,628)**	**112,047**	**(102,286)**	**2,811**	**4,945**	**(56,838)**	**7,590**	**(10,121)**	**226**	**205**	**(58,938)**

Appendix C(ii) cont'd

Portfolio & Scheme	Slippage £000	Additions £000	Reductions £000	Advanced Works £000	2021/22 Changes Requested
BRIDGEMARSH	(200)	-	-	-	(200)
INDEPENDENT LIVING ADULTS WITH COMPLEX NEEDS	(100)	-	-	-	(100)
INDEPENDENT LIVING OLDER PEOPLE NINEFIELDS WALTHAM	(416)	-	-	-	(416)
Adult Social Care and Health	**(716)**	**-**	**-**	**-**	**(716)**
EARLY YEARS	(153)	1,045	(171)	-	721
ADAPTATIONS	(77)	-	-	-	(77)
Children's Services and Early Years	**(230)**	**1,045**	**(171)**	**-**	**644**
COUNTRY PARKS	-	-	(10)	-	(10)
Devolution, Art, Heritage and Culture	**-**	**-**	**(10)**	**-**	**(10)**
A133-A120 LINK HIF	(5,029)	-	-	-	(5,029)
CHELMSFORD NORTH EASTERN BYPASS	(829)	-	-	-	(829)
COLCHESTER RAPID TRANSIT SYSTEM (HIF)	(2,250)	-	-	-	(2,250)
ADVANCED SCHEME DESIGN	(367)	-	(273)	-	(640)
A120 MILLENNIUM WAY SLIPS	(46)	-	-	-	(46)
A127 AIR QUALITY (AQMP)	-	934	-	-	934
A127 AUTONOMOUS AND CONNECTED HIGHWAY FOR SOUTH	(1,800)	-	-	-	(1,800)
A127 FAIRGLEN INTERCHANGE	(4,550)	-	-	-	(4,550)
ACTIVE TRAVEL	(6,723)	-	(224)	-	(6,947)
ARMY AND NAVY RAB, CHELMSFORD	(1,159)	-	-	-	(1,159)
BASILDON INTEGRATED TRANSPORT PACKAGE	(60)	-	-	-	(60)
CHELMSFORD GROWTH AREA	(300)	587	-	-	287
CYCLING INFRASTRUCTURE	(503)	-	-	-	(503)
M11 JUNCTION 8	(1,000)	-	-	-	(1,000)
OTHER HIGHWAYS MAJOR SCHEMES	-	-	-	4	4
BDUK ESSEX SUPERFAST PROGRAMME PHASE 3	(1,061)	-	-	-	(1,061)
BDUK ESSEX SUPERFAST PROGRAMME PHASE 4	(3,294)	-	-	-	(3,294)
COLCHESTER GROW ON SPACE	(2,227)	-	-	-	(2,227)
ESSEX UNIVERSITY PARKSIDE PHASE 3	(1,000)	-	-	-	(1,000)
ESSEX PEDAL POWER (TENDRING)	(1,400)	-	-	-	(1,400)
Jaywick Market & Commercial	(1,682)	-	-	-	(1,682)
LAINDON PLACE, BASILDON	(395)	-	-	-	(395)
LOCAL SPACE CLUSTER WAERHOUSE LANE	(186)	-	-	-	(186)
MOULSHAM LODGE	(33)	-	-	-	(33)
ESSEX HOUSING PROGRAMME	(35)	270	(443)	-	(208)
ESSEX COUNTY HOSPITAL	-	-	(4,935)	-	(4,935)
LOUGHTON LIBRARY	(97)	-	-	-	(97)
LEXDEN SPRINGS ILOP	(40)	-	-	-	(40)
SHENFIELD LIBRARY	(61)	-	-	-	(61)
PRIMROSE MEADOW ILOP	(229)	-	-	-	(229)
WESTFIELD	(18)	-	-	-	(18)
EH LLP LOAN FRIARY	-	-	(304)	-	(304)
EH LLP LOAN ECH	-	1,366	-	-	1,366
EH LLP LOAN ROCHEWAY	-	-	(43)	-	(43)
EH LLP LOAN SHERNBROKE	-	-	(228)	-	(228)
EH LLP LOAN ST PETERS	-	3	-	-	3
EH LLP LOAN PURFORD	-	314	-	-	314
EH LLP LOAN HARLOWBURY	-	-	(45)	-	(45)
EH LLP LOAN PRIMROSE MEADOW	-	-	(102)	-	(102)
EH LLP LOAN HARGRAVE	-	25	-	-	25
HARLOW DEVELOPMENT FUND	(5,000)	-	-	-	(5,000)
HARLOW LIBRARY GBF	(43)	-	-	-	(43)
Economic Renewal, Infrastructure and Planning	**(41,417)**	**3,499**	**(6,597)**	**4**	**(44,511)**

Appendix C(iii) cont'd

Portfolio & Scheme	Slippage £000	Additions £000	Reductions £000	Advanced Works £000	2021/22 Changes Requested
SCHOOLS CAPITALISED BUILDING MAINTENANCE	-	440	(135)	-	305
BASILDON PRIMARY BASIC NEED	(200)	-	(798)	-	(998)
HARLOW PRIMARY BASIC NEED	(1,897)	431	-	-	(1,466)
EPPING FOREST PRIMARY BASIC NEED	(97)	75	(75)	-	(97)
EPPING FOREST SECONDARY BASIC NEED	(157)	-	-	-	(157)
COLCHESTER PRIMARY BASIC NEED	(254)	-	(9)	-	(263)
COLCHESTER SECONDARY BASIC NEED	(90)	-	-	-	(90)
ROCHFORD PRIMARY BASIC NEED	(1,128)	402	(243)	-	(969)
BRAINTREE SECONDARY BASIC NEED	(300)	-	-	-	(300)
MALDON PRIMARY BASIC NEED	-	-	-	25	25
MALDON SECONDARY BASIC NEED	(79)	-	-	123	44
TENDRING PRIMARY BASIC NEED	-	68	(90)	-	(22)
TENDRING SECONDARY BASIC NEED	(1,153)	-	-	-	(1,153)
UTTLESFORD SECONDARY BASIC NEED	-	-	(40)	-	(40)
UTTLESFORD PRIMARY BASIC NEED	(292)	95	(29)	-	(226)
BRENTWOOD PRIMARY BASIC NEED	(26)	-	-	-	(26)
CHELMSFORD PRIMARY BASIC NEED	(919)	8	-	-	(911)
SCHOOLS FEASIBILITIES	-	310	-	-	310
SPECIAL SCHOOLS	(2,458)	-	(74)	74	(2,458)
TEMPORARY ACCOMMODATION	(2,889)	50	(407)	-	(3,246)
Education Excellence, Life Long Learning and Employability	**(11,939)**	**1,879**	**(1,900)**	**222**	**(11,738)**
SALIX GRANT CORE ESTATE WINDOW	-	-	(773)	-	(773)
CAPITALISED BUILDING MAINTENANCE	-	332	-	-	332
Finance, Resources and Corporate Affairs	**-**	**332**	**(773)**	**-**	**(441)**
BRIDGES	(300)	-	-	-	(300)
BUS LANE CAMERA ENFORCEMENT	(100)	-	-	-	(100)
BUS & PASSENGER TRANSPORT INFRASTRUCTURE	(250)	-	(120)	-	(370)
LOCAL HIGHWAYS PANELS	(300)	-	-	-	(300)
PASSENGER TRANSPORT	(100)	-	-	-	(100)
ROAD MAINTENANCE	(908)	-	(500)	-	(1,408)
SECTION 106	-	213	-	-	213
STREET LIGHTING REPLACEMENT	-	500	-	-	500
SURFACE WATER ALLEVIATION	(255)	-	-	-	(255)
TRAFFIC SIGNAL REFURBISHMENT	(150)	-	-	-	(150)
Highways Maintenance and Sustainable Transport	**(2,363)**	**713**	**(620)**	**-**	**(2,270)**
ENERGY EFFICIENCY LIGHTING PH2	-	-	(11)	-	(11)
ENERGY EFFICIENCY LIGHTING PH3	(65)	-	(39)	-	(104)
LECSEA	(107)	-	-	-	(107)
Leader	**(172)**	**-**	**(50)**	**-**	**(222)**
WASTE & RECYCLING	-	124	-	-	124
Waste Reduction and Recycling	**-**	**124**	**-**	**-**	**124**
ECC Capital Programme	**(56,838)**	**7,590**	**(10,121)**	**226**	**(59,143)**

Appendix D

2021/22 Reserves

		2021/22 movements			
	Balance at 1 April 2021 £000	(Contributions)/ Withdrawals agreed £000	Adjustments proposed in quarterly report £000	Future commitments £000	Estimated Closing balance £000
Long Term Contractual Commitment					
PFI Reserves					
A130 PFI	(36,448)	9,255		-	(27,193)
Building Schools for the Future PFI	(823)	(286)		(159)	(1,268)
Debden School PFI	(964)	123		(513)	(1,354)
Clacton Secondary Schools' PFI	(740)	528		(104)	(316)
Waste Reserve	(116,850)	6,494		1,279	(109,077)
Grant Equalisation Reserve	(50,409)	13,335		23,419	(13,655)
Trading Activities (not available for use)	(1,341)	304		(304)	(1,341)
Partnerships and Third Party (not available for use)	(1,764)	-		-	(1,764)
Schools (not available for use)	(43,601)	-		-	(43,601)
General Balance	(68,096)	-	-	-	(68,096)
Reserves earmarked for future use					
Adults Digital Programme	(1,288)	1,260		28	0
Adults Risk	-	(10,089)		-	(10,089)
Adults Transformation	(3,500)	(2,500)	(2,000)	(87)	(8,087)
Ambition Fund	(16,578)	13,215	(18)	3,031	(350)
Bursary for Trainee Carers	(500)	65	38	-	(397)
Capital Receipts Pump Priming	(4,204)	-		500	(3,704)
Carbon Reduction	(1,096)	114		-	(982)
Carry Forward	(21,273)	19,348	(7,283)	(2,325)	(11,533)
Childrens Risk ***(set up requested in this report)***	-	-	-	-	-
Childrens Transformation	(1,314)	(5,406)		-	(6,720)
Collection Fund Risk	(4,029)	(2,132)	(853)	-	(7,014)
Commercial Investment in Essex Places	(12,583)	(1,075)		-	(13,658)
Community Initiatives Fund	(401)	(257)		350	(308)
Covid Equalisation	(37,496)	(17,747)	724	30,152	(24,367)
EES Pension Risk	(4,000)	-		-	(4,000)
Emergency	(12,564)	(4,000)		4,000	(12,564)
Emergency Planning	(300)	-		-	(300)
Equalities Fund	-	(261)		-	(261)
Essex Climate Change Commission	(5,000)	422		1,378	(3,200)
Essex Crime and Police	(73)	-		-	(73)
Everyones Essex	-	(45,000)	5	649	(44,346)
Future Capital Funding	(9,847)	(2,989)	(1,500)	3,074	(11,262)
Health and Safety	(2,812)	(1,790)		-	(4,602)
Insurance	(7,498)	1,238		-	(6,260)
Newton	(122)	-		-	(122)
Property Fund	(977)	(326)		-	(1,303)
Quadrennial Elections	(925)	(459)	209	300	(875)
Renewal Fund	(27,900)	25,650		-	(2,250)
Social Distancing & Hygiene	(900)	-		-	(900)
Technology & Digitisation ***(Rename requested in this report)***	(8,749)	1,135	(992)	4,736	(3,870)
Transformation	(54,686)	4,899		7,521	(42,266)

Appendix E

TREASURY MANAGEMENT SUMMARY - 2021/22						
	Actual Balance 1 April £000	Movements			Balance at 31 March £000	Interest payable / (earned) to date £000
		Raised £000	Repaid £000	Net movement £000		
Borrowing						
Long Term	599,840	-	(14,016)	(14,016)	585,824	13,477
Temporary	21,145	3,640	(16,000)	(12,360)	8,785	-
Total External Borrowing (A)	**620,985**	**3,640**	**(30,016)**	**(26,376)**	**594,609**	**13,477**
Investments						
Long Term	10,000	-	-	-	10,000	(259)
Temporary	549,000	64,766	-	64,766	613,766	(200)
Total External Investments (B)	**559,000**	**64,766**	**-**	**64,766**	**623,766**	**(459)**
Net indebtedness (A-B)	**61,985**	**(61,126)**	**(30,016)**	**(91,142)**	**(29,157)**	**13,018**

Borrowing	
Average long term borrowing over period to date (£000)	**584,421**
Opening pool rate at 1 April 2021	**3.43%**
Weighted average rate of interest on new loans secured to date	**N/A**
Average pool rate for year	**3.45%**
Investments	
Average daily cash balance over period to date (£000)	**636,694**
Average interest earned over period	**0.07%**
Benchmark rate - average 7 day LIBID rate	**-0.05%**

Appendix F

Prudential Indicators - Summary

		Approved Indicator	Provisional Outturn
Affordability			
Incremental impact on Council Tax of 2021/22 and earlier years' 'starts'	£	£103.43	**£100.77**
Ratio of financing costs to net revenue streams (*excl. gen. govnt. grant*)	%	9.7%	**9.1%**
Ratio of financing costs to net revenue streams (*incl. gen. govnt. grants*)	%	8.8%	**8.0%**
Prudence			
Net borrowing and Capital Financing Requirement		*Net borrowing is below the medium term forecast of the CFR*	
Capital Expenditure			
Capital expenditure	£m	290	**236**
Capital Financing Requirement (*excluding credit arrangements*)	£m	1,081	**1,038**
External Debt			
Authorised limit (*borrowing only*)	£m	1,030	**N/A**
Operational boundary (*borrowing only*)	£m	910	**N/A**
Actual external borrowing *(maximum level of debt during year)*	£m	N/A	**628**
Treasury Management			
Interest rate exposures			
Upper limit for exposure to fixed rates			
Net exposure	£m	1,030	**515**
Debt		100.0%	**100.0%**
Investments		100.0%	**80.5%**
Upper limit for exposure to variable rates			
Net exposure	£m	309	**212**
Debt		30.0%	**1.8%**
Investments		100.0%	**73.6%**
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40.0%	**2.3%**
12 months & within 24 months	%	40.0%	**1.7%**
24 months & within 5 years	%	40.0%	**7.2%**
5 years & within 10 years	%	40.0%	**16.3%**
10 years & within 25 years	%	75.0%	**29.7%**
25 years & within 40 years	%	40.0%	**30.0%**
40 years & within 50 years	%	20.0%	**0.0%**
50 years & above	%	20.0%	**12.8%**
Total sums invested for more than 364 days			
Authorised limit	£m	50	**N/A**
Actual sums invested (***maximum position during year***)	£m	N/A	**10**

Summary
All Treasury Management activities have been undertaken in accordance with approved policies and procedures.
External debt is within prudent and sustainable limits.
Credit arrangements have been undertaken within approved indicators
Maturity Structure of borrowing: maturity dates for market loans are based on the next review date, not the final maturity date.

Forward Plan reference number: FP/209/11/21

Report title: Submission of business cases for funding for the delivery of Essex County Council projects as part of the Colchester Town Deal programme	
Report to: Cabinet	
Report author: Councillor Lesley Wagland, Cabinet Member for Economic Renewal, Infrastructure and Planning	
Date: 18 January 2022	**For:** Decision
Enquiries to: Steve Evison, Director of Sustainable Growth (steve.evison@essex.gov.uk) Rob Willis, Economic Infrastructure Manager (rob.willis@essex.gov.uk) Louise Denyer, Localities Lead (louise.denyer@essex.gov.uk)	
County Divisions affected: Abbey, Parson Heath & East Gates, Drury, Wivenhoe & St Andrews, Stanway & Pyefleet, Mile End & Highwoods Electoral Divisions	

1. Everyone's Essex

1.1 Everyone's Essex, our new organisation strategy, sets out four strategic aims and 20 commitments. Within the commitments there are strategic aims for a strong inclusive and sustainable economy, for Essex to be a good place for children and families to grow, a high-quality environment and for health, wellbeing and independence for all ages. Everyone's Essex also makes a commitment to supporting people to switch to more sustainable travel options so that we can achieve our targets for achieving net zero carbon emissions.

1.2 Consistent with achieving these commitments, this paper sets out a proposal for Essex County Council (ECC) to support Colchester Borough Council (CBC) in the submission of business cases to central government for the delivery of the wider £18.2m Colchester Town Deal programme, of which £6.297m of funding will be released to ECC to deliver a variety of projects in Colchester. This includes the regeneration of the Gym building at the Adult Community Learning centre in Colchester to create a Digital Skills Hub (contributing to levelling up the economy by helping residents improve their digital skills and improving employability); transforming youth facilities (offering opportunities for excellence in education outcomes for all young people, including the most vulnerable children and young people) and improving physical connectivity through walking and cycling infrastructure projects and the expansion of the Essex Pedal Power initiative (delivering a step change in sustainable travel across the county, by growing active travel).

1.3 The Council has also set its ambition to be net carbon neutral by 2030 and the approval of the recommendations of this report will positively contribute to this target by endorsing the progress of projects that will consider alternative methods of construction and delivery that could minimise their overall carbon

consumption and footprint as well as support more sustainable ways of living and accessing local services.

2 Recommendations

2.1 To agree 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.

2.2 To agree 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.

2.3 To agree that the Cabinet Member for Economic Renewal, Infrastructure and Planning is authorised to agree the terms of the agreement with Colchester Borough Council.

3 Background and Proposal

3.1 In September 2019, the Ministry for Housing, Communities and Local Government ("MHCLG") (now the Department for Levelling Up, Housing and Communities ("DLUHC")), invited 101 places, including Colchester and Harlow, to develop proposals for a Town Deal, forming part of a £3.6 billion Towns Fund that looked to increase local economic growth with a focus on regeneration, improved transport, better broadband connectivity, skills and culture.

3.2 An independent Town Deal Board (named 'We Are Colchester') was set up by Colchester Borough Council ("CBC") as the body responsible for co-ordinating decisions and monitoring progress of all Colchester Town Deal programmes and subsequent projects, in partnership with the DLUHC. The Board consists of representatives from CBC as the accountable body for the Colchester Town Deal, ECC, and other key external partners including central Government, Further/Higher Education providers, local businesses, health and community groups. ECC was represented by the Portfolio Holder for Economic Growth and is now represented by the Deputy Cabinet Member for the Economic Renewal, Infrastructure and Planning portfolio.

