

**Forward Plan Reference Number: FP/305/02/22**

<b>Report title:</b> 2022/23 Financial Overview as at the Third Quarter Stage	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Councillor Christopher Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs	
<b>Date:</b> 17 January 2023	<b>For:</b> Decision
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<b>County Divisions affected:</b> All Essex	

## 1 Everyone's Essex

- 1.1 The Everyone's Essex Annual Plan and Budget was set for 2022/23 at Council in February 2022. The plan set out the Everyone's Essex strategic aims and commitments, alongside a budget to enable delivery of our aims, while also maintaining the financial sustainability of the Council.
- 1.2 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 2022/23 financial year. The report highlights that, while there is a forecast under spend of **£4.4m** (0.4%) against a net revenue budget of **£1.1bn**, **the underlying over spend, before one off funding from reserves specifically to support unbudgeted inflationary pressures, is closer to £7.5m**. The short to medium term outlook remains incredibly challenging, with demand uncertainty, market volatility and rising inflation and interest rates alongside cost of living impacts.
- 1.3 The **£4.4m** under spend is a favourable movement since the Half Year report of **£7.2m**. This is driven by the positive impact of increasing interest rates on our investments and the impact of capital slippage on the level of borrowing and interest payable, slower growth than anticipated in Home to School Transport, and Local Bus contracts procured at a lower price than assumed. These are partially offset by increasing use, complexity and costs of placements in Children's Services. **Further details on movements are set out in section 5.**
- 1.4 Inflation continues at 40-year highs and is now 10.7%, over double the council tax rise applied this year. In the current economic climate forecasts for inflation are very uncertain. The forecast currently reflects additional inflation pressures of circa £18.3m, crossing a number of areas. It is likely further inflation pressures will arise as we progress through the remainder of the year, as well as other unknowns, including ongoing demand for services, as well as rising interest rates. These will be carefully monitored, and are likely to result in ongoing volatility of expenditure for the remainder of the year, making

it difficult to produce an accurate forecast.

- 1.5 Despite these challenges, our focus remains on prioritising our resources to achieve the strategic aims outlined in Everyone's Essex. Recently £1.9m was prioritised for the Maintenance of Green Streets initiative, and £551,000 of funding focussed on Levelling Up for Tendring.

## 2. Recommendations

Approval is sought for the following:

- 2.1 To draw down funds from reserves as follows:

- i. **£2.6m** from the Covid Equalisation Reserve to the following portfolios due to Covid related expenditure: Children's Services and Early Years **£1.5m**, Community, Equality, Partnerships and Performance **£762,000**, Adult Social Care and Health **£299,000** and Finance, Resources and Corporate Affairs RSSS **£32,000**. Further detail can be found in section 5 (sections 5.2.iii, 5.3.iii, 5.1.vii and 5.15.iv)
- ii. **£2.5m** from the Children's Risk Reserve to the Children's Services and Early Years portfolio to offset placement cost pressures (section 5.2.iii)
- iii. **£2.1m** from the General Risk Reserve to the Finance, Resources and Corporate Affairs RSSS portfolio **£1.9m**, to address the pressure from increased energy prices and to the Highways Maintenance and Sustainable Transport portfolio **£138,000**, to support Local Bus operators increased fuel costs (section 5.15.iv and 5.9.iii)
- iv. **£496,000** from the Private Finance Initiatives (PFI) Equalisation Reserves to the Education Excellence, Life Long Learning and Employability portfolio in relation to Clacton secondary schools PFI **£276,000**, and Debden PFI **£220,000** (section 5.7.iii)
- v. **£400,000** from the Adult Social Care Risk Reserve to the Adult Social Care and Health portfolio in relation to the four month transport contract extension (section 5.1.vii)
- vi. **£2,000** from the Community Initiatives Fund Reserve to the Community, Equality, Partnerships and Performance portfolio to fund payments to community groups that have been awarded small grants (section 5.3.iii)

- 2.2 To appropriate funds to reserves as follows:

- i. **£4.1m** to the Carry Forward Reserve for use in 2023/24 from the following portfolios of which **£1.3m** are 2021/22 Provisional Outturn requests slipping into 2023/24:

- Finance, Resources and Corporate Affairs RSSS **£1.8m** (section 5.15.iv)
- Education Excellence, Life Long Learning and Employability **£750,000** (section 5.7.iii)
- Other Operating Costs **£600,000** (section 5.12.ii)
- Community, Equality, Partnerships and Performance RSSS **£330,000** (section 5.13.ii)
- Leader **£239,000** (section 5.10.ii)
- Economic Renewal, Infrastructure and Planning **£195,000** (section 5.5.iv)
- Highways Maintenance and Sustainable Transport **£179,000** (section 5.9.iii)

ii. **£1.1m** to the Technology and Digitisation Reserve from the Finance, Resources and Corporate Affairs RSSS portfolio, **£560,000**, to offset additional pressures in future years such as additional device costs in 2024/25 and **£500,000** from the Highways Maintenance and Sustainable Transport portfolio, to enable a replacement solution for the S106 database in 2023/24 (section 5.15.iv and 5.9.iii)

iii. **£5.1m** to the General Risk reserve due to receipt of unbudgeted Independent Living Fund general government grant. (section 3.5)

iv. **£327,000** to the Everyone's Essex Reserve from the Economic Renewal, Infrastructure and Planning portfolio due to Environmental Funding Project delays as a result of recruitment issues, for use in 2023/24 (section 5.5.iv)

v. **£150,000** to the Commercial Investment in Essex Reserve from the Economic Renewal, Infrastructure and Planning portfolio returning funding relating to FP/245/12/21 Essex Renewal Fund following various delays and for use in 2023/24 (section 5.5.iv)

vi. **£130,000** to the Private Finance Initiatives (PFI) Equalisation Reserve from the Education Excellence, Lifelong Learning and Employability portfolio in relation to the Building schools for the Future PFI (section 5.7.iii)

vii. **£42,000** to the Transformation Reserve from the Economic Renewal, Infrastructure and Planning portfolio, returning funding for use in 2023/24 relating to FP/194/10/21 Digital Connectivity Resourcing, due to delays in the BDUK programme (section 5.5.iv)

## 2.3 To approve the following adjustments:

- i. Vire **£708,000** to the Adult Social Care and Health portfolio from the Community, Equality, Partnerships and Performance portfolio relating to the reclassification of part of the saving within Public Health, **£408,000** being achieved within Active Essex and **£300,000** within Communities (sections 5.1.vii and 5.3.iii)

ii. Vire **£115,000** within the Highways Maintenance and Sustainable Transport portfolio from the Roads & Footways to Traffic Management policy lines to align the staffing budgets (section 5.9.iii)

iii. Adjust the original approved profile of spend of the following decisions taken by the Cabinet Member in order to reflect the current anticipated spend :

- FP/358/03/22 Cyber Resiliency Measures, reprofile to £400,000 in 2023/24 and £377,000 in 2024/25.
- FP/406/05/22 Procurement of Social Care Case Management Platform, to reprofile £1m from 2022/23 to 2023/24
- FP/474/07/22 Purchasing of Voice and Data Network Services, in order that the unspent 2022/23 allocation finalised at year end, currently £650,000, can be used in 2023/24.
- FP/197/10/21 ASC Market Support & Development so that the unspent 2022/23 allocation finalised at year end, currently £348,000, can be used in 2023/24.
- FP/881/11/20 Transformation Delivery Resourcing, (then reprofiled in FP/303/02/22), to £1.1m in 2023/24.
- FP/945/01/21 Digital Accessibility Compliance Project, to reallocate £28,000 from 2022/23 to 2023/24.

iv. Amend the capital budget as shown in Appendices C (i) and C (ii) which allows for capital slippage of **£25m**, with £15.8m slipped into 2023/24, £7.3m into 2024/25 and £1.9m into 2025/26. Capital budget additions of **£7.9m**, capital budget reductions of **£9.6m** and advanced works of **£727,000** (£276,000 to be advanced from 2023/24, £429,000 from 2024/25, and £22,000 from 2025/26) (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 **£4.4m (0.4%** against a net budget of **£1.1bn)**. The overall under spend position is driven by Other Operating Costs and Highways Maintenance and Sustainable Transport portfolios partially offset by over spends within Children's Services and Early Years, Adult Social Care and Health and Finance, Resources and Corporate Affairs RSSS portfolios

- i. Other Operating Costs (OOC) under spend of **£9.3m** due to the positive impact of increasing interest rates on interest receivable, and reduced levels of borrowing required for the capital programme this year due to slippage in delivery, resulting in under spends on interest payable and minimum revenue provision.
- ii. Highways Maintenance and Sustainable Transport **£3.7m** under spend due to non-materialisation of expected cost pressure and passenger growth in Transport

Partially offset by the following over spends:

- iii. Children's Services and Early Years **£4.6m** predominantly due to increased numbers of children in care and increased average cost and complexity.
- iv. Adult Social Care and Health **£2.2m** with significant over spends in Residential Care, Nursing Care and Reablement, driven by demand and cost pressures, market capacity issues and potential non-delivery of savings.
- v. Finance, Resources and Corporate Affairs RSSS **£1.9m** largely in relation to the non delivery of property realisation savings and higher than budgeted inflationary pressures attached to insurance premiums within the Insurance Cost Recovery Account.