3.3 The Town Deal Board selected a suite of projects (including project concepts that ECC submitted for review and inclusion and will ultimately be leading on the delivery of) for its Town Investment Plan (TIP) that was submitted to Government by CBC on 31 October 2020. The TIP is the first phase of the Town Deal process. These were assessed by MHCLG to inform a 'heads of term offer' for the fund. The second phase of the process is for the Towns to develop agreed projects and business cases in detail which are assessed by government before funding is released for implementation of those Projects.

3.4 In March 2021, the Government confirmed that over £1 billion of Town Deal funding would be awarded to 45 towns across England, including £18.2m

being offered to Colchester. CBC signed a Heads of Terms document with DLUHC in June 2021 in relation to the funding. Following this, ECC has worked with CBC and through the Colchester Town Deal Board to develop business cases for each project included in the TIP that ECC will deliver.

3.5 The Town Deal programme is a significant opportunity to develop and implement a range of capital projects, which will bring long term benefits to Colchester, including residents and businesses. Responsibility to DLUHC for the delivery of the Projects is with CBC as the accountable body for the Town Deal. The proposals set out in this report will result in ECC being one of the delivery partners for the Town Deal programme, contractually committed to CBC to deliver specific elements of the programme.

3.6 In order to access the funding, ECC will be required to enter into an agreement with CBC pursuant to which ECC will be required to deliver the projects as set out in the business cases to an agreed schedule. Although the terms of this contractual arrangement have not yet been finalised, it is understood that ECC will be required to report monthly to CBC on delivery of the projects, including whether they will be delivered to schedule and accrued spend and annual forecasts. Failure to comply with the reporting requirements may result in payments of the Towns Fund to ECC being delayed or withheld and ECC still being committed to deliver the projects.

3.7 As the final terms of the proposed agreement are not known at this stage, it is proposed that the detailed terms of the proposed agreement are brought to the Cabinet Member for Economic Renewal, Infrastructure and Planning for agreement and approval.

3.8 Details of the wider Colchester Town Deal programme, as well as detailed information on each ECC-led project, are set out in Appendices 1 and 2 to this report. CBC need to submit business case summary documents for these projects to DLUHC in order to progress phase 2 of the Town Deal projects. ECC will be the delivery partner, and recipient of the funding, for the projects listed below. It should also be noted that ECC are required to pay CBC a contribution towards the overarching programme office costs per project and that the amounts below represent the funding contribution minus these programme costs. Appendix 2 contains full details of the total funding amounts awarded to each ECC-led project before and after this contribution deduction:

- the redevelopment of the Essex County Hospital site - £488,707;
- expanding the Essex Pedal Power initiative and creating a “Liveable Neighbourhood” in Greenstead - £613,034;
- enhancing the Colchester Townhouse and other local Youth Centre facilities within the geography of the Town Deal programme - £1,290,187;
- creating a Digital Skills Hub at the ACL Wilson Marriage Centre - £879,672; and
- improving the physical connectivity between the Town Centre, Greenstead and the University of Essex via walking and cycling enhancements - £2,883,369.

3.9 In respect of Essex County Hospital, the Town Deal funding would provide £488,707 of the estimated £740,000 required to deliver the project. The remainder of the funding has been secured through ECC's Capital Programme. This project will enable the delivery of very high-quality public realm throughout the scheme, most notably on the Lexden Road frontage, which will be publicly accessible, as well as enhance the recent nearby improvements to Crouch Street. Together with planned wider, longer-term investment in this vicinity, this funding enables the Hospital scheme to become a prominent feature of this gateway into the town centre, which in turn strengthens the overall sense of arrival into this historic part of the town.

3.10 The currently under-utilised gym building in ACL's Wilson Marriage centre will be redeveloped to provide space for residents to improve their digital skills, access IT equipment and improve job prospects as well as create a commercial and flexible asset that the local community can benefit from. Digital skills will include a range of courses from beginner through to level 3 – this supports residents of all abilities and provides opportunity for career entry and progression. The Town Deal would provide £879,672 towards the project and due to cost inflation, this budget will need to be managed effectively to ensure the development provides the right facilities to increase the number of learners and provide key skills to residents.

3.11 Utilising the Town Deal funding contribution of £1,290,187 and supported by local demographic data that highlights key levelling up issues as well as wider research into the economic and social benefits of investing in youth services, this funding will be used to significantly develop facilities and expand service provision for young people in Colchester, including the Townhouse in East Stockwell Street, and existing youth centre assets in Highwoods and Stanway, which are used by a diverse range of local organisations and groups as well as the ECC Youth Service itself. These new facilities will also support the delivery of further outreach services carried out by the Youth Service and partner organisations in more deprived communities such as Greenstead as well as other identified areas of particular need.

3.12 The overall Heart of Greenstead project contains many complex elements and CBC is receiving total funding of £6m from the Towns Fund (plus an additional £2.3m from the Estates Regeneration Fund announced in the Government's Autumn Budget Statement on 27 October 2021). ECC is leading on two key active travel projects as part of this estate-wide regeneration scheme. Firstly, the expansion of Essex Pedal Power to bring circa 700 bikes to residents on a bike-loan-to-give-away scheme. The Town Deal funding of £319,810 will enable the purchase of bikes, and further funding of at least £300,000 from Sport England Local Delivery Pilot is being sought to finance activation costs. Discussions between ECC, CBC and Sport England are currently underway in order to access this funding from an indicative allocation of up to £1.6m, which is a ringfenced budget that has already been allocated to Colchester Borough Council from the Local Delivery Pilot. This LDP funding element could increase subject to the broadening of the scope of the project in order to meet the Heart of Greenstead and LDP objectives. Additionally, the Liveable Neighbourhoods project will be an opportunity to develop a long-term vision for Greenstead and

is a key part of how the estate regeneration plans can promote active lifestyles and ultimately address the wider determinants of health inequalities in this community of high deprivation. Given that only £293,224 is available from the Town Deal for the Liveable Neighbourhood projects, it is proposed that this funding would be split approximately 50/50 between scoping a blueprint for implementation of the project, including community engagement and outline designs; and some "quick wins", like traffic calming measures.

3.13 For the Walking and Cycling Route (Town Centre – Greenstead – University) Project, the Town Deal funding will further develop the east-west corridor (Lexden to High Street) under the designation of LCWIP4, providing a new upgraded corridor running from the town centre High Street, via East Hill, National Cycle route 51 on through the Hythe to the University of Essex Campus. Additionally, the proposal will provide connectivity to the Greenstead area and vital new infrastructure to link the proposed new Tendering Colchester Borders Garden Community (TCBGC). The route will also complement the Rapid Transit System being delivered under the Housing Infrastructure Fund. The Town Deal funding will provide £2,883,369 towards the LCWIP4 project. The overall LCWIP4 estimate is circa £4.6m and this project is being led by ECC and Essex Highways. In addition to the Town Deal funding, ECC has put in a bid for the next round of ATF funding (ATF3) for £1.317m; ECC is expecting to receive confirmation of the results of this bid by early 2022. The remaining balance will be secured through s106 funding (circa £260,000) and some ECC advanced scheme design funding utilised in the 2021/22 financial year. The ATF3 submission, submitted earlier this year, requested Government funds that will effectively fund the western end of the LCWIP 4 route along the High Street and East Hill. The Towns Fund contribution will then allow the whole route to be delivered. Should the ATF3 submission not be successful, the project is flexible / scalable enough to be phased and the Town Deal funding will be prioritised / reprofiled to improve and upgrade the most beneficial sections, while other funding sources are sought at a later date. LCWIP 4 will still be provided as a continuous route, but one which may not completely meet the latest LTN1/20 standards.

3.14 Each ECC-led Town Deal project business case demonstrates the strategic rationale, feasibility, viability and value for money of the respective project. Funding for individual projects will be subject to CBC successfully completing Phase 2 of the Towns Fund process. This includes detailed project development and business case assurance by CBC officers. The business cases will be submitted to CBC as the accountable body for them to verify the information through a series of internal assurance and governance processes before business case summary documents are then submitted to DLUHC on 24 March 2022.

3.15 Consultation and engagement are key requirements of the Town Deal and CBC have already led on several events that contributed to the development of the Town Investment Plan. This interaction with the local community and other significant stakeholders needs to be a continual process throughout the life of the programme in order to shape delivery alongside the integration of any other previous engagement work. More recently, ECC officers have also led other

localised engagement activities and desktop research to inform the development of the business cases. Engagement and active participation will also be a key feature in the monitoring and evaluation analysis that will need to be conducted for the programme.

3.16 It is a requirement of the Town Deal that these projects will be delivered by the end of the financial year 2025-2026. If the projects cannot be delivered within this time frame there is a risk that the funding will not be available, yet ECC may be committed to deliver these projects without the funding from the Towns Fund.

4 Links to our Strategic Ambitions

4.1 This report links to the following aims in the Essex Vision:

- Enjoy life into old age
- Provide an equal foundation for every child
- Strengthen communities through participation
- Develop our County sustainably
- Connect us to each other and the world
- Share prosperity with everyone

4.2 The Council has set its ambition to be net carbon neutral by 2030 and the approval of the recommendations of this report will positively contribute to this target by endorsing the progress of projects that are well placed to consider alternative methods of construction and delivery that could minimise their overall carbon consumption and footprint. Additionally, projects referenced within the report will help deliver a step change in sustainable travel by providing infrastructure to support active travel.

4.3 This report links to the following strategic priorities in the new Organisational Strategy 'Everyone's Essex':

- A strong, inclusive and sustainable economy.
- A high-quality environment.
- Health, wellbeing and independence for all ages.
- A good place for children and families to grow.

5 Options

5.1 **Option 1: Agree the submission of ECC-led project business cases to CBC as part of the Colchester Town Deal programme and agree in principle to ECC entering into a Service Level Agreement with CBC at the appropriate time (Recommended).**

5.1.1 The recommended option will allow for the submission of business cases to CBC for the application of funding from DLUHC. This funding will be used to deliver the projects set out in this report and improve the outcomes

of residents who already access or could access the new and enhanced service offer. As part of the delivery of these projects, consideration will be given to sustainable travel options to mitigate climate change impacts address and promote a high-quality environment which contributes to positive health and wellbeing.

5.1.2 There is a risk that cost inflation may impact on the delivery on these projects. However, contingencies have been factored into the business cases to ensure that a large enough buffer is in place to mitigate this. For some of the projects, additional funding will be required as referred to in this report.

5.2 Option 2: Do nothing (Not Recommended).

5.2.1 The consequences of doing nothing would result in ECC not being in receipt of £6.297m of funding to deliver the projects referred to in this report. This would mean that the intended outcomes as set out in Appendix 2, including improved connectivity, increased physical activity and reduced health inequalities, better education and employment opportunities for adults and young people, would not be achieved and ECC would not be a delivery partner for these projects. This may also damage the Council reputationally given its involvement to date in the Town Fund, which in turn could affect relationships with CBC and other local partners.

6 Issues for consideration

6.1 Financial implications

6.1.1 Colchester Borough Council (CBC) has been successful in securing £18.2m of funding from the Towns Fund, including £6.297m for ECC led projects. The table below shows the amount of funding allocated to each ECC-led project, the amount and source of any match funding and the amount of contingency included within project costs:

Project	Project Expenditure £000	Central Programme Costs £000	Towns Fund Award £000	Match Funding £000	Total Project Cost £000	Contingency Included in Project Costs £000
Essex County Hospital	489	11	500	240 (ECC)	740	32
ACL Wilson Marriage Digital Skills Hub	880	20	900	100 (ECC in kind)	1,000	133
Transforming Youth Services	1,290	30	1,320	50 (ECC in kind)	1,370	100
Liveable Neighbourhoods	293	7	300	-	300	-
Essex Pedal Power	320	7	327	300 (Sports England LDP)	627	16
LCWIP4	2,883	67	2,950	1,317 (Active Travel Fund) * 263 (S106) 116 (ECC)	4,646	606
Total	6,155	142	6,297	2,386	8,683	886

**Active Travel Fund (ATF) bid was submitted in August 2021, with a decision expected in January 2022. Should the ATF bid be unsuccessful, the project can be phased with Town Deal funding used for the highest priority aspects of the scheme, whilst other funding sources are sought.*

ECC is required to develop business cases for each of the projects it is leading on and submit these to CBC for onward submission to DLUHC. CBC has received advance funding of £910,000 (5% of the total award), which can be used to fund the cost of additional technical expertise required to develop the business cases. The advance funding forms part of the £18.2m award. After reviewing and approving the business cases, DLUHC will release funding for the first financial year to CBC. Funding for future years will be released to CBC depending upon progress with the projects. ECC will need to enter into a Service Level Agreement with CBC for the transfer of funds relating to ECC-led projects. An SLA is currently being prepared for further discussions between the councils and will reflect those project features agreed between the partners and drawn from existing Project Initiation Documents and DLUHC monitoring and evaluation commitments. The SLA will also detail the process for ECC to draw-down the funding from CBC to cover the project delivery costs, including access to the advanced funding. This will enable CBC as the accountable body to monitor delivery, time and cost positions on an ongoing basis. It will also

detail procedural matters in respect of ECC accessing the funding held by CBC to cover ECC-led project expenditure.

6.1.2 Project costs include a contingency for cost increases and inflation as appropriate. Each project has undertaken a risk analysis, with actions to mitigate each risk identified. Delivery and monitoring and evaluation plans will need to be prepared. Should there be an increase in costs, project leads will need to identify where savings can be made to mitigate their impact. If cost increases cannot be mitigated any cost overruns will form an additional financial burden to ECC, unless alternative sources of funding can be identified.

6.1.3 The Essex County Hospital public realm work is currently included within the ECC Capital Programme and assumed to be funded by external borrowing. Town Deal funding will enable £488,707 to be removed from the Capital Programme, with an equivalent reduction in ECC borrowing.

6.2 **Legal implications**

6.2.1 The final terms of the agreement with CBC are not known at this stage but these are likely to require ECC to be a delivery partner of CBC and to contractually commit to the delivery of the projects set out in this report. This may result in ECC needing to deliver on these projects within the budget referred to in this report or to fund any additional costs on top of this to enable the projects to be delivered. This report sets out where there are possible cost pressures from inflation or where additional funding from other sources may be required.

6.2.2 It is likely that ECC will need to commit to delivering these projects by a set delivery date and there may be cost consequences if these projects are not delivered on time.

6.2.3 The business cases for submission to CBC need to be carefully drafted to ensure that ECC are not committing to the delivery of projects that cannot be achieved within the funding from the Towns Fund or the timescales set out in this report.

6.2.4 ECC will need to follow the appropriate procurement procedures and governance process when delivering the projects set out in this report. Any such contracts should pick up any requirements of the agreement with CBC that need to be complied with.

6.2.5 Separate reports enabling ECC to enter into any associated contracts for the delivery of the projects listed in this report, if required, will need to be agreed in sufficient time for ECC to meet the agreed dates for delivery.

7 Equality and Diversity Considerations

7.1 An Equality Impact Assessment for the Colchester Town Deal has been undertaken by the CBC Programme Office and has been used to support the development of the ECC EqIA, along with the corresponding Equality and Diversity sections of the project business cases (Appendix 3).

7.2 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

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

7.3 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

7.4 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic. A fundamental driver of the ECC-led projects within the Town Deal programme is the aspiration to create greater opportunities for all and particularly support those who experience more disadvantaged circumstances through targeted interventions.

8 List of Appendices

8.1 Appendix 1: Diagram showing all projects in the Town Deal Programme

8.2 Appendix 2: Overview of ECC-led Projects

8.3 Appendix 3: Equality Impact Assessment

9 List of Background Papers

9.1 Colchester Town Investment Plan, which was submitted to Central Government in October 2020 and provides the strategic framework for the Colchester Town Deal programme.

TOWN DEAL: STRATEGIC INVESTMENT PROGRAMMES

How We Grow

Our Town, Your Future Potential

- Digital Working Hubs with Grow-on Facility

  £900,000

- Transformed Colchester Youth Facilities

  £1,320,000

- ACL Wilson Marriage Centre Digital Skills Hub

  £900,000

How We Live

Building a Better Town

TOWN CENTRE & GATEWAYS

- Vineyard Cultural Gateway

  £595,800

- St Nicholas Square & Balkerne Gate Phase 1 (FUNDED through accelerated bid)

  £1,000,000

- Essex County Hospital

  £500,000

- Holy Trinity Church and Trinity Square

  £1,017,000

- Balkerne Gate Phase 2 and Jumbo

  £2,100,000

- Kerbless Streets

  £290,000

HEART OF GREENSTEAD

- Tamarisk Way Regeneration

  £6,000,000

- Liveable Neighbourhoods

  £300,000

- Essex Pedal Power

  £327,200

How We Connect

Connecting Ahead

- 5G Provision

  £1,000,000

PHYSICAL CONNECTIVITY

- Walking & Cycling Corridor: Town Centre to Greenstead and University

  £2,950,000

Colchester Borough Council (CBC) Led Project

Essex County Council (ECC) Led Project

Forward Plan reference number: FP/209/11/21

APPENDIX 2: Overview of ECC-led Projects

1. Essex County Hospital

1.1. The Essex County Hospital redevelopment is being managed by Essex Housing and is located on Lexden Road. The scheme will provide 120 residential units, for private and affordable sale, as well as offering enhanced public realm features. The development will result in the conversion and preservation of the main listed hospital building, the locally listed nurses' home and other heritage assets. Alongside this, there will be sympathetic new build construction that will be an attractive addition to the local housing market supply. The public realm aspects will benefit both residents and passers-by, thus providing a further enjoyable, attractive and safe space for Colchester, complementing its other existing and award-winning green infrastructure. Full occupancy of the homes will generate additional local footfall and spending, potentially bringing new skills to the area to access jobs and due to the location's close proximity to the town centre it is anticipated that walking and cycling will increase, supported by a number of sustainable transport measures that will be embedded into the scheme.

1.2. The Town Deal funding would provide £500,000 of the estimated £740,000 required to enable the delivery of very high-quality public realm throughout the scheme, most notably on the Lexden Road frontage, which will be publicly accessible, as well as enhance the recent nearby improvements to Crouch Street. Together, and with planned wider, longer-term investment in this vicinity, this funding enables the Hospital scheme to become a prominent feature of this gateway into the town centre, which in turn strengthens the overall sense of arrival into this historic part of the town.

1.3. The development of the Essex County Hospital is a prime example of historic market failure to bring the site forward for development. It illustrates how the innovative approach undertaken by Essex Housing and grant funding opportunities such as Town Deal can come together to help to address this and prevent this site remaining derelict and failing to deliver its full potential.

2. ACL Wilson Marriage Digital Skills Hub

2.1. The currently underutilised gym building in ACL's Wilson Marriage centre will be redeveloped to provide space for residents to improve their digital skills, access IT equipment and improve job prospects. Digital skills will include a range of courses from beginner through to level 3 – this supports residents of all abilities and provides opportunity for career entry and progression; for example, how to access online services, Microsoft Office, computer science. digitally creative courses and apprenticeships will also be delivered from here such as digital marketing and photography. Maths and English courses will also be offered and include digital delivery.

2.2. Accredited online courses can also be delivered from the Hub, enabling people wishing to undertake one of these courses the opportunity to do so in a flexible

way within a facilitated setting with tutor support. The refurbishment will allow for a state-of-the-art IT suite that will enable specialist IT facilities, the ability to 'pop-up' two additional IT suites in the main hall using laptops, rentable space for business and community groups, e.g. meetings, conferences and exhibitions; a small café facility, new toilets and space for careers guidance and interviews.

2.3. Additionally, electric car charging points, bike racks, blinds, a new alarm system and automatic doors at the entrance will be added. New modular furniture and the ability to partition the redeveloped space would also be part of this project. The main hall would be equipped with multiple interactive screens for teaching and conference purposes, but also to provide a small community cinema for local groups and residents to access for film nights.

2.4. The Town Deal would provide £900,000 towards the project and due to cost inflation, this budget will need to be managed effectively to ensure the development provides the right facilities to increase the number of learners and provide key skills to residents. Additionally, the impact to current users of the space will need to be adequately managed to ensure as little disruption as possible occurs for the groups and events that take place in the building.

3. Transformed Youth Facilities

3.1. Utilising the Town Deal funding contribution of £1.32m and supported by local demographic data that highlights key levelling up issues, this investment will be used to significantly develop facilities and service provision for young people in Colchester, including the Townhouse in East Stockwell Street, and existing youth centre assets in Highwoods and Stanway, which are used by a range of local organisations as well as the ECC Youth Service itself. These facilities will support the delivery of further outreach services carried out by the youth service and partner organisations in communities such as Greenstead and other identified areas of need. This will transform current youth provision by linking the social aspects of youth provision with skills development and improved access to employment opportunities, inspiring and better supporting our most deprived and vulnerable young people, which in turn will help address social, health, learning and employment inequalities. This improved provision will be bold and transformative and informed by what the young people have told us they want; building on and complementing existing and established local youth provision whilst addressing the challenges around population growth in the area and the added pressures that Covid-19 has placed on young people in particular.

3.2. The business case proposes focusing on existing youth services and assets and broadening community outreach in the Town Deal area. While there was initially consideration by partners of delivering a completely new facility (such as a Youth Zone), this option was ultimately discounted due to significant concerns about the long-term revenue and sustainability of a completely new facility (especially in the light of the broader public sector financial position). In addition, due to the reduced funding offered by Government (compared to the original ask of £2.42m) the We Are Colchester Board took the decision to focus on enhancing existing facilities in order to maximise impact across the Town Deal geography. This option aims to better harness working relationships with existing services and providers to ensure

improvements are more accessible to a greater number of young people across the town. The outcomes referenced in the TIP will be a focus of engagement with young people and are a key component of developing and delivering this project.

3.3. Cost inflation, as with other asset-based redevelopment projects, is a key issue here but is being managed through close working with Property Services and the Infrastructure Delivery Team. Additionally, due to the local interest in youth service provision in and around the town centre (as well as across the wider Colchester borough), engagement with stakeholders, optimisation of the opportunities offered by wider project dependencies and the management of expectations is fundamental to the success of this project.

4. Heart of Greenstead (Liveable Neighbourhoods, Essex Pedal Power and Library)

4.1. The overall Heart of Greenstead project contains many complex elements and CBC is receiving total funding of £6m from the Towns Fund (plus an additional £2.3m from the Estates Regeneration Fund announced in the Government's Autumn Budget Statement on 27 October 2021). ECC is leading on two key active travel projects as part of this estate-wide regeneration scheme. Firstly, the expansion of Essex Pedal Power to bring circa 700 bikes to residents on a bike-loan-to-give-away scheme. The overall number of bikes allocated to this project will largely be driven by the agreed eligibility criteria and will therefore depend on the mix of bikes selected; for example, adults, children's, e-bikes and adapted bikes. The eligibility criteria will aim to target those who lack access to a bike or would most benefit from increased physical activity. The Town Deal funding of £327,200 will enable the purchase of bikes and further funding of at least £300,000 from Sport England Local Delivery Pilot is being sought to finance activation costs. Discussions between ECC, CBC and Sport England are currently underway in order to access this funding from an indicative allocation of up to £1.6m, which is a ringfenced budget that has already been allocated to Colchester Borough Council from the Local Delivery Pilot. This LDP funding could increase subject to the broadening of the scope in order to meet the Heart of Greenstead and LDP objectives.

4.2. A risk to note is that the increased global demand for bikes has led to increased costs and limited availability. However, ECC will work closely with their preferred supplier to ensure this is managed appropriately and that the bikes are ordered in good time for deployment.

4.3. The Liveable Neighbourhoods project will be an opportunity to develop a long-term vision for Greenstead and is a key part of how the estate regeneration plans can promote active lifestyles and ultimately address the wider determinants of health inequalities in this community of high deprivation. The key opportunity of this funding is to set out a blueprint that can be delivered in phases with interested parties and key partners, including initiatives promoting a safer, healthier environment that can be delivered in the short-term. It will define a range of measures to promote walking, cycling and sustainable transport as the first choice for local trips. It is also an opportunity to create an exemplar scheme in Essex that can act as a model to retrofit other estates and neighbourhoods in a manner

that advances the county's Climate Action Commission and Local Transport Plan's ambition. Given that only £300,000 is available from the Town Deal it has been agreed that the funding would be split approximately 50/50 between scoping a blueprint for implementation, including community engagement and outline designs; and some "quick wins", like traffic calming measures. This will be a project co-designed with the residents and stakeholders to ensure the scheme suitably meets the needs of the local community and supports the long-term vision for Greenstead.

4.4. The Heart of Greenstead project also includes a significant focus on redeveloping the land and assets within Tamarisk Way and the Library currently falls within the scope of the planned works. Whilst exact details of how the library services will be delivered have not yet been confirmed, the business case recognises it is fundamental that Greenstead retains the library service in this area and at its current size. As work on these plans to integrate the library with the envisioned public services hub progresses, community consultation and participation will be essential. Colleagues from Library Services are working closely with the CBC project team to ensure that the business case is informed by ECC's future strategy for the service and once a way forward has been agreed by all parties, the relevant decision-making processes will be progressed directly by the Libraries Service.

5. Physical Connectivity – Walking and Cycling Route (Town Centre – Greenstead – University of Essex)

5.1. Since the adoption of the Essex Cycling Strategy in 2016 and The Walking Strategy in 2021, comprehensive local cycling/walking plans (LCWIPs and CAPs) have been developed for Essex's key urban centres. The LCWIPs and cycling action plans advocate not only priority routes for investment but will herald a new standard of infrastructure provision based on continental experience and the best design standards (Local Transport Note 1/20).

5.2. The introduction of LCWIP improvements have already commenced within Colchester and the Town Deal funding provides an opportunity to secure further investment towards progression of the key east-west corridor kickstarted under the successful bid for Active Travel Fund 2 (ATF2), which is currently programmed to deliver a corridor from Lexden in the west of Colchester to the High Street in 2022. The Town Deal funding will develop the east-west corridor further under the designation of LCWIP4, providing a new upgraded corridor running from the town centre High Street, via East Hill, National Cycle route 51 on through the Hythe to the University of Essex Campus. Additionally, the proposal will provide connectivity to the Greenstead area and vital new infrastructure to link the proposed new Tendering Colchester Borders Garden Community (TCBGC). The route will also complement the Rapid Transit System being delivered under the Housing Infrastructure Fund (HIF).

5.3. The Town Deal funding will provide £2.95m towards the LCWIP4 project. The overall LCWIP4 estimate is circa £4.6m. In addition to the Town Deal funding, a bid has also been made for the next round of ATF funding (ATF3) for £1.317m; ECC is expecting to receive confirmation of the results of this bid by early 2022. The remaining balance will be secured through s106 funding (circa £260,000) and

some ECC advanced scheme design funding utilised in the 2021/22 financial year. Although it is anticipated that the ATF3 funding bid will be successful, should this not be the case the LCWIP4 is deliverable in phases and the Town Deal funding will provide significant proportion of funding to enable a large part of the works to be undertaken, and will be further progressed and built as other funding opportunities are forthcoming.

6. Project Delivery & Funding Terms

6.1. A requirement of the Town Deal fund is that these projects will have been delivered by the end of the 2025/26 financial year. The estimated completion dates for the ECC-led projects are detailed in Table 1. If the projects identified for funding do not progress, DLUHC cannot guarantee that funding can be assigned to alternative projects, or if it is reassigned, the funding will be to the same value. This may result in an overall reduction in the amount of funding received by ECC for the delivery of these projects.

Table 1

Project	**Estimated date of delivery**
ACL Wilson Marriage	October 2022
Essex Pedal Power (Greenstead)	April 2023
Transformed Youth Facilities	2023/24
Essex County Hospital Redevelopment	March 2024
Liveable Neighbourhoods (Greenstead)	March 2024
Physical Connectivity	2025/26

6.2 In June project confirmations were sent to DLUHC reflecting that CBC will take a proportion of the overall TD award (£18.2m) to cover programme overhead costs, e.g. Project Management. This will impact the overall money awarded to the individual projects as a proportion will be taken to cover this. The detail is included in Table 2. This may alter slightly as overall programme costs become clearer.

Table 2

Project	**Total Award**	**Total Award (-Programme Office Cost)**
Essex County Hospital	£500,000	£488,707
ACL Wilson Marriage Digital Skills Hub	£900,000	£879,672
Transforming Youth Services	£1,320,000	£1,290,187
Liveable Neighbourhoods	£300,000	£293,224
Essex Pedal Power	£327,200	£319,810
LCWIP4	£2,950,000	£2,883,369

6.3 Additionally, ECC officers have reviewed the Heads of Terms in respect of any particular clauses, such as clawback of the funding in the event that project outcomes are not fully realised or other punitive measures, but as the project business cases are required to demonstrate financial sustainability, such conditions have not been stipulated. All projects are required to develop monitoring

and evaluation processes to ensure demonstration of the longer-term benefits. The *We Are Colchester* Board will continue to have a role to play in monitoring this delivery activity and benefits realisation.

Forward Plan reference number: FP/185/10/21

Report title: A120-A133 Link Road – Decision to publish tender for main works contract	
Report to: Cabinet	
Report author: Councillor Lesley Wagland, Cabinet Member for Economic Renewal, Infrastructure and Planning	
Date: 21 December 2021	**For:** Decision
Enquiries to: Paul Crick Director, Performance, Investment and Delivery paul.crick@essex.gov.uk or Laura Ford, Project Sponsor laura.ford@essex.gov.uk	
County Divisions affected: Tendring Rural West	

Confidential Appendix

This report has a confidential appendix which is not for publication as it includes exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

1. Everyone's Essex

1.1 Everyone's Essex, has the aim of creating a strong, inclusive and sustainable economy, a high quality environment and a good place for children and families to grow.

1.2 This includes a commitment to deliver and maintain high quality infrastructure to support a growing economy and the delivery of new housing and communities.

1.3 The proposed A120-A133 Link Road will play a key role in unlocking land to provide up to 9,000 new homes, as well as business and leisure space, as part of the new Tendring/Colchester Borders Garden Community. The proposed Link Road will provide improved access to both the A120 and A12, reducing congestion on the network and throughout Colchester town centre, as well as providing a connection to the new Rapid Transit System which will offer residents a high frequency public transport service on segregated or priority corridors.

1.4 The road will support the commitments to climate action in Everyone's Essex by reducing traffic congestion on local roads and throughout Colchester Town Centre, thereby reducing carbon emissions in sensitive locations. It will also facilitate the delivery of a Rapid Transit System which will encourage residents in the new settlement and across Colchester to use public transport, reducing the number of vehicles on the network and further avoiding carbon emissions.

2 Recommendations

2.1 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.

2.2 Agree 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.

2.3 Note 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.

3 Background and Proposal

3.1 Essex County Council (ECC), working in collaboration with Colchester Borough Council (CBC) and Tendring District Council (TDC), was awarded £99.9m following a bid submitted to the Housing Infrastructure Fund (HIF). The bid supports key projects in the Local Borough and Districts' emerging draft Local Plans and the North Essex Garden Communities programme to deliver the Tendring/Colchester Border Garden Community (TBCGC). The bid covered the construction of the Link Road and Rapid Transit System (RTS) (and terminals) as well as one out of two possible "Park and Choose" sites, north and south of the TBCGC.

3.2 The two key components of the successful ECC bid are:

- A new link road running east of Colchester between the A120 and the A133 to provide greater connectivity into the proposed new development; and

- Rapid Transit development funding a route from the proposed Tendring and Colchester Borders Garden Community via University of Essex into Colchester.

3.3 The Link Road and RTS address a package of transport and access matters, enabling early implementation of sustainable transport options to stimulate behaviour change and address highways capacity constraints in East Colchester and West Tendring. It will provide capacity and access to enable residential developments to come forward sooner than programmed. This scheme will improve access to the University of Essex and would provide a connection into a proposed new employment park.

3.4 Following assessment of route options for the Link Road, a consultation was held in November 2019 over a 6-week period. In May 2020, the Cabinet approved a preferred route from a highway perspective (report ref **FP/648/03/20**).

3.5 The proposal is for a new dual carriageway between the A120 trunk road and A133 to the east of Colchester. As part of the scheme there is to be a new

grade-separated 'dumbbell' type junction on the A120, with new accesses to existing facilities alongside the current road.

3.6 Planning Permission for the Link Road was granted in November 2021 (application ref: CC/TEN/31/21). The planning conditions set out in the decision notice are to be complied with by the contractor and will be added to the Contract Works information prior to publication.

3.7 Before we can begin construction of the road we need to secure ownership of the relevant land. Negotiations with landowners continue, but not all are complete. If these negotiations cannot be concluded in a timely fashion so that the necessary criteria are met then we will consider making compulsory purchase orders in order to provide assurance that the land will be acquired in time.

3.8 Land acquisition discussions and, if necessary, the compulsory purchase process would run in parallel with the tender process. Tenderers are to be made aware that the land assembly process needs to be completed prior to Contract award. The Council will be unable to award the contract unless and until it is satisfied that land assembly will be completed in time.

3.9 With regard to infrastructure and connectivity, policy SP6 of the TDC/CBC development frameworks states that before any planning approval is granted for development within the Tending Colchester Borders Garden Community, the following strategic transport infrastructure must have secured planning consent and funding approval:
a) A120–A133 link road; and
b) Route 1 of the rapid transit system as defined in the North Essex Rapid Transit System: From Vision to Plan document (July 2019).

3.10 Advertising the tender for the detailed design and construction of the Link Road will allow the scheme to maintain programme momentum and meet the above aims.

3.11 In order to meet the programme for scheme delivery, the council will have to invite tenders before land assembly is complete and before the conclusion of ongoing negotiations with Homes England/HM Government to secure additional funding and time to deliver the scheme, details of which can be found in this report. A further report will be brought back to the Cabinet so that a final decision on contract award can be made.

4 Links to our Strategic Ambitions

4.1 This report links to the following aims in the Essex Vision

- Develop our County sustainably
- Share prosperity with everyone

5 Options

Option 1 (recommended):

5.1 Launch a procurement for the main works contract via Crown Commercial Services, prior to the conclusion of negotiations with Homes England/HM Government. This will allow the scheme to maintain progress to meet the revised completion date and subsequent approval to award will be sought by when the outcome of contract negotiations will be known.

5.2 There is a land assembly risk which we are seeking to manage as set out above but we will not award the contract unless land assembly and full funding are secure.

Option 2 (not recommended)

5.3 Delay advertisement of tender until outcome of contract negotiation with Homes England is known. This will reduce the need for the scheme to progress at risk, however, this will impact the ultimate delivery programme of the scheme and require a further extension request to that already being sought.

6 Issues for consideration

6.1 Financial implications

6.1.1 The estimated construction value of the proposed works (tender value) is included in the confidential appendix.

6.1.2 The revised total cost of the A133/A120 Link Road, is estimated to be £90.319m. This is an increase of £21.25m from the existing capital programme value of £69.07m which is currently fully funded through HIF. The table below sets out the latest position.

The table below sets out the latest position.

	2019/20 Actuals £000	2020/21 Actuals £000	2021/22 Budget £000	2022/23 Aspirational Budget £000	2023/24 Aspirational Budget £000	2024/25 Aspirational Budget £000	2025/26 Aspirational Budget £000	Total £000
Current Capital ProgrammeA133/A120 Link Road	2,016	2,747	7,029	32,838	24,439	-	-	69,070
Funded by:								
HIF	2,016	2,747	7,029	32,838	24,439	-	-	69,070
Total	**2,016**	**2,747**	**7,029**	**32,838**	**24,439**	**-**	**-**	**69,070**
Revised profile	2,016	2,747	5,767	10,331	31,475	37,160	823	90,319
Budget Addition required	-	-	(1,262)	(22,507)	7,036	37,160	823	21,250
funded by:								
HIF	2,016	2,747	5,767	10,331	31,475	-	-	52,336
Unfunded cost escalation						21,250		21,250
Funded but requires extension	-	-	-	-	-	15,910	823	16,733
Total	**2,016**	**2,747**	**5,767**	**10,331**	**31,475**	**37,160**	**823**	**90,319**

6.1.2 ECC has advised HE of the estimated cost escalation of £21.25m and programme elongation to the end of August 2025 (£16.733m forecast spend beyond existing funding deadline), formally requesting that additional funds are released, and that funding can be applied beyond the original time horizon for spend. Programme elongation is a separate risk to the £21.25m cost escalation, as ECC is currently unable to draw down funding beyond 31 March 2024 under the terms of the Grant Determination Agreement. The scale of this additional funding request and the extension of timeframe will require formal HM Treasury (HMT) approval.

6.1.3 There is a risk that HE / HMT will not be willing to fund the cost escalation in full or are not agreeable to the full programme extension. If the additional funding request is not successful options will be considered to set out how the scheme can progress with reduced scope. This could be avoided if additional unringfenced/non-specified external funding is received by the organisation and its application prioritised for this purpose.

6.1.4 If the scheme were to be determined as financially unviable given any residual funding shortfall and a decision made to terminate the agreement with HE and cease delivery of the scheme, there is a risk of significant abortive costs, resulting in an unfunded revenue pressure. To date, £5.758m has been spent or committed on the A133/A120 Link Road and £4.669m on Colchester RTS, a total of £10.427m. ECC would be required to repay HE the capital grant of £9.697m that has been drawn down to date.

6.1.5 This paper is seeking authority to go to market to procure the programme works whilst HE/HMT consider the request for additional funding and elongation of existing funding. A further paper will be presented for consideration post tender and prior to contract award to update on the funding position, set out any mitigations required and seek any adjustment to the profile of spend over the life of the project.

6.1.6 The additional funding request of £21.25m and funding extension to August 2025 assumes that a Public Inquiry (PI) is not required for this project. ECC is currently negotiating with several landowners and if a PI materialised the programme would be extended by an estimated period of 12 months to August 2026 with costs increasing by c. £1.5m for inflation. The slippage in the programme would reprofile expenditure further beyond the current HE funding deadline, resulting in an increased risk of additional grant shortfalls unless an extension were granted. ECC would again need to seek a programme extension or consider alternative approaches to funding unless there was a significant reduction in scope.

6.1.7 It should be noted that additional risks beyond the £21.25m have been identified and should these materialise the funding gap may widen. Specifically, land acquisition is ongoing and therefore further costs may be incurred in finalising negotiations.

Should land be acquired late there is a risk that this will delay the overall construction programme and may result in additional mitigation works, this could lead to increased costs that are not currently quantifiable. Any delay may also place further pressure on the HE funding deadline.

6.1.8 The initial HE funding bid included an allowance for Part 1 claims of £800,000, to drawdown on the HIF grant; expenditure must be capital and incurred by 31 March 2024. ECC classifies part 1 claims as revenue expenditure and if these costs materialise it will certainly be post completion. ECC will need to engage in dialogue with HE to determine if additional revenue funding can be made available to cover these costs post completion, if this is not agreed there will be an unfunded revenue pressure. ECC will need to clarify with HE if the existing £800,000 of capital funding can be used to service other capital costs in the project.

6.2 Legal implications

6.2.1 It is important to ensure that the council is not committed to pay the construction contract unless and until it is satisfied that:

- the land ownership issues have been resolved so that the council has the right to build the road.
- the County Council has complied with terms of the funding agreement with Homes England and that there is no reason to think that there will be future breaches
- funding has been identified for any increases in cost or for anything that won't be funded by Homes England
- planning permission has been granted for a satisfactory scheme.

6.2.2 The Council has signed a legal agreement with Homes England with respect to grant funding for the road and the rapid transit scheme. The agreement makes ECC responsible for cost overruns and if ECC does not meet performance milestones in the contract then Homes England is entitled to cease to pay any further funding for either project. Since the council is claiming in arrears this could leave the council in the position of having spent significant sums of money which it is unable to reclaim as well as being contractually committed to deliver the remainder of the scheme without being able to claim any further funding. The legal risks were clearly set out in the report to the Cabinet before agreement was signed and the risks remain the same, except that the cost increase risk has to some extent materialised.

6.2.3 Homes England are under no obligation to find further funding. If they do not do so then ECC will have to either reduce the scope of the scheme, find additional funding from or not award a contract for the road. If ECC does not award a contract it will not have to find the money but it will result in the non-delivery of the road and the rapid transit scheme which will mean that we do not get the benefits outlined in section 1 of this report and relationships with others will be damaged.

6.2.4 It should be noted that the A120 is a trunk road and any connection into it must comply with standards set by National Highways, formerly known as Highways England.

7 Equality and Diversity Considerations

7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

(a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful

(b) Advance equality of opportunity between people who share a protected characteristic and those who do not.

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

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

7.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic. The decision required will commit ECC to undertaking a tender process, this does not have a disproportionately adverse impact on any people with a particular characteristic. Please see the Equality Impact Assessment for further information,

8 List of Appendices

Equality Impact Assessment EQIA377863798

Confidential appendix

9 List of Background papers

A120-A133 Link Road Consultation Document 2019

Decision Notice on planning application Ref CC/TEN/31/21

Forward Plan reference number: FP/179/10/21

Report title: Land for Development in Harlow	
Report to: Cabinet	
Report author: Councillor Lesley Wagland, Cabinet Member for Economic Renewal, Infrastructure and Planning	
Date: 18 January 2022	**For:** Decision
Enquiries to: Gwyn Owen, Head of Essex Housing, gwyn.owen@essex-housing.co.uk	
County Divisions affected: Harlow South East	

Confidential Appendix

This report has a confidential appendix which is not for publication as it includes exempt information falling within paragraphs 3 and 6 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

1. Everyone's Essex

1.1 This report asks Cabinet to approve the transfer of this site from the County Council to Essex Housing Developments LLP to enable the development of new, sustainable and energy efficient homes in Harlow.

1.2 The focus of this development will be to build high quality homes fit for the future – each property will be fitted with air source heat pumps and photo voltaic cells to generate sustainable energy, and there will be access to electric vehicle charging points across the development to encourage the use of more sustainable transport. There will also be an emphasis on high quality external space for both communal spaces, such as a woodland walk which retains existing trees and landscaping, and for each individual property.

1.3 This project supports the strategic aim of Everyone's Essex to create a high-quality environment for our residents by helping reduce residential carbon emissions and support the uptake of more sustainable transport methods, as well as creating great places for our residents to live.

2 Recommendations

2.1 Agree 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.

2.2 Note 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.

2.3 Agree 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.

2.4 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').

2.5 Agree that the Section 151 Officer may amend the period of the loan agreement and the repayment amounts and dates.

2.6 Agree 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.

2.7 Agree, in its role as a member of Essex Housing Development LLP, that:

2.7.1 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.

2.7.2 Essex Housing Development LLP enters into a design and build contract for the building of 35 units on the Site.

2.7.3 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.

3 Background and Proposal

3.1 Essex Housing was established in 2016. Its aim is to provide much-needed homes, shape great places for our residents to live and provide a return to the taxpayer. By developing with a social conscience, Essex Housing, as delivered by Essex Housing Development LLP, is able to develop much needed high quality, sustainable homes and create fantastic places to live, while reinvesting returns into important public services and improved outcomes for the residents of Essex.

3.2 The development of land at Purford Green strongly supports the delivery of the Council's plan, 'Everyone's Essex', providing a high-quality environment, strong, inclusive and sustainable economy, promoting health, wellbeing and independence for all ages.

3.3 The development of Purford Green is proposed to be delivered by Essex Housing Development LLP, which became operational in February 2021 to deliver its ambitious development programme.

3.4 The LLP was created to bring forward surplus land and assets to build private, affordable and specialist homes to help address housing need throughout the County. The freehold of the Site is currently owned by ECC and following the transfer of the land from the Council to the LLP, the LLP will seek to award a contract for 35 homes to be built with 29 for private sale and six affordable units (comprising three affordable rent and three shared ownership units). After consultation with social services we are not proposing to include specialist accommodation on this site as it appears that there is insufficient demand for a scheme in this location.

3.5 The design and build contract is to be awarded by the LLP following transfer of the land from the Council to the LLP. Income will come to the Council from the sale of the land to the LLP and any surplus made by the LLP on completion of unit sales.

3.6 Below is an indicative timeline for the project:

Milestone Description	Target Date
Transfer of Site to the LLP	December 2021
Contractor Appointment by the LLP	April 2022
Construction Start	April 2022
Construction Complete	September 2023
LLP completes sales	December 2023

3.7 As set out in this report, there are a number of decisions required in order for the Council to dispose of the Site to the LLP and matters that are reserved to the Council acting in its role as Member of the LLP.

Disposal

3.8 The Site is a Council owned site of 1.05ha and is the former junior block at Purford Green. It is located in Little Brays, about a mile and a quarter to the southeast of Harlow town centre in a primarily residential area. The amalgamated primary school remains on the eastern boundary of the Site. The property formerly comprised a former single storey junior school building in a poor state of repair, exposing the Council to ongoing maintenance liabilities. The building was vacated as part of the amalgamation of the junior and infant school to form Purford Green School.

3.9 Since December 2018, the following has been done by the Council or by the LLP:

3.9.1 A scheme design has been prepared by the design team appointed by Essex Housing comprising of Stanley Bragg Architects and Oxbury Chartered Surveyors with planning advice provided by Phase 2 Planning and Development Limited and market advice provided by LSL Land and New Homes.

3.9.2 The Site has been cleared, demolishing the vacant buildings, and undertaken Site remediation works to remove ground contamination including asbestos and heavy metals.

3.9.3 Sought planning permission from Harlow DC to construct 35 units at the Site, with the current situation being that there is a resolution to grant planning permission, subject to a S106 Agreement.

3.9.4 Reviewed the title deeds of the site, with key identified issues being summarised in the Confidential Appendix.

3.10 It is proposed that the Purford Green Site is transferred to the LLP for the price shown in the Confidential Appendix. The LLP will then progress the construction of the scheme through to completion, including sale of any dwellings that have been completed. Section 123 of the Local Government Act 1972 requires the Council to secure the 'best consideration reasonably obtainable' or obtain consent for the disposal. As a result, a valuation has been undertaken, as set out in the Confidential Appendix, to inform the decision to dispose of the Site to the LLP. The LLP will pay for the land and the construction costs with money borrowed from ECC. The loan will be repaid to the Council through the proceeds of sale of units built on the Site.

3.11 The sale of the units is in accordance with the LLP's Annual Delivery Plan and will see:

- the sale of 29 general needs units undertaken through the traditional approach of open market sale to individual purchasers
- sale of 6 affordable units will be made to a Registered Provider
- freehold of the leasehold units and the common parts of the site will disposed of to a specialist freehold management company. This may be undertaken by creating a scheme specific management company which is then disposed of or it may be a direct disposal of the land to the company.

Project Financing

3.12 There will be a development loan provided by the Council to cover any capital costs involved in the development of Purford Green. These costs are detailed in the Confidential Appendix and include construction fees. The development loan will include the value of any land transferred from the Council to the LLP.

ECC as Member of Essex Housing Development LLP

3.13 Essex Housing Development LLP is 99% owned by Essex County Council with Seax Trading Limited owning the remaining 1%. The LLP is constituted and governed by an LLP Agreement entered into between Essex County Council, Seax Trading Limited and the LLP dated 29 January 2021. This provides that the LLP shall have a Management Board which shall carry on and conduct the LLP's day-to-day business and that a range of reserved matters are reserved solely to the Council. Where the LLP seeks to enter into arrangements over £2,000,000, the LLP requires the Council's approval. It is therefore recommended that the Council approves the LLP entering into an agreement for the funding for Purford Green as set out in the Confidential Appendix and is authorised to enter into a design and build contract following a successful procurement process carried out by the LLP.

3.14 The LLP requires the Council's authority to become the owner of any shareholding in or a member of any other company or body corporate and before it disposes of any interest in any other company or body corporate. The Site has communal parts, the freehold of which is to be transferred to a new private company limited by guarantee of which the LLP will be the initial member and initial director of the management company. When a unit is purchased, the buyers will become members and directors of the company. Once a director and member of the company is appointed following a sale, the LLP will step down as member and director. The residents will manage the private company limited by guarantee with an external property management service provider that will provide day-to-day maintenance of communal spaces included any unadopted road or drain. Purchasers will pay a fee into the company which will then fund the works required for the communal areas.

Refund of cost of the Works undertaken by LLP to the Site

3.15 The LLP has already paid for works to the Site including demolition and decontamination at its own risk. Although the Council is not required to do so, it is recommended that we reimburse the LLP for the cost of this work as it has improved ECC's land and made it more saleable.

4 Links to our Strategic Ambitions

4.1 This report links to the following aims in the Essex Vision

- Develop our County sustainably

4.2 Approving the recommendations in this report will have the following impact on the Council's ambition to be net carbon neutral by 2030:

4.2.1 Promote the use of low carbon heating systems in the delivery of housing in Essex.

4.3 This report links to the following strategic priorities in the emerging Organisational Strategy 'Everyone's Essex':

- **A strong, inclusive and sustainable economy**
  - **Infrastructure:** 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 £1bn by the end of this Council.
  - **Future growth and investment:** we will help grow existing businesses and the economic sectors of the future in Essex, including the arts, and secure high levels of new investment by working with partners to promote the County, by creating the conditions for growth and by maximising the impact of public sector spend within the county.

- **A high-quality environment**
  - **Net zero:** we will work across the Council and the County to hit our net zero targets, by ensuring that the Council significantly reduces its carbon footprint whilst also supporting an acceleration in the progress towards sustainable housing and energy, and active and alternative forms of travel across the county.
  - **Transport and built environment:** we will deliver a step change in sustainable travel across the county, by growing passenger transport and active travel and will ensure we support the move towards net zero, climate resilient developments including our new garden communities, by delivering sustainable and healthy neighbourhoods for the future.

5 Options

Disposal

5.1 Transfer the freehold ownership of the Site to the LLP in order to secure the development of the site (**recommended option).** The benefits of this option are that it enables greater flexibility and financial benefits to support the delivery of housing.

5.2 Retain ownership of the Site by the Council. The Council will then be responsible for completion of the development. Retaining ownership of the site by the Council will forego the benefits highlighted above. The Council would also need to cover the total costs spent to date which would be considered abortive costs as outlined in the Confidential Appendix.

Project Financing

5.3 Option 1: The Council providing development loan subject to land transfer and ongoing capital costs. This will allow the LLP to fund the land transfer and pay for the ongoing project related capital costs. The LLP can take forward the development of housing on the Site **(recommended option)**.

5.4 Option 2: The Council not providing funding but the transfer still goes ahead. This would require the LLP to go back to the Council as a reserved matter if the land is transferred to obtain funding from a third party. This will take additional time in sourcing new funding and purchasing the site, which is likely to cause delays to the construction of units and sales completing.

5.5 Do nothing. The Council would need to cover total costs spent to date which would be considered abortive costs as outlined in the Confidential Appendix.

5.6 It is therefore recommended that the Site transfer to the LLP and that the Council provides a loan facility to the LLP. This will permit the Site to be developed by the LLP as set out in this report. This is the recommended option, delivers the greatest benefits to local residents and is financially viable. A

breakdown of the financial benefits of developing the scheme are set out in the Confidential Appendix.

6 Issues for consideration

6.1 Financial implications

6.1.1 The land is assessed to have the value shown in the Confidential Appendix. The land disposal value is based on an undervalue against the red book market valuation for costs incurred by the LLP for supplementary sustainable measures. The proposed land will be disposed for the undervalue after ECC have reimbursed the LLP for site specific clearance and demolition costs.

6.2 Legal implications

6.2.1 The Council is obliged to obtain the best consideration reasonably obtainable on the disposal of its own property unless the Secretary of State consents to the disposal or the disposal falls within the terms of the disposal consents issued under the Local Government Act 1972.

6.2.2 The Confidential Appendix confirms that the recommended proposal is to dispose of the site for £230,000 less than the best consideration reasonably obtainable. The Secretary of State has provided general consent for disposal of any interest in land that the authority considers will help secure the promotion or improvement of the economic, social or environmental well-being of its area and the difference between the value of the land and the disposal value does not exceed £2,000,000 under the Local Government Act 1972: General Disposal Consent (England) 2003 (the Consent).

6.2.3 The development includes supplementary sustainability measures such as air source heat pumps, photo voltaic panels, and electric vehicle charging points. It is likely that these measures would directly promote or improve environmental well-being of persons residing or present in the Harlow area due to their positive environmental impact and reliance on sustainable energy sources, in compliance with the requirements of the Consent.

6.2.4 The proposal to dispose of the site at an undervalue of £230,000 is not likely to constitute a prohibited subsidy under the Subsidy Control Rules as the value of the undervalue is below the Small Amount Exemption which permits assistance of up to 325,000 Special Drawing Rights (approximately £310,000) over a three-year period to a single economic operator.

6.2.5 Essex Legal Services will be commissioned to carry out the conveyancing work for the Council’s disposal of the Site.

6.2.6 In accordance with the LLP Agreement between the Council, Seax Trading Limited and Essex Housing Development LLP dated 29 January 2021, the decision to enter into agreements over £2,000,000 and to establish a management company is reserved to the Council. The decision by the Council recorded by this report is as effective as the decision of the Member of the LLP.

6.2.7 With respect to the reimbursement of the costs for the improvement of the Site, it is lawful and reasonable for ECC to reimburse the LLP. If this is not reimbursed there is a risk that ECC is being unjustly enriched at the expense of the LLP due to the improvement of ECC's land by a third party.

6.2.8 Commercial legal issues relating to development are set out in the confidential appendix.

7 Equality and Diversity Considerations

7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

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

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

7.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

8 List of Appendices

8.1 Equality Impact Assessment
8.2 Confidential Appendix
8.3 Plan – showing land to be transferred edged red

9 List of Background papers

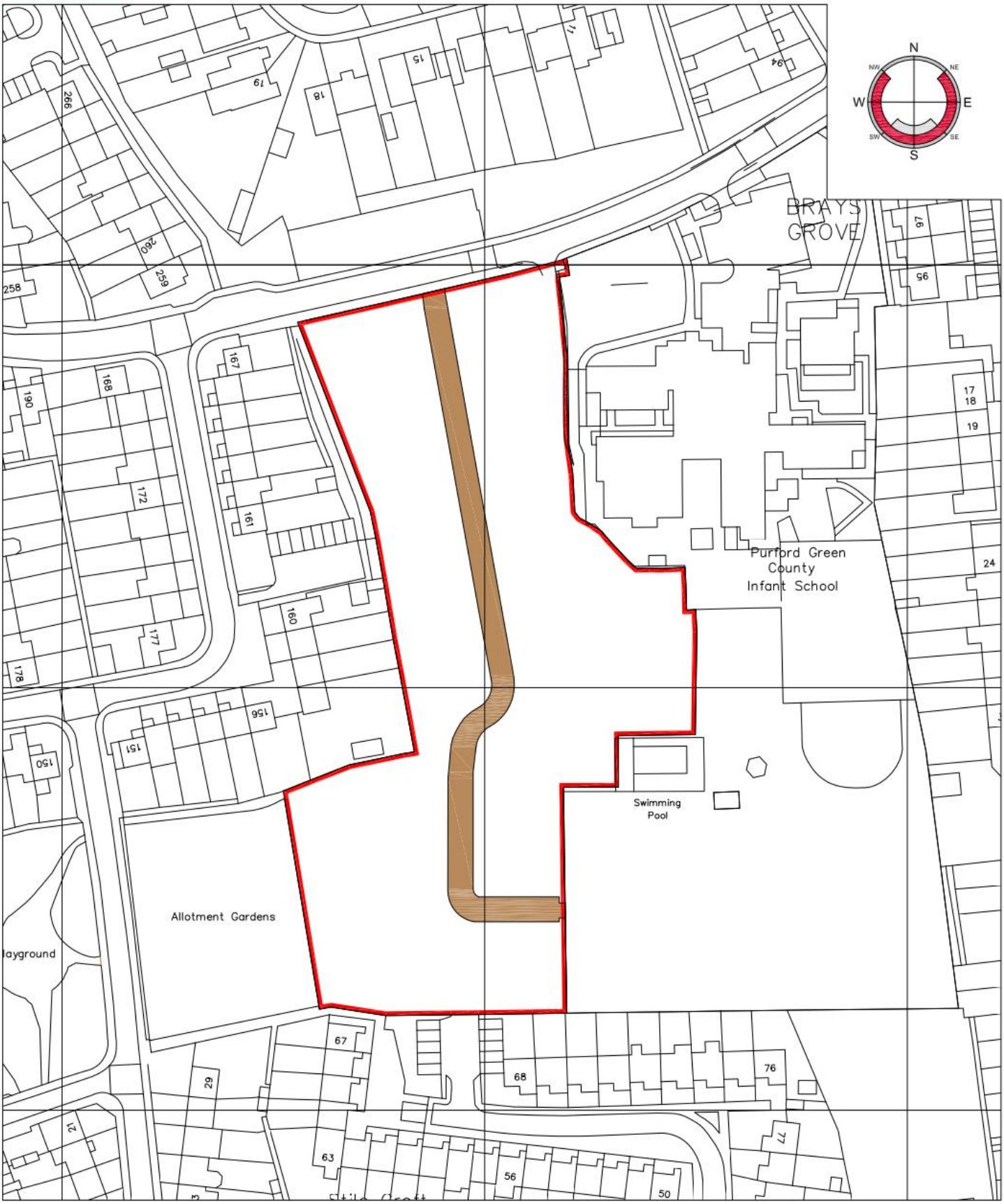
None

Lambert Smith Hampton

Working in Partnership with Essex County Council

If copied do not scale from this drawing.
All levels, angles and dimensions to be checked on site prior to commencement of works.

The drawings do not represent accurate survey drawings of the property but only a general indication of the scheme'.
Do not rely on the drawings for accuracy of information.
Check on site before preparing for & carrying out future maintenance, alterations & extensions work etc.



Site Reference:	Scale:	Drawn By:	Date Drawn:	Paper Size:	Revision:	Project Reference / Drawing Number:	Title:
S101822	1:1250	DS	04/05/21	A4	--	L2228	SITE PLAN

Property Name:
Purford Green Primary School

Project Description:
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Property Address:
Purford Green, Harlow, Essex CM18 6HP.

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Forward Plan reference number: FP/191/10/21

Report title: Education Travel Contract Extensions and Awards 2022	
Report to: Cabinet	
Report author: Councillor Lee Scott - Cabinet Member for Highways Maintenance and Sustainable Transport	
Date: 18 January 2022	**For:** Decision
Enquiries to: Andrew Cook, Director, Highways and Transportation - email andrew.cook@essex.gov.uk Helen Morris, Head of Integrated Public Transport Unit Helen.morris@essex.gov.uk or Karen Saunders, Lead for Community & Education Travel Karen.saunders@essex.gov.uk	
County Divisions affected: All Essex	

This report includes a confidential appendix which is not for publication by virtue of paragraph 3 of Schedule 12A to the Local Government Act 1972.

1. Everyone's Essex

1.1 Everyone's Essex sets out our strategy for a strong, inclusive and sustainable economy; a high-quality environment; health, wellbeing and independence for all; and for making Essex a good place for children and families to grow. A strong bus network is a key enabler for all these strategic aims. It helps people access education, jobs, services and shops, supporting our schools, colleges, high streets and local employment. It gives people an alternative to car travel, helping to reduce congestion and carbon emissions, and so contributing to our net zero carbon goals. It enables people to live independently and to access friends and family, supporting their health and wellbeing.

1.2 Our overall strategy for improving the bus network, linked to the national "Bus Back Better" strategy has been published in previous Cabinet reports as the Essex Bus Service Improvement Plan. This report is to agree the extension of existing contracts and the procurement of new education transport contracts. The extension or renewal of these contracts will ensure that we continue to meet our statutory obligations to enable children and students to access education. This will help to achieve our priorities in Everyone's Essex by supporting access to education. It will also reduce congestion, air pollution and carbon emissions that result from a high number of car journeys to and from schools.

2 Recommendations

2.1 Agree 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.

2.2 Agree 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.

2.3 Agree that new contracts will be awarded on a 100% price basis following a single sealed bid on the dynamic procurement system.

2.4 Agree 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.

2.5 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 this report.

3 Background and Proposal

3.1 The Council has a statutory responsibility under education law and its Education Transport Policy to provide home to school transport to pupils who meet the eligibility criteria.

3.2 This report relates to transport arrangements for pupils who travel on transport secured by the Council from commercial operators where the current contracts expire at the end of the 2021 - 22 academic year in July 2022.

3.3 The Council also arranges for a travel allowance for eligible pupils to arrange their own travel, where this represents better value for money. Where this is the case, travel allowance as a whole is reviewed periodically to ensure it represents value for money and a procurement exercise may be necessary where this is not the case. This process will continue.

3.4 In order to meet our continuing requirement to provide transport, action must be taken in respect of 107 contracts to either extend or re-tender them to ensure that transport is provided for the relevant children from September 2022. These contracts are due to expire in July 2022 covering the full spectrum of primary, secondary and special school transport affecting 1922 pupils. The remaining 55 contracts are either longer-term contracts where no action is required or no longer required.

3.5 For the purposes of this paper, the table and commentary below illustrate the estimated current 2021/22 contract value in financial terms at the time of this report:

Number to be offered for 1 year extension at 0% price increase	54	Current annualised value of contracts to be extended for 1 year at 0% price increase	£5,215,752.70
Number identified for tender	53	Current annualised value of contracts identified for tender	£10,534,164.30
Number of ongoing long term contracts	40	Current annualised value of ongoing long term contracts	£13,195,946.50
Number of contracts no longer required	17	Current annualised value of contracts no longer required	£601,363.30
Number of contracts non applicable	1	Current annualised value of contracts non applicable	£106,344.90
Number of contracts in total	165	Current annualised value based on number of school days travelled	£29,653,571.70

3.6. A total of 54 contracts have been identified as suitable for extension for one year. The conditions of these contracts allow for such an extension. This would mean that the contracts in question would continue to be operated by the current contractor (subject to agreement) at the existing operating price. If the requirements have materially changed, and extension at 0% is not possible, such requirements will be included in the proposed tender process and new contracts awarded.

3.6.1 The reasons for concluding that extension of the 54 contracts is recommended are as follows:

- The contract(s) have been tendered in one of the recent tender rounds.
- The cost of that contract is considered to be appropriate based on the nature and complexity of the contract and passengers and the potential impact of any change to that both financially and reputationally.
- There is opportunity to renegotiate the operating price of some of the contracts based upon reduced pupil numbers.
- It would not benefit pupils, schools or the Council in the short term to change the contractor for a number of special needs contracts currently operating where many passenger needs are complex. There are a number of reasons for this including the investment an Operator needs to commit to at the start of a contract, stability for the school and the reputational impact on the Council of further change. An extension would provide greater flexibility for the Council to consider more efficient and effective models of delivery in the medium to longer term such as combining passengers or routes.
- The contracts were awarded on terms which permit them to be extended on this occasion.
- Contracts are not suitable for clustering etc.

3.6.2 A total of 53 contracts have been identified as likely to require a new tender for some or all of the following reasons:

- The maximum term of the contract duration, including any extension clauses, has been reached.

- Material change of requirements due to natural variation in pupil numbers due to age or entitlement.

- A review of the current contract suggests that better value could be achieved by retendering, based on comparing the contract price with the current and historical data.

- The services in a contract could benefit from an integrated approach such as cluster contracts, use of existing public transport and shared transport across passenger groups.

3.7 Where requirements need tendering, the procurement will be undertaken via the Council's existing dynamic purchasing system ("DPS") but using a single sealed bid process. Contracts will be awarded for a period of up to a maximum of three years with the option to extend for a further 3 years. Routes being tendered will be tendered to all existing operators on the DPS and therefore opened up to competition. Contracts will be awarded based on price only. Operators will already have met all mandatory requirements such as safeguarding checks etc and meeting some environmental standards, before being admitted to the DPS. The price evaluation model will take account of the cost of change since the requirements for this transport change regularly as children join or leave schools, or move home. There is also a contractual requirement to minimise mileage which also reduces carbon emissions

3.8 COVID-19 has placed significant pressures on the transport market and during previous lockdowns, ECC agreed payment terms in line with relevant central government Public Procurement Notes when schools were closed. Should the County face further lockdowns where schools are advised or required to close the contract will seek to minimise the contractual requirement to pay, but the Cabinet Member is likely to need to take a decision with respect to financial support for the industry. In doing so he will want to consider advice from the Department for Transport, Department for Education and Crown Commercial Services as well as taking his own legal advice. In the event schools close on an individual basis for short periods of time due to a Covid outbreak, the temporary closure clause (sometimes called the 'snow day' clause) within the contract may apply provided operators comply with the contract.

3.9 A number of risks have been identified in relation to the stability of the transport market and the Procurement of Home to School services. These include:

- The financial impact of Covid-19 and the risk of Operators exiting the market
- A national driver shortage
- Vehicle availability as a result of both Covid-19 and Brexit

- Further information on the risks and the proposed mitigations against these risks is outlined within the Confidential Appendix.

3.10 Following recent market and stakeholder engagement sessions, the following is proposed in relation to the Procurement of Home to School Transport services in 2022:

- We will speak to the operators about how to procure in a way which ensures that the cost of changing routes results in a fair alteration to the contract price.
- More detailed information will be issued alongside the service specification for SEN contracts as to how each contract is currently being delivered which will reduce the impact of change for our vulnerable passengers.
- Bids will be accepted via a sealed bid process using the dynamic procurement system.

3.11 ECC tender these contracts based on capacity and the Operator is able to make provision to sell any spare capacity or use existing public transport routes. This creates a more sustainable and accessible transport network.

4 Links to our Strategic Ambitions

4.1 This report links to the following aims in the Essex Vision

- Provide an equal foundation for every child
- Strengthen communities through participation
- Develop our County sustainably
- Connect us to each other and the world

4.2 Approving the recommendations in this report will have the following impact on the Council's ambition to be net carbon neutral by 2030:

- enable ECC contracts to continue to specify bus provision at mainstream schools where these are currently specified, rather than multiple smaller vehicles to reduce volume and congestion
- continuing to encourage registration of services with the Traffic Commissioner will enable the wider community to access services
- for mainstream services, ECC will accept a daily rate or ticket agreement price which will continue enable the existing bus network to be used
- creating cluster contracts for out of County schools will enable vehicle efficiencies across 40 SEND schools in 2022/23 and more in future years

4.3 This report links to the following strategic priorities in 'Everyone's Essex':

- A strong, inclusive and sustainable economy
- A high quality environment
- Health wellbeing and independence for all ages
- A good place for children and families to grow

5 Options

5.1 **Option 1: Where contractual conditions allow, extend contracts at 0% increase to the current daily rate, tender those where this approach cannot be achieved and tender those identified as requiring tender (recommended).**

5.1.1 A total of 54 contracts have been identified as suitable for extension – the conditions of these contracts allow for such an extension. The contracts in question will continue to be operated by the current contractor (subject to agreement) at the existing contract cost, unless requirements materially changed.

5.1.2 A total of 53 tenders have been identified a requiring to be tendered where extension is not permitted or where extension is not considered to be in the Council's best interests

5.1.3 Where a tender process is necessary; the procurement will be undertaken via the Council's dynamic purchasing system using a single sealed bid. Contracts will be awarded for a period of up to a maximum of three years, with the option to extend for up to a further three years.

5.1.4 Option 1 is the recommended option because it minimises disruption for service users, is permitted under the terms of the existing contract and is the preferable value for money solution.

5.2 **Option 2: Tender all contracts (not recommended).**

5.2.1 The Council has statutory and policy-based obligations to provide transport for pupils meeting the eligibility criteria.

5.2.2 To tender all contracts is likely to increase costs to the Council and cause unnecessary disruption to service users and schools. Contracts were previously awarded through a competitive tender process with the option to extend. An extension for a year is based upon a 0% price increase to the current daily rate.

5.2.3 This option is not recommended for the above reasons.

6 Issues for consideration

6.1 Financial implications

6.1.1 The table below summarises the budget envelope for the current and future financial years for Home to School Transport hired transport, public tickets and travel allowances:

	2021/22 Approved Budget			2022/23 Aspirational Budget			2023/24 Aspirational Budget		
	Mainstream £000	SEND £000	Total £000	Mainstream £000	SEND £000	Total £000	Mainstream £000	SEND £000	Total £000
Hired Transport	21,000	10,817	31,816	11,682	22,680	34,362	12,616	24,494	37,111
Transport Recharge		- 3,450	- 3,450	-	- 3,450	- 3,450	-	- 3,450	- 3,450
Public Tickets	2,759	398	3,157	2,824	405	3,228	2,899	418	3,316
Client Travel Allowances	203	431	634	209	443	652	213	453	666
Education Recoupment		79	79	-	81	81	-	82	82
Contributions from OLA		- 79	- 79	-	- 82	- 82	-	- 85	- 85
Concessionary Fares	- 184	-	- 184	- 192	-	- 192	- 198	-	- 198
Net Budget	**23,778**	**8,195**	**31,973**	**14,523**	**20,077**	**34,599**	**15,530**	**21,912**	**37,443**

6.1.2 The proposed procurement approach to extend 54 contracts by 12 months is likely to deliver the best value in overall cost if a nil percentage price increase can be negotiated with operators. As well as securing continued service delivery relatively quickly, the Authority has an opportunity to remain with existing contractors on existing terms and conditions.

6.1.3 For the 53 contracts where a retender is now required, it should be noted that the costs of the contracts will fall across two financial years, as travel arrangements are being sought for the 2022/23 academic year. Once evaluated, service orders will be raised in each financial year accordingly.

6.1.4 The current estimated value of the contracts that are continuing or are recommended for extension or re-procurement for the 2022/23 financial year is £29.65m. In isolation, this is containable within the £34.4m hired transport gross budget envelope. However, this is on the basis that they continue to operate or are re-procured on an exact like for like basis, with all routes running for 190 school days and with no in year cost escalation. There is significant and growing cost pressure in this area and detailed below, there are a number of complex risks to consider meaning that the cost pressure is not expected to ease in 2022/23.

6.1.5 There is significant risk that, when awarding the contract extensions and re-procurements, it will certainly not be able to happen on an exact like for like basis for the following reasons:

- Changing pupil numbers for the new academic year for mainstream and SEN population
- New transport requirements for new pupils within the system
- The current trend of increasing complexity of need within the SEN population
- Ongoing industry pressures due to COVID-19 including driver shortages causing increased fiscal pressure on contract delivery
- Unable to re-procure and/or extend contracts at 0% inflation
- Impact of COVID-19 on current passenger needs resulting in more complex travel requirements
- Increasing eligibility due to the impacts of COVID-19 on the economy

6.2 Legal implications

6.2.1 The proposals set out are permitted within the DPS and are compliant with the Public Contracts Regulations 2015. The proposals are designed to support the Council in delivering value for money.

6.2.2 This report does not make any proposal that payments should be made for services that are not being delivered, but it refers to the fact that if there is a lockdown the Council may need to consider making such a payment. If this is being considered the Council must consider any subsidy control implications, which will be dependent upon the specific circumstances applicable at the time. Guidance cannot supersede subsidy control rules. Breach of the subsidy control rules can have serious legal and financial implications for ECC and for the recipient.

7 Equality and Diversity Considerations

7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

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

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that ‘marriage and civil partnership’ is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

7.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

8 List of Appendices

Appendix A - Confidential Appendix
Appendix B - Equality Impact Assessment
Appendix C – List of contracts

9 List of Background papers

None

Contracts for Tender

Route	Route Description
YM0006	PRIMARY SCHOOL CLUSTER - UTTLESFORD
YM0004	PRIMARY SCHOOL CLUSTER - EPPING FOREST
YM0002	PRIMARY SCHOOL CLUSTER - BRAINTREE
YM0005	PRIMARY SCHOOL CLUSTER - TENDRING
YM0001	PRIMARY SCHOOL CLUSTER - BASILDON
YM0003	PRIMARY SCHOOL CLUSTER - COLCHESTER
YM0009	THE THOMAS LORD AUDLEY SCHOOL
YM0010	STOUR VALLEY COMMUNITY SCHOOL
YM0007	RODINGS PRIMARY SCHOOL
YM0008	SAFFRON WALDEN COUNTY HIGH SCHOOL
YM0011	LINTON VILLAGE COLLEGE
YM0012	ALEC HUNTER ACADEMY
YM0014	MARK HALL ACADEMY
YM0015	JOYCE FRANKLAND ACADEMY
YS0003	LEXDEN SPRINGS SCHOOL
YS0001	GLENWOOD SCHOOL
YS0002	CASTLEDON SCHOOL & SIXTH FORM COLLEGE
YS0006	THE ENDEAVOUR CO-OPERATIVE ACADEMY
YS0004	PIONEER SCHOOL
YS0005	WELLS PARK SCHOOL (WEEKLY BOARDERS)
AS0015	ST ELIZABETH'S SCHOOL, COLLEGE & CENTRE
ZA0004	ST ELIZABETH'S SCHOOL, COLLEGE & CENTRE
ZS0007	HEATHLANDS SCHOOL FOR DEAF CHILDREN
YS0010	HAILEY HALL SCHOOL
YS0017	PINEWOOD SCHOOL
YS0029	MIDDLETON SCHOOL
YS0051	AMWELL VIEW SCHOOL

Contracts for Extension

Route	Route Description
AM0008	GT DUNMOW PRI & DUNMOW ST MARY'S PRI
AM0009	BURNT MILL ACADEMY
AM0010	JOHN WARNER SCHOOL
AM0012	KING HAROLD ACADEMY
AM0014	ST HELENA SCHOOL
AS0003	THE YELLOW HOUSE, SIBLE HEDINGHAM/CLARE
AS0004	MILDMAY HIU & GREAT BADDOW HIGH SCH HIU
AS0005	THE BROMFORDS SCHOOL ASC ENHANCED PROV
AS0007	HARLOWBURY PRIMARY SCHOOL SLU
AS0008	PASSMORES ACADEMY ASC ENHANCED PROVISION
AS0012	SHENFIELD HIGH SCHOOL
AS0021	DAVENANT FOUNDATION & RODING VALLEY HIGH
BM0016	STEWARDS ACADEMY
BM0017	ANGLO EUROPEAN SCHOOL
BM0018	WILLIAM DE FERRERS SCHOOL
BS0016	TENDRING TECHNOLOGY COLLEGE ASC ENHANCED
BS0017	BENTFIELD PRIMARY SCH SLD ENHANCED PROV
BS0018	THE HONYWOOD AUTISM SUPPORT CENTRE
BS0020	THE BELSTEADS SCHOOL
BS0021	ST JOHN'S RC SCHOOL
BS0023	WOODCROFT SCHOOL
ZM0001	THE SANDON SCHOOL
ZM0002	NOTLEY HIGH SCH & BRAINTREE SIXTH FORM
ZM0004	GREAT BENTLEY PRIMARY SCHOOL
ZM0005	MALTINGS ACADEMY
ZM0007	GREAT TOTHAM PRIMARY SCHOOL
ZM0008	TENDRING TECHNOLOGY COLLEGE

Contracts for Tender

Route	Route Description
AS0013	CAMBRIDGE REGIONAL COLLEGE
BS0019	GRETTON SCHOOL
YS0020	GRETTON SCHOOL
YS0013	GRANTA SCHOOL & HOLME COURT SCHOOL
zs0026	AURORA MELDRETH MANOR SCHOOL
YS0065	SEN SCHOOL CLUSTER - GREATER LONDON
YS0050	NORTHSTAR NEW SCHOOL
YS0033	EASTLEA COMMUNITY SCHOOL
YS0016	LEAWAYS SCHOOL
ZS0011	HOPEWELL SCHOOL & HAVERING MOTORVATIONS
YS0063	WEST LEA SCHOOL
AS0010	LIME ACADEMY FOREST APPROACH
ZS0005	THE NEW RUSH HALL SCHOOL
YS0034	BLANCHE NEVILE SCHOOL FOR DEAF CHILDREN
YS0007	ST CHRISTOPHER SCHOOL
YS0012	BROOK VIEW & TEASELDOWN SCHOOL
YS0009	MAYFLOWER HIGH SCHOOL DSU ENHANCED PROV
YS0014	PHILIP MORANT SCHOOL HIU ENHANCED PROV
YS0011	FOREST HALL SCHOOL DSU ENHANCED PROV
YM0021	THE KING EDMUND SCHOOL
YS0024	FARNEY CLOSE SCHOOL
YS0025	FARNEY CLOSE SCHOOL
YS0008	TANGLEWOOD NURSERY SCHOOL
ZS0028	THE CALDECOTT FOUNDATION SCHOOL
AS0023	BASTON HOUSE SCHOOL
YS0022	THE HELEN ALLISON SCHOOL
YS0044	CHELMER VALLEY HIGH & THE BOSWELLS SCH

Contracts for Extension

Route	Route Description
ZM0009	HEDINGHAM SCHOOL & SIXTH FORM
ZM0010	MANNINGTREE HIGH SCHOOL
ZM0011	SAMUEL WARD ACADEMY
ZM0015	DEBDEN PARK HIGH SCHOOL
ZS0001	GROVE HOUSE SCHOOL
ZS0002	NOTLEY HIGH SCH & BRAINTREE SIXTH FORM
ZS0022	WEST HORNDON PRIMARY SCHOOL SLU
ZS0023	THE SWEYNE PARK SCHOOL HIU
AS0025	HILLCREST SPINNEY HOUSE
ZS0020	MARY HARE GRAMMAR SCHOOL
BS0024	HIGH CLOSE SCHOOL
AS0027	BOWDEN HOUSE SCHOOL
AS0006	SUTTON HOUSE ACADEMY
AS0011	KINGSDOWN SCHOOL
ZS0004	ST NICHOLAS SCHOOL (SOUTHEND)
ZS0006	LANCASTER SCHOOL
BS0030	ACORN PARK SCHOOL
ZS0013	WILDS LODGE SCHOOL
BS0022	BRAMFIELD HOUSE SCHOOL
BS0015	CHURCHILL SPECIAL FREE SCHOOL
AS0018	CENTRE ACADEMY EAST ANGLIA
AS0026	WETHERINGSETT MANOR SCHOOL
AS0020	HILLSIDE SPECIAL SCHOOL
ZS0003	THE RYES COLLEGE & COMMUNITY
AS0017	ST CLERE'S SCHOOL
AS0009	MUNTHAM HOUSE SCHOOL

Forward Plan reference number: FP/238/11/21

Report title: New Contract for SEND Therapy Services	
Report to: Cabinet.	
Report author: Councillor Tony Ball, Cabinet Member for Education Excellence, Lifelong Learning and Employability.	
Date: 18 January 2022	**For:** Decision
Enquiries to: Clare Kershaw, Director, Education, email clare.kershaw@essex.gov.uk or Ralph Holloway, Head of SEND Strategy and Innovation, email ralph.holloway@essex.gov.uk or Kate Martin, SEND Provision Lead, Contracting and Commissioning, kate.martin@essex.gov.uk	
County Divisions affected: All Essex	

1. Everyone's Essex

1.1 'Everyone's Essex' sets out four strategic aims and 20 commitments. Within the strategic aim of 'a good place for Children and Families to grow' there is a commitment to improve the Outcomes for the most vulnerable and disadvantaged groups including Children in Care, Care Leavers, Children with special educational needs or a disability (SEND) and children from BAME communities, by working with children, young people and partners across the system.

1.2 Consistent with achieving these commitments and Essex County Council's statutory duty, this paper sets out a proposal for the re-procurement of a therapy service to children with special educational needs and disabilities (SEND). The current contract expires on the 31 March 2022.

2. Recommendations

2.1 Agree 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.

2.2 Agree 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.

2.3 Agree that the award criteria will be based on 50% Price, 50% Quality, with 20% of the quality marks being for Social Value.

2.4 Delegate approval of the detailed evaluation model to the Director, Education.

2.5 Agree that Cabinet Member for Education Excellence, Lifelong Learning and Employability may award the contract to the successful bidders.

2.6 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.

3. Background and Proposal

3.1 Under the Children and Families Act 2014 and the Special Educational Needs and Disabilities Code of Practice ECC has a statutory obligation to assess children with special educational needs or a disability and where appropriate issue an education, care and health plan (EHCP) which sets out the required 'special education provision'. This can be a wide range of services and the Council is required to ensure that the need for services in the EHCP is met.

3.2 One of the ways in which the Council meets these needs is via a contract with Provide CIC which delivers speech and language therapy, occupational therapy and physiotherapy across Essex, and provides expert witness support for the Council in tribunal cases where required (the Current Service). The current provider was commissioned through an open tender in 2016. The original contract expired on 31 March 2019 and since then it has been extended, with the authority of the Cabinet Member and for various different reasons. The most recent extension was because potential providers reported they had insufficient capacity to bid as a result of the pandemic. The current extension expires on 31 March 2022.

3.3 The most recent extension was necessary but regrettable, as much of the work had been done to redesign how the services would look following an Ofsted inspection of SEND services in September 2019. The Inspection identified the delivery of Therapy services across Essex as a '*significant weakness'* due to its 'fragmented delivery' resulting in a 'post code lottery'.

3.4 Currently the contract delivers 17,698 therapy hours annually across the county, a 40% increase since the commencement of the original contract in 2017. In addition to these hours, the Council commissions a further 1,641 hours annually from the independent sector.

3.5 The independent provision is used when the commissioned service is at capacity and the provision needs to be made urgently, or the commissioned service is unable to meet the specific needs or provision set out in the EHCP.

3.6 The hours commissioned from the independent sector have also increased by 50% over the last year as demand has increased. This puts additional pressure, on budgets as hourly rates with independent therapists can be up to 67% more than the current contract cost. The increase also exacerbates resource and capacity issues in the market that is currently impacting the Council and its ability to make provision in line with its statutory responsibilities, in a timely way.

3.7 It is proposed that the Council will commission a new service consisting of

- Delivery of direct therapy hours, where they are specified under section F of an EHCP;
- Assessment, report writing and support to statutory processes;
- Assessment, report writing and expert witness attendance at Special Educational Needs and Disability Tribunal (SENDIST) Tribunal Appeals.
- Development of an early intervention and prevention model that works closely with local services, to raise awareness with schools, settings, and families to support development and the achievement of functional outcomes for children and young people. This could be through the provision of training and/or the development of strategies that provide the opportunity for earlier identification and intervention wherever possible, (the New Service).

3.8 The new service will be delivered through three contracts each of which is awarded geographically with one of the new Essex NHS Integrated Care Systems set out in the table below. This is considered important to allow easier and closer working with the Health teams in that area. Bidders will be able to bid for one, two or all three of the available contracts. The successful bidder will be required to work alongside local health teams, to develop a cohesive service that supports the local population. Bidders will also be required to take over the commissioning responsibility for provision made through the independent market for the pupils in their area.

District	Integrated Care Systems
Chelmsford	Mid & South Essex (MSE)
Braintree	
Maldon	
Basildon	
Brentwood	
Castle Point	
Rochford	
Harlow	West Essex & Hertfordshire
Epping	
Uttlesford	
Colchester	East Suffolk & North East Essex
Tendring	

3.9 The identified budget for the procurement takes account of the cost of the current service and the money spent with independent providers, it also contains an element of growth, in line with the current pressure from the demand for EHCPs. The resource envelope for each contract is based on the level of predicted need, identified through initial needs mapping. The formula considers several indicators, taken from national data sets including the 0-18 population, indices of deprivation, numbers of free school meals and schools census data. The formula when applied sets the following financial resource for the delivery of the service for a four period between 1 August 2022 to 31 July 2026.

Integrated Care System Area	**Total Service Cost £ (4 years)**	**% Total Budget**
Mid and South Essex	4,595	52.2%
East Suffolk and North East Essex	2,384	27.2%
West Essex and Hertfordshire	1,811	20.6%
Total	**8,790**	**100%**

3.10 The continued increase in the number and cost of EHCPs across Essex means that there is a significant increase in therapy hours that the Council are required to meet. At the time of writing, the Council supports 10,996 EHCPs, this is a 7.2% annual increase in the number of plans recorded as part of the SEN2 return (Government recording) taken in January 2021 and as set out at Appendix 1, which illustrates that Essex has the fourth highest number of children and young adults with EHCPs in England.

3.11 This level of increase is not sustainable for a Therapy workforce that has been severely impacted by the Pandemic. Many of the locums from overseas previously engaged returned home at the peak of the Pandemic. These locum therapists have not yet re-joined the UK workforce, which has caused the UK Government to identify a shortage of speech and language therapists and occupational therapists in all areas of the UK. These pressures, combined with the impact of the national lockdowns on children's development, have created a situation where demand has out stripped supply. The whole therapy sector in Essex is experiencing acute workforce pressures and increasing waiting lists, for public and private provision.

3.12 The successful contractors will need to demonstrate innovative solutions to address the combined pressures of rising demand and reduced workforce, as part of their tenders. The development of early intervention and prevention models that work to get support to children and families at an earlier stage, will be key to doing this. The ability of contractors to direct their specialist workforce to link with the local health teams to help build knowledge and skills in local schools and early years settings will help reduce the need for an EHCP to secure provision and reduce the pressure on expensive specialist services where possible.

3.13 In Essex services commissioned and delivered by the Essex Clinical Commissioning Groups (ECCGs), and the Council do not join up or align, because they have not been jointly commissioned and they have not been integrated. To some extent this results in duplication of costs, recruitment and resourcing issues and ultimately problems and gaps in the delivery of the Service and outcomes for children and young people in Essex.

3.14 The Joint Area SEND Inspection carried out by Ofsted and the Care Quality Commission in 2019, recognised the fragmentation in service delivery and its' impact on Children and Young People as a significant issue. As a response to the inspection report, the Council and the CCGs produced a Joint Written Statement of Action (JWSOA) setting out a plan of how the issues identified in the Inspection would be addressed.

3.15 A key outcome of the JWSOA is to have a children's therapy system that is commissioned and works against a common framework that is used by the Council and ECCGs to better meet the need of children and young people with SEND within Essex and reduce the post code lottery that they currently experience.

3.16 Another outcome of the JWSOA is that the Council and the CCGs are working together to implement the Balanced System® Framework (the Framework), this is a whole system approach that provides a common framework specifically designed for the joint commissioning of therapy services, in the context of the wider Educational and Care Systems.

3.17 Implementation of the Framework will unify the delivery of commissioned therapy services across Essex, identify where additional resource is required and/or services need to be changed or developed, it will also provide a clear and consistent approach to the measurement of impact of services and the achievement outcomes for children and young people – it will tell us how well we are doing.

3.18 The Framework directly influences the recommissioning of the New Service; the recommended option enables the therapy services commissioned by the Council to operate cohesively with local NHS Community Teams in the future, to maximise opportunities to provide support, meet need at an earlier stage and align with the long term strategy of the Balanced System.

3.19 The change in delivery model to include earlier intervention and prevention is needed to:

a) ensure the Council continues to meet the needs of children and young people with SEND and achieves their outcome;
b) reduce the pressure on budgets; and
c) reduce the pressure in the specialist workforce in commissioned services and the independent sector.
d) align with the long term strategy

3.20 Feedback from the market indicates a recognition of the importance of early intervention and prevention and while all expressed an interest in delivering the contract, they acknowledged the current workforce pressures. This highlights the need to focus on the recruitment and retention of therapists to enable a sustainable contract.

3.21 The increasing demand and workforce pressures presents an immediate risk to service delivery, and mobilisation. As part of the tender process bidders will be required to submit contingency plans advising of their approach to resourcing the new service for the initial part of the contract, as a short-term mitigation. The development of the early intervention models and the implementation of the Balanced System will help mitigate the risk in the medium and longer term.

3.22 The evaluation methodology has been set 50% price, 50% quality (with 20% of the total quality marks being set for social value. This is because quality is a driving factor. Providers will be asked to provide innovative early intervention

models to mitigate the combined risks of significant increases in demand and acute workforce pressures. Large variations in price are not expected, however due to the continued and significant drive in demand from EHCPs there remains a need for robust budget control.

3.23 There is insufficient time to procure and implement a new service before the expiry of the current contract on 31 March 2022. We aim to have the new service in place for 1 September 2022. To ensure continuity of service, a further four month extension is proposed, to maintain the service with Provide CIC until the end of the academic year at a cost of £432,000 (£108,000 per month),

3.24 Provide have indicated that they would be willing and able to continue to provide services if an extension is sought. To recommission services for a short term interim period would not be achievable, due to the size of the caseload and the current workforce pressures.

4. Links to our Strategic Ambitions

4.1 This report links to the following aims in the Essex Vision

- Provide an equal foundation for every child through the delivery of the New Service and the implementation of the Balanced System. The Council will improve school readiness and support the ability of schools to identify and recognise when to intervene sooner ensuring that every child can go to a great school, that is able to meet their need.

- Enjoy life long into old age through the delivery of the New Service and the implementation of the Balanced System, children and young people will be provided with the functional strategies, both physical and communication to support their development into adulthood and old age, helping them to remain independent with good physical and mental health.

4.2 The recommendations in this report do not have any direct environmental or climate change implications.

4.3 This report links to the following strategic priorities in the emerging ‘Everyone’s Essex’:

- Health wellbeing and independence for all ages
- A good place for children and families to grow

The recommissioning of the New Service and the implementation of the Balanced System help the Council achieve its priorities by ensuring that Children and Young people have their needs met earlier in the setting most appropriate to them, helping to support their independence.

5. Options

Option 1: Do not commission a new contract.

5.1 The current contract is due to expire and there is no further scope to extend. The Council has a statutory duty to provide services of this nature. In the absence of a new contract, The Council would have to spot purchase from the market, with an increased reliance on independent therapists, at greater costs, reduced transparency in delivery.

Option 2: Commission three area-based single provider contracts to meet the needs – *Preferred Option.*

5.2 Three contracts will be offered that align with local Health delivery areas and support the future implementation of the Balanced System. Contracts will be offered for four years with options to break at years three and four, to provide The Council with sufficient flexibility to join future service models, developed through the Balance System Framework.

Pros

- Enables the Council to continue to meet its statutory obligations in relation to children and young people with SEND
- Supports the implementation of the Balanced System with Health Partners.
- Provides the opportunity to align service to local services delivered in Integrated Care Systems (ICS) areas, creating more localised services to support the creation of the early intervention models.
- Allows for multiple providers thus potentially increasing resilience and diversity of provision.
- The funding for each area is proportionate to the level of need,
- Mitigates the risk of single provider failure, as providers from the other areas would be able to support any gaps in service as an interim position while the Council reprocured if necessary.
- Provides a clear link between universal health commissioned services in the local area, the provision set out in pupils EHCP's and the support for The Council at Tribunal.

Cons

- Securing multiple contracts disaggregates the spend, risking the loss of economies of scale. However, the impact of travel time and costs would be reduced.
- Service will be split into three, arguably increasing risk of inequality of service provision. However, the implementation of the Balanced System will mitigate this and the vision is for all three contracts to be integrated with the health providers
- Creates complexities in contract management, requiring more resource to manage than a single contract with one provider and involve increased

investment in management costs for both the successful bidder(s) and the Council.

- Smaller contracts may not generate enough interest from the providers of sufficiently good quality operating in the within the marketplace, resulting in a failed procurement and the Council having to spot purchase and increasing the risk that we would fail to fulfil our statutory duties in relation to children and young people with SEND.

Option 3: Commission a single Provider to meet the needs (current model)

5.3 This would see the procurement of a new contract on similar lines to the current contract, though we would seek an early intervention model.

Pros

- Maximum economies of scale achieved as spend is not disaggregated.
- Allows for clear straightforward monitoring and quality assurance with a single supplier and will form a strong and consistent relationship for contract management.
- Maintains current ways of working for the Council operational teams.

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Cons

- Reliance on a single provider
- Makes it more difficult to align with NHS.
- Makes it harder to support the implementation of the Balanced System as this requires closer working with the ICS areas, to enable working on a local area footprint.

5.4 Option 4 Meet needs via Direct Payments

The Council could seek to provide direct payments to parents for the delivery of therapies in EHCPs. However, we cannot force parents to take direct payments and direct payments can fail, meaning that we would still need to make some provision ourselves

Pros

- Enables the Council to continue to meet its statutory obligations in relation to children and young people with SEND
- Supports personalisation
- Provides consistency of therapist to pupils where provision is being made prior to any award of an EHCP
- Removes the need for contract management

Cons

- The Council will not be able to benefit from the economies of scale that can be secured from a procured contract. The market rate for independent therapists is an average of £104ph. This is approx. 67% more than rates secured in the current agreement.

- A lack of transparency in recommendations from some independent therapists can result in over provision, and the creation of dependency for some young people and their families.
- Absence of quality monitoring or safeguarding for the provision for pupils.
- Multiple arrangements for schools with supporting therapists, visiting individual pupils, and not providing support on a whole school basis.
- Current workforce pressures mean parents are likely to struggle to source therapists, resulting in arrangements falling back to the Council and with no commissioned service in place the Council would need to spot purchase provision.

6. Issues for consideration

6.1 Financial implications

6.1.1 The cost of SEND Therapy provision is met through the High Needs Block (HNB) Dedicated Schools Grant (DSG) allocation. The Council's HNB funding allocation in total for 2022/23 is £202.9m and this represents a £22m increase from 2021/22. The improved funding position through the HNB is in response to the increase in demand across many SEND services to support children and young people. The continued increase in cost and demand for SEND therapy provision adds to the funding burden placed upon the HNB.

6.1.2 The following table sets out the forecast cost of providing SEND therapies where a need for therapy is written into a child's EHCP. This forecast is based on the existing known caseload and a forecast growth of EHCP volumes. The table comprises two sections including:
the cost of extending the contract with Provide CIC for 4 months between 1 April and 31 July 2022 **(£432,000)**
the estimated cost of the New Service for a 4 year period commencing 1 August 2022 **(£8.79m)**.

Financial Year	**Contract Year**		**Period**	**Service Cost £000**
2022/23	Year 0	*Extension with Provide CIC*	April 21- July 21 *(4 months)*	432
2022/23	Year 1	*New Procurement*	August 21 - March 21 *(8 months)*	1,217
2022/23			**subtotal**	**1,649**
2023/24	Year 1/2	*New Procurement*	April 22- March 23	1,995
2024/25	Year 2/3	*New Procurement*	April 23 - March 24	2,260
2025/26	Year 3/4	*New Procurement*	April 24 - March 25	2,473
2026/27	Year 4	*New Procurement*	April 25 - July 26 *(4 months)*	845
4 Year Contract Period			**Subtotal**	**8,790**
			Total	**9,222**

6.1.3 Total forecast expenditure across the period is £9.2m and will be met from the HNB. The HNB is forecast to remain in a deficit position in 2021/22 and is funded annually through a one year funding settlement. Budgets within the HNB including SEN Therapy services are determined through an annual zero based budgeting exercise. As demand and costs for therapy services grow it increases the difficulty in achieving a balanced budget position.

6.1.4 The table below is a summary of the HNB forecast over the Medium Term Resources Strategy (MTRS) to 2025/26.

High Needs Block	**Financial Year**		
	2022/23	**2023/24**	**2024/25**
	£000	**£000**	**£000**
Total Funding Requirement	188,107	195,975	200,466
HNB Funding Settlement	202,900	202,900	202,900
In Year Variance + Deficit / (Surplus)	**(14,793)**	**(6,925)**	**(2,434)**
Opening balance + Deficit / (Surplus)	1,389	(13,404)	(20,329)
Closing balance + Deficit / (Surplus)	**(13,404)**	**(20,329)**	**(22,763)**

6.1.5 The opening balance for 2022/23 is a **deficit** position of **£1.389m** however, following the recent funding settlement the HNB returns to a surplus position due to in year surpluses forecast through to 2024/25. The overall costs in the HNB forecast in 2024/25 are £12.3m higher than in 2022/23 and if this rate of cost increases continues beyond 2024/25 an in year deficit is anticipated in 2025/26.

Financial Risk

6.1.6 The supply of therapists with the right skills will impact on the ability of new service providers to deliver the required therapy needs written into EHCP's without sub-contracting to the Independent market which, at current rates are significantly higher than current rates charged through the Provide CIC contract. Furthermore, EHCP volumes which are a lead indicator for the likely demand for therapy provision continues to grow. There is a risk that growth in EHCP's that require a therapy intervention will exceed assumptions included within the financial forecast. This poses financial risk to the HNB budget and limits the capacity of the HNB budget to invest in other services and early intervention strategies.

6.1.6 No savings are included against the SEN Therapy budget or anticipated through any new delivery model in the short term however, it is expected that new providers embed early intervention approaches to deliver therapy at the right level of need and with the expectation that early intervention will reduce or limit the demand for Therapists to deliver specialist support and realise cost avoidance benefits.

6.2 Legal implications

6.2.1 Under the Children and Families Act 2014 and the Special Educational Needs and Disabilities Code of Practice the Council has a statutory obligation to provide these services.

6.2.2 The Council is a contracting authority for the purposes of the Public Contract Regulations 2015 (the PCR 2015). The value of the proposed contract is above the financial threshold (currently set at £663 540) and the nature of the service is one that falls under Schedule 3 of the PCR 2015. The procurement of these services must be undertaken in accordance with the light touch regime as set out in regulations 74 to 76 of the PCR 2015.

6.2.3 The PCR 2015 will apply to any modification of the current contract. It is intended to extend the current contract under Regulation 72 (1)(b) of the PCR 2015 which allows for modifications where additional services by the original contractor have become necessary and were not included in the initial procurement, where a change of contractor:

- cannot be made for economic or technical reasons such as interchangeability or interoperability with existing equipment, services or installation procured under the initial procurement; and
- would cause significant inconvenience or substantial duplication of costs for the contracting authority,

provided that any increase in price does not exceed 50% of the value of the original contract.

6.2.4 For the reasons set out in this report and the value of the proposed contract extension, it is likely that the variation will fall within Regulation 72(1)(b) of the PCR 2015.

7. Equality and Diversity Considerations

7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

(a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful

(b) Advance equality of opportunity between people who share a protected characteristic and those who do not.

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

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that ‘marriage and civil partnership’ is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

7.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

8. List of Appendices

1. SEND Therapies Cabinet Report 2021 – SEN2 Data 2017-21
2. Equality Impact Assessment
3. Joint Written Statement of Action

9. List of Background papers

None

Appendix 1

SEN2 Data Return Jan 2017 -2021

Number of EHCPs per Local Authority Area – indicates that Essex currently has the fourth highest number of children with EHC plans in England. This number is a 32.8% increase since the start of the SEND Therapies Contract in 2017.

Local Authority Area	**2017**	**2018**	**2019**	**2020**	**2021**	**2017 -21** **% change**
Kent	8,199	9,862	11,763	13,499	15,281	86.4
Surrey	6,843	7,710	8,732	9,783	10,757	57.2
Hampshire	6,553	7,422	8,271	9,094	10,507	60.3
Essex	7,723	8,286	8,948	9,361	10,254	32.8

Essex Local Area Written Statement of Action in relation to Special Educational Needs and Disabilities

Purpose of this written statement of action

This document sets out our approach to improvement following recent inspection of the local area by Ofsted and the Care Quality Commission. The document includes the following:

1. Background to the written statement of action.
2. Statement of commitment from senior leaders
3. Areas of weakness identified
4. Key strengths identified
5. Our shared vision for children and young people with Special Educational Needs or Disability.
6. Principles of working together
7. Governance structure
8. The outcomes we want to achieve
9. Our action plan for improvement
10. A guide to the acronyms and content of this document

1. Background to this written statement of action

Between 30 September 2019 and 4 October 2019, Ofsted and the Care Quality Commission (CQC) carried out an inspection of the local area's effectiveness in identifying and meeting the needs of children and young people who have special educational needs and/or disabilities. Her Majesty's Chief Inspector determined that a Written Statement of Action is required to address three key areas of weakness in the local area's practice.

The following are jointly responsible for submitting this written statement of action, which has been co-produced in partnership with the independent parent carer forum, Essex Family Forum:

- Essex County Council (ECC)
- Basildon and Brentwood Clinical Commissioning Group (B&B CCG)
- Castle Point and Rochford Clinical Commissioning Group (C&R CCG)
- Mid Essex Clinical Commissioning Group (CCG)
- North East Essex Clinical Commissioning Group (NE CCG)

- West Essex Clinical Commissioning Group (CCG)

2. Commitment by senior leaders accountable for Essex SEND services

As leaders of our local area we fully accept the outcome of the Ofsted/CQC inspection of the local area's effectiveness in implementing the disability and special educational needs reforms (as set out in the Children and Families Act 2014).

Prior to the inspection we had already begun an improvement and development journey as our own self-assessment had identified areas that require improvement; these were confirmed by the inspection.

We see the report as a constructive part of this journey and take seriously the need to address and improve on the specific areas identified within the report. As a local area we are ready for the challenge ahead and determined to improve our SEND services for Essex children, young people and their families. We will continue to work alongside the Essex Family Forum to do so.

The action plan within this joint written statement of action has been developed following the inspection, by a group of senior officers from across our organisations, approved and endorsed by the SEND Improvement Board. It sets out how our improvements will be achieved, how we will work together with parents, carers, young people and school leaders, to improve outcomes for children and young people with special educational needs and disabilities (SEND).

As leaders, we are committed to ensuring that our SEND Improvement Programme is properly resourced, and our action plan implemented in full. We shall establish clear and effective governance practices to monitor the progress and impact of our action plan. We are confident that, when re-inspected, inspectors will see significant and sustainable improvements for Essex children and young people with SEND and their families.

3. Areas of weakness identified through the inspection

The three areas of significant weakness identified during the inspection, which we seek to address within this joint written statement of action, are:

1. The reasons for, and **accuracy of, the high proportions of children and young people identified with moderate learning difficulties (MLD)** are yet to be resolved.

- Potential over-identification could mask underlying difficulties in communication and language, and social, emotional and mental health development.

2. The **joint commissioning arrangements between the local authority and the CCGs do not work well enough** to provide children and young people with the services that they need.
    - Too much variation between the CCGs leads to inequality, inconsistency and unacceptably long waiting times for services.
    - Joint commissioning is not sufficiently informed by what is already known about the gaps in services for health and education across the 0–25 age range, across the whole local area.
3. Too many **EHC plans do not include the information needed** to secure high-quality outcomes for children and young people.
    - The EHC plans do not consistently secure the right professional advice to meet children's and young people's needs, and do not have specific details of the provision that will be put in place.
    - Strategic oversight is not effective in making sure that EHC plans are fit for purpose.

4. Key strengths identified through the inspection

The inspection identified a number of areas of strength, which we will continue to build upon;

- Since 2017, partners in education, health and care have **worked more closely to improve services**. Senior leaders now have a shared commitment to learn from one another, make use of what they know, and make sustainable change.
- School leaders understand the need to **change the way that local authority leaders and schools work together** to improve the outcomes for children and young people with SEND.
- In some aspects of their work, **senior leaders have in place the foundations for improvement,** including an ambitious programme for additional specialist educational provision. Leaders have an honest and broadly accurate picture of the current strengths, weaknesses and complexities of the practice.
- The Emotional Well-being and Mental Health Service (EWMHS) and the Essex Child and Family Well-being Service were **co-produced with parents and carers**. The services are starting to make a difference to the support available to parents and carers and their children.

5. Our shared vision for children and young people with SEND in Essex

Our vision for children and young people with SEND is the same as our vision for all children. Regardless of age, stage, unique characteristics or circumstances, our children and young people will have access to appropriate, high quality health and social care support and an education which provides:

- A positive experience of learning;
- A sense of belonging, value and worth;
- Aspirational outcomes;
- The right support at the right time;
- Information and opportunities to enable informed decision making, choice and control;
- Successful, planned transition at any point of movement, between phases or settings;
- Thoughtful and thorough preparation for their future progression to a fulfilling adult life.

Our vision is for a SEND system which identifies and assesses need at an early stage and which provides appropriate and impactful support without high dependence on statutory services. We would like our children, young people and families to have confidence in the type, quality and amount of support received and see year on year impact of the support in their child's life.

We have a greater commitment to working collaboratively across organisational boundaries to accelerate progress towards our vision, and the impact of the improvement and development journey that we have been on. As partners we see the report as a constructive next part of this journey and are committed to improve on the areas identified within the report in a timely way.

The newly implemented Local Authority SEND Service is now in a positive position to be able to implement required changes, work differently and improve quality.

The Essex Family Forum are a crucial part of our improvement team and will share with us the lived experience of families in Essex throughout our improvement journey, enabling us to assess progress and impact.

We strive to increase consistency and reduce the variation in level of service – ensuring equity in access to high quality support, whilst also enabling community capacity and local differences based on need.

We will streamline processes, reduce waiting times and remove barriers to accessing appropriate provision and support.

The role of education settings will be crucial to our success. The Head Teacher Round Table will drive forward the work around inclusive schools. Leading on the development of 'The Case for Being an Inclusive School in Essex' and associated implementation, so that schools have the ownership and accountability required for success. As a cohesive group of organisations, we will work in partnership with schools and settings to ensure accurate identification of need, timely and appropriate provision, increased consistency and improved experiences for children and young people with SEND in Essex and their families.

6. Our principles for working together

Our SEND Improvement Programme is underpinned by the following set of agreed principles:

- ECC and the CCGs fully accept the outcome of the Ofsted/CQC inspection. The leadership and workforce from across all of our organisations are fully committed to improving our SEND services for Essex children, young people and their families
- We will accelerate the pace of change – we are agile and able to implement improvements quickly.
- We shall work collaboratively, across organisational boundaries to increase our effectiveness.
- Essex Family Forum and the experiences of Essex families will be at the heart of our improvement journey.
- Families will feel listened to and have a greater level of confidence in the provision and support they receive.
- There will be greater consistency in timely access to good quality provision across the county.

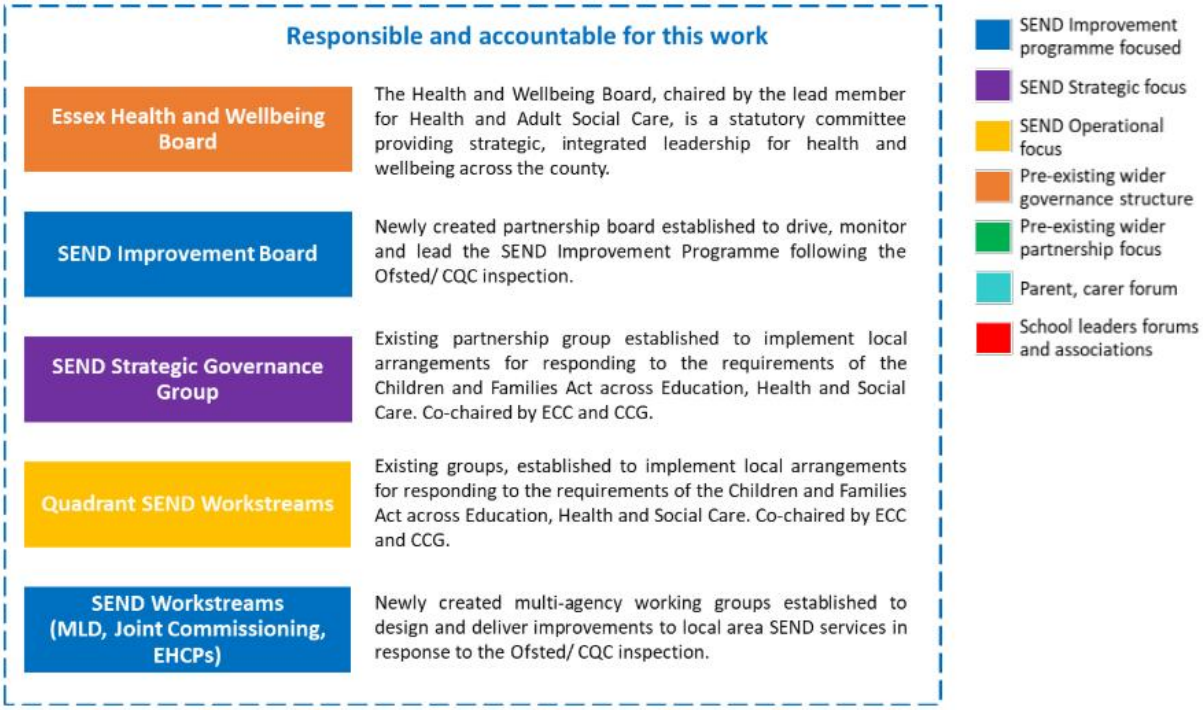
7. Governance Structure

A review of our SEND governance and partnership structures is currently underway, below is a visual of the current elements.

A local area SEND Improvement Board has been established with all organisations represented and chaired by the Director of Education (ECC). This board is responsible for the development and delivery of the JWSoA and the subsequent work to improve our services.

Workstreams have been established to address each of the identified areas of weakness, with dedicated representation from health, social care, education and the parent/carer forum. These workstreams will:

- Agree specific targets for the improvements detailed in the measures of the action plan, based on 2019 baselines, historic data, national data and the Essex context
- Maintain detailed action plans in response to initial findings
- Take forward the actions detailed in our action plan
- Obtain relevant input from other professionals, parent/carer or young people representatives
- Measure the impact of initiatives put in place from baseline measures taken in 2019 at the time of the inspection. These will include both quantitative and qualitative measures against specified indicators.
- Report on progress against specified indicators and impact to the SEND Improvement Board



8. The outcomes our SEND improvement programme will achieve

Our aims for the SEND improvement programme are aligned to the outcomes of our existing Essex Children and Young People's Strategic Partnership Plan (below). The full plan can be viewed here.

Outcomes for Children and Young People				
Children and young people are well looked after and safe, with their basic needs being met within resilient families	Children and young people are emotionally healthy and make good decisions	Children and young people are engaged in positive activities and are physically healthy	Children, young people and families positively support each other within their communities	Children and young people have good quality education, training and work opportunities

The specific outcomes we aim to achieve for each workstream are:

Workstream & Ofsted / CQC Feedback	Outcomes	Action Plan Ref	What will be different as a result?	How will this be measured?
Identification of Need: The reasons for, and accuracy of, the high proportions of children and young people identified with moderate learning difficulties (MLD) are yet to be resolved. Potential over-identification could mask underlying difficulties in SLC and SEMH development.	**The needs of children and young people are accurately identified at the earliest opportunity.** **This leads to timely and appropriate support for children, young people and their families and the result is sustained, positive impact on their individual outcomes.**	**ID 1** **ID2 – 8**	**For Children, young people and their families:** Children, young people and their families will be involved in early discussions and decision making about their individual needs. Children's needs will be accurately identified through effective One Planning, leading to co-produced, meaningful outcomes and support. Children and young people will know their outcomes, interim targets and what support is in place to help them achieve their outcomes. Families will experience a tell us once approach.	Qualitative data regarding parental and children/young people's confidence in One Planning, SEN Support and ongoing support/ provision with an EHCP – *baseline measure POET survey (closing date July 2019, respondents n= 2471)* Data to be collated through: • Essex Family Forum engagement • the Young People's POET Challenge 2020 • Multi schools council • Feedback from those accessing services such as short breaks • Independent parent carer support groups • Quadrant SEND teams capturing family experience • Feedback from schools and settings *Baseline experience:*

				- POET survey (closing date July 2019, respondents n=2471); *-Essex Family Forum engagement workshops (2019)* *-High Need Block survey (2018, respondents n=1800)*
		EHC 11	**For professionals:** Information sharing between partner agencies, such as Section 23 and pregnancy notifications, will be consistent, timely and specific.	Increase in number of identifications shared between trusts and ECFWBS such as pregnancies and s23. Decrease in variation between geographical areas/ trusts. *Baseline measures and indicators to track progress through improvement workstreams (as per specified in paragraph 8 of this document).* Quality of S23 information will be increased. – *data by LA, CCGs and ECFWBS.*
		EHC15	Increased consistency and delivery of 2½ year old checks improves the early identification of children's needs.	Quantitative data shows an increase in the number of integrated checks since 2019 and decrease in variability between geographical areas - *data from ECFWBS.*
		EHC16	Increase in the number of 14 – 25year olds with LD undertaking the annual GP health check.	Increased percentage of children and young people with Learning Disability health checks delivered – *data from ECFWBS.*

				Consistency in rates across the local area. Evidence that health checks result in identification of health needs and delivery of support – *data sampling, data provided by ECFWBS.*
		ID11	Partners will have confidence that identification of need is accurate and in-line with national/ evidence based expected averages.	Data analysis of the numbers of children and young people identified with MLD, SLCN and SEMH show a reduction in deviation from the national averages – *via census data and national DfE data* Forecasting data - *joint SEND data set.*
		1D10	Systems and processes will be in place to track, question and understand where there is deviance from the expected.	
		ID9	Census data will be an accurate reflection of children's needs enabling accurate joint forecasting, budgeting and future planning.	
		ID8	School and setting staff will feel more confident, and supported, in the correct identification and provision of early support, in relation to speech and language and social emotional mental health needs.	Qualitative data regarding confidence in identifying needs and how to support their child – *via survey with schools and settings and training feedback.*
		ID9- 11	Records of children's needs will be accurate – enabling effective planning, forecasting, tracking and budget management.	Children's progress - *as measured through termly One Planning and annual reviews* Budget information
		ID7 ID11	There may be a reduction in appeals in relation to schools for children with MLD.	Quantitative data in relation to appeals for schools for children with MLD – *via data held by the LA.*

Joint Commissioning Workstream: Arrangements between the local authority and the CCGs do not work well enough to provide children and young people with the services that they need.	**Children, young people and their families experience equitable access to a consistent, high quality range of educational support, health services and specialist provision, appropriate to their needs and circumstances.** **Commissioners share a common, accurate view of need across the county and use this to jointly commission consistently high-quality services, which are accessible across the county.**	JC15 JC17	**For Children, young people and their families:** The autism and speech, language and communication needs pathways are clear and easily accessible to families.	Positive feedback from families regarding the clarity and effectiveness of the pathways – *captured through specific new question to be included in Essex personalised POET 202, Feedback from the Essex Family Forum, independent Parent Carer Groups and users of local authority and health services.*
		JC8 -17	A pathway is established that allows re-referrals as necessary without having to start again.	Re-referral data. Positive feedback from families on the services listed in J8-17 of the action plan
		JC8 -17	Waiting times are reduced and consistent across the county, in particular for ASD and Speech and language assessments. Children & young people receive a timely & thorough assessment and access to the appropriate level of support.	Quantitative data regarding clear reduction in waiting times for assessments for ASD and SL assessments - *via data held by CCGs.* Consistency in wait times across the county - *via data held by CCGs.* Timescales of the Neurodevelopmental pathway are compliant with NICE guidelines.

		JC 17	Children, young people and families who are in receipt of specialist provision benefit from a coordinated and consistent approach by the service and other professionals, in supporting them to make progress against their outcomes. Parental satisfaction regarding access, quality and consistency of specialist provision is increased.	Positive qualitative data regarding parent and child satisfaction in access, quality and consistency of services received – *via Essex Family Forum consultation and/or survey.* Consistency in the provision available across Essex.
		JC15 JC9	Parents have access to quality information and resources and are encouraged and supported in their role as primary communicators.	Positive feedback from families. Data from Talk, Listen, Cuddle website will show increased use. Data from Talk, Listen Cuddle social media accounts will show increased numbers of followers and/or members. Evidence of outcomes for children from parental engagement – *sample data, annual reviews.*
		JC15	The Local Offer website provides meaningful information for families and families are utilising the information available to them. The creation of an up-to-date, user friendly and searchable platform for Local Offer advice and signposting. Jointly commissioned across health, education and social care The Local Offer shall include all relevant information and represent all sectors.	Qualitative data on parental awareness and use of the website– *via google analytics, monthly data, annual review survey measured from the 2018 baseline. (HNB survey of parents 2018).*

			The Local Offer work will ensure the content of the Local Offer remains up to date and meaningful A structured and wide reaching communications and marketing strategy will be delivered for the Local Offer to increase awareness and access.	
		JC2 JC3	**For professionals:** A joint data set and provision map for the local area is in place and robust arrangements enable partners to use data and intelligence from across all agencies to form a shared understanding of the needs of the local area.	Creation of the joint SEND data set (JSNA), which informs joint commissioning strategy and shared sufficiency plan. Creation of joint commissioning strategy with clearly articulated shared ambitions to improve services and consistency across the county. Jointly commissioned: • SENDIASS service • Essex Family Forum • Local Offer Systems mapping to identify gaps reviewed pre and post integrated systems – *data gathered from LA, CCGs, third sector organisations and partners.*

		JC5	Develop of a joint SEND Strategy with outcomes framework will give clear strategic direction.	Production of SEND strategy and outcomes framework cp-produced by all partners and EFF.
		JC17	Essex has an integrated system for the delivery of specialist services (such as SALT) across the county, eliminating duplication of effort and financial resources between partners.	Successful implementation of the redesign of Speech & Language Services – complete Aug 1st 2021. Planning in place for OT/Physiotherapy
		JC17	Essex has a clear and coherent pathway for the delivery of therapy services (inc. SLT), that clearly identifies roles and responsibilities needed across the system, to support children and young people with identified Therapeutic Needs. Removing duplication and aligning resources. To ensure that the children and young people receive the right support, at the right time, delivered by the right person.	for SLCN initially and other areas of need to follow. Quantitative data around spend and reduction in overlap between partners *from a baseline in 2019-budget information.* Qualitive data regarding effectiveness of partnership working – *staff consultation.*
		JC17	Therapists have confidence in the ability of the wider workforce to support children following intervention, allowing for timely and appropriate discharge.	% increase in the availability and reach of training and resources to support the wider workforce force to identify and meet need at an earlier stage as well as support following discharge - Measure of take up of courses. % increase in the frequency of discharge - Measure of re referrals to provider teams.

				% reduction in the number of inappropriate referrals for specialist therapy support. Improved quantitative data around timeliness of discharges – *held by the services.*
		JC9, JC17	Therapy pathways across Essex are coherent and equitable in order to meet the needs of the Essex population. All professionals working with children and young people are aware of how to access the appropriate support. The speech, language and communication needs pathway is clear and easily accessible to professionals	No. and reach of communications available. % reduction in the number of inappropriate referrals for specialist therapy support. Qualitive data on Staff awareness of the pathway.
EHCP Workstream: Too many EHC plans do not include the information needed to secure high-quality outcomes for children and young people.	**Children and young people have high quality, specific and effective EHC plans, which have been co-created with them by education, health and social care through an efficient process. Plans continue to have meaningful impact on the child's outcomes.** **Staff across all agencies are confident and proficient in the production and**	ECH5	**For Children, young people and their families:** Outcomes in EHC plans are co-created and fully consider educational, social care and health needs. Outcomes are measurable and it is clear to children, young people and their families how services are working together. Families and young people feel well supported by the local area to achieve high quality outcomes.	Increase in % of professional advice provided within timescales – *measured from Capita quarterly by provider and type* Qualitative data re quality of plans shows an increase in quality of written advice – *moderation, sampling of plans and POET new plan survey* *Feedback from SENCOs on quality of new plans.*

	contribution towards high quality plans with relevant advice and provision.	EHC14 EHC5	New plans are of a high quality and accessible, so children and their families clearly understand the outcomes and support. Families and young people feel they have been listened to and have contributed to outcomes, targets, support and provision. Children and young people understand how they are going to make progress towards their outcomes.	Qualitative data re quality of new plans shows an increase in quality of written advice – *through moderation, sampling of plans and joint QA processes* *Young people's POET challenge - Priority two - measured through a young people's survey to peers.*
		EHC3 EHC5	Parents/ carers are informed in a timely way if EHC plans will cease. Annual reviews will consistently review progress against the CYPs outcomes and families will be informed at each stage that support may change with progress made and/or needs changing. The fact that a plan is ceased will be a natural response to outcomes being met and not a surprise for families. The consultation process around post 16 will be improved so information is shared in a more timely way with colleges so the decision regarding support and communications with families are more informed Increased parental confidence that the One Planning process leads to their child's needs being met in school.	Qualitative data re parental satisfaction with One Planning, EHCP, Annual Review processes and quality of plans - *through Essex Family Forum consultation and/or survey.* *Data on consultations with post 16 settings. Feedback from those settings regarding the consultation process and transition process into post 16.* *Feedback from families regarding the consultation process and transition process into post 16.*
		EHC5	Specialist provision identified within EHC plans is received.	Feedback from families re satisfaction with receipt of provision – *EFF/ POET.*

		EHC14	**For professionals:** The workforce, including evidence writers, receive training, guidance and support on the statutory processes and high-quality plans. As a result, all parties have an increased professional understanding, confidence and capability with regards to statutory processes and EHCPs.	Development or commissioning of training and guidance content. Data re staff confidence, quality of plans - *Training registers, moderation, staff survey and development plans.* Processes and systems in place such as moderation, recording, data sharing - *process maps, staff feedback.* Qualitative data re quality and joint working – *moderation, sampling and staff feedback.*
		EHC9	Effective multi-agency moderation of plans is in place, leading to better quality co-production of plans, strategic oversight, shared learning and improved outcomes.	
		EHC5 EHC6	Processes and systems enable professionals across the local area to work together when identifying, assessing, determining and reviewing support. All partners have robust oversight of the provision specified in EHC and there is assurance that is can be delivered.	
		EHC10	Annual reviews of EHC plans, including those for children and young people placed in independent schools outside the local area, are consistently completed within the required timescales to a consistently high quality.	Quantitative data re annual reviews – *data held by the LA*
		EHC7	Reduction in appeals related to receiving the specialist provision stated in plans.	Reduction in appeals - *data held by the LA*
		JC8	The Special Educational Needs Information, Advice and Support Services (SENDIAS) standards are met.	Improved quantitative data regarding access to SENDIASS

			The service is jointly commissioned by Education, health and social care. The capacity within the service is reviewed and inline to meet local need. The website is improved and fit for purpose and accessible, through a renewed design. Training offer are is reviewed and in-line with need, delivered to professions in a way that directly improves practice.	services – *data held by the SENDIASS service.* Data in line with national standards. SENDIASS Peer Review undertaken and improvements identified are implemented. Learning is gained from tribunals and acted on. Training registers and feedback. Service level data around training delivered and accessed, volumes of requests for support and advice and types of queries logged.
		JC10	We will have a streamlined process that ensures that specialist equipment is made available to all identified pupils in a timely way. Timescales will be measured and reduced to ensure no delay for children and young people.	Process in place by Sept 2020 All children and young people will receive any required specialist equipment within 6 weeks of identification.
		EHC5	Children and young people have clear and measurable outcomes	Development of individual outcomes tool – life without labels Positive result/ feedback from pilot schools. Successful implementation across project schools.

				Impact against individual outcomes shows clear and measured progress.
Additional Actions	**Increased social and academic outcomes, for pupils with special needs, through being educated in inclusive schools.** **Pupils with special educational needs have an improved sense of belonging, and feeling part of their local community.**		HeadTeachers Round Table to develop the 'Case for Being an Inclusive School in Essex' Partnership SENCOs (from Essex Schools) will work with the ECC inclusion team and health partners to improve quality of practice amongst all SENCOs in essex. The SEND clusters of schools will be a key vehicle in the delivery of identified improvements. These groups of schools will have access to cluster level data, will provide a level of peer to peer challenge and support around SEND improvement.	Academic outcomes for children with SEND in Essex. Information gathered through One Planning and Annual Review re progress against outcomes. Life without labels – feedback from schools and settings. Highly skilled workforce within schools. Increased staff retention. Feedback from CYP and their families regarding their outcomes and achievements. SEND cluster level data and feedback through Inclusion Partners and SEND Quadrant Managers.
	Effective Governance for SEND Improvement is implemented.		Education, Health and Social Care leaders will have an equal role in the leadership and evaluation of the SEND improvements identified throughout the programme. The roles of all sectors will be represented in the review of the governance (OV6): The Children and Young People's Partnership Board is a joint health,	Clear vision and shared outcomes framework, which all organisations have jointly developed and signed up to. Performance framework/ data dashboard that sits under the shared outcomes framework will

			care and education board. The SEND Improvement board will report into this. There are quadrant level meetings, which the operational activities are shaped by and progress shared with. All parties are represented on all workstreams, at an appropriate level. SEND Improvement risk register will be established which identifies and risks & the mitigating actions in place along with an escalation process. Implementation of effective operational leadership structures will result in improved quality of EHCPs through the moderation process, escalation of any trend and improvements implemented system wide so impact is greater.	measure progress and impact of our improvement. It will be reviewed and regularly reported to SEND Improvement Board. Governance structure, terms of reference and clear accountabilities.

9. Our action plan

2020-06-26 - JWSoA Project Plan v0.6 AA.x

10. A guide to the acronyms and content of this document

This document has been prepared to outline the actions we are taking following the inspection of the local area by Ofsted and the Care Quality Commission. We acknowledge that the document may contain technical language. Below is a list of some of the acronyms and a brief explanation of some of the services and content.

SEND – Special Educational Needs and/or Disability

OFSTED – Office for Standards in Education, Children's Services and Skills.

CQC – Care Quality Commission – the body that regulates all health and social care services in England.

CCG – Clinical Commissioning Group – A CCG plans and buys healthcare services for their residents.

JWSoA – Joint Written Statement of Action – our response and actions following the inspection

SALT – Speech and Language Therapy

MLD – Moderate Learning Difficulty

SEMH – Social Emotional and Mental Health

POET – Personal Outcomes Evaluation Tool
An online survey completed anonymously by young people, families and practitioners to give feedback on the support their child receives in Essex.

http://www.essexlocaloffer.org.uk/listing/poet-personal-outcomes-evaluation-tool/

EFF – Essex Family Forum

Our parent carer network. The Forum gather and share the lived experience of families in Essex through a network of family champions.

https://essexfamilyforum.org/

SENDIASS – Special Educational Needs Information, Advice and Support Service

http://www.essexlocaloffer.org.uk/listing/send-information-advice-and-support-service/

The Action Plan

The owner – the group or person that is accountable for the action.

A contributor – Teams, services or voluntary groups that are working together to improve the service or process. Contributors are not accountable for the outcomes.

Colour coding – this measures our progress
Blue: completed
Green: underway and on-track to deliver in time and expected benefits
Amber: medium risk to delivery time or expected benefits
Red: significant risk, not yet started, significant impact on time and/or expected benefits

Where can I find out more?

We intend to publish a summary of this document for families and young people on the Essex Local Offer. This will explain how you can be part of the improvements and help us to understand the changes and impact for you and your family.

Forward Plan Ref No. FP/255/12/21

Report title: Decisions taken by or in consultation with Cabinet Members	
Report author: Secretary to the Cabinet	
Date: 18 January 2021	**For:** Information
Enquiries to: Emma Tombs, Democratic Services Manager	
County Divisions affected: All Essex	

The following decisions have been taken by or in consultation with Cabinet Members since the last meeting of the Cabinet:

Cabinet Member for Children's Services and Early Years

FP/259/12/21 Early Years and Childcare Funding Panel Recommendations

Cabinet Member for Education Excellence, Life Long Learning and Employability

FP/265/12/21 Appointment and Re-Appointment of School Governors by Essex LA - Schedule 390

FP/268/01/22 Appointment and Re-Appointment of School Governors by Essex LA - Schedule 391

FP/269/01/22 Appointment and Re-Appointment of School Governors by Essex LA - Schedule 392

Cabinet Member for Finance, Resources and Corporate Affairs

***FP/197/10/21** Adult Social Care Market Support and Development

FP/263/12/21 Financial Wellbeing Programme and Community Challenge Fund

*** FP/157/09/21** Drawdown from Climate Action Reserve: Environment & Climate Action Programme

***FP/247/12/21** Drawdown from the Everyone's Essex Reserve: Environment & Climate Action Programme

Cabinet Member for Adult Social Care and Health

FP/258/12/21	Award of contract for Substance Misuse Specialist Treatment and Recovery Service
FP/264/12/21	New Grants from DLUHC and the National Lottery Community Fund: Changing Futures
FP/267/01/22	Essex Community Wellbeing Service – Contract Award

Cabinet Member for Highways Maintenance and Sustainable Transport

***FP/217/11/21**	Proposed Enhanced Partnership Plan and Scheme

Cabinet Member for Economic Renewal, Infrastructure and Planning

***FP/112/07/21**	Review of the Essex Minerals Local Plan 2014 – Next Steps

*** Key Decisions 4**