- 3.2 The Council finds itself in an economic environment of inflation at a 40 year high. For context, when the budget for 2022/23 was set, inflation predictions were for a peak of 5.5%. Recent interest rate rises, and the expectation they will rise further will impact on capital borrowing in the medium term, as the cost of borrowing increases. Alongside this we face the threat of recession, and we continue to face uncertain levels of demand for many of the services we deliver, in what are difficult circumstances. All of these factors will require careful monitoring and are likely to result in ongoing volatility of forecasting in the remaining months of the year, which makes it difficult to produce an accurate forecast.
- 3.3 Within the forecast position, there are inflation pressures of circa £18.3m above budgeted levels, driven by the electricity market where prices have been volatile on a daily basis. As part of government's budget statement on 23<sup>rd</sup> September, energy prices will now be capped until the end of March 2023. The rebate is likely to be worth at least £4m, and work continues to quantify the full impact to the end of March. The rebate will be used to replenish the General Risk reserve for drawdowns to date for energy pressures. In this report decisions are sought to use a further £2.1m of the General Risk reserve to support increasing costs, bringing total support from reserves for inflationary pressures to £11.6m in the current year. This leaves some capacity to fund further pressures as they develop through the remainder of the year, although this only provides one-off support – higher prices will impact our medium term plans.

- 3.4 The impact of Covid is still being felt on demand for our broad range of services, as well as with capacity of providers to deliver our requirements. We still face pressures, and continue to provide support to markets, particularly in Adult Social Care with staffing recruitment and retention. Within this report recommendations are included for £2.6m of drawdowns from the Covid Equalisation Reserve, predominantly relating to Children's placement costs **£1.4m** and **£762,000** to cover the additional staff required due to the backlog in the Registration and Coroners services. Further drawdowns will occur throughout the remainder of the year.
- 3.5 Post setting the 2022/23 budget, government announced a continuation of the Independent Living Fund grant. For the Council this totals £5.1m for 2022/23. It is recommended in this report that this funding is transferred to the General Risk reserve, which will provide some replenishment of the reserve given the inflationary pressures faced this year (section 2.2.iii)
- 3.6 The position reported in section 5 is after proposed adjustments in this report, set out in sections 2.1 to 2.3.

#### **4. Executive Summary: Capital**

- 4.1 The original capital programme for 2022/23 as set by Full Council in February 2022 was **£283.6m**. The forecast outturn is **£239.8m**, before adjustments proposed within this report. This represents an under spend of **£26.2m** against latest budget of **£266m**. After taking account of budget change requests in this report, there is a residual under spend of **£306,000** More detail is set out in Section 7.
- 4.2 The **£26.2m** under spend in the 2022/23 Capital Programme position relates to the following requests in this report:
- 2022/23 Slippage: **£25m** (£15.8m into 2023/24, £7.3m into 2024/25 and £1.9m 2025/26)
  - Additions: **£7.9m**
  - Reductions: **£9.6m**
  - 2022/23 Advanced Works: **£727,000** (£276,000 to be advanced from 2023/24, £429,000 from 2024/25 and £22,000 from 2025/26)
- 4.3 Appendix C (i) summarises current year forecasts and changes to the Capital Programme for 2022/23 since approval of the original programme in the Budget Report to Council in February 2022. Appendix C (ii) contains the detail of the budget adjustments seeking approval.

#### **5. Revenue Position**

##### **5.1 Adult Social Care and Health – £2.2m (0.4%) over spend**

- i. Adult social care continues to experience significant pressures around the demand for its services. There remains a continued increase with both contacts from the public and other professionals raising concerns on safeguarding for vulnerable adults and request for services.
- ii. New and growing demand within the care market also continues to be seen. Recruitment to new roles for care workers, is not always matching to where the demand for services is within the county. Hence the supply and demand mis match still remains with some of our most challenging areas being in the more rural parts of the county; leading to interim alternative solutions, which may be more costly.
- iii. System pressures are also contributing to the demand ASC is experiencing, with partners, particularly in the NHS seeking additional support to enable people to leave hospital in a timely and safe way. This is exacerbated with the onset of winter, vacancies of critical roles and current trade relations pressures. In November there was a new grant announced, the Adult Social Care Discharge Fund. ECC will receive £4.9m of the funding direct while a further £5.5m will be injected via the ICBs. Local authorities and ICBs are required to work together to plan how to spend the money locally over the period December 2022 till 31 March 2023.
- iv. Adult social care must balance all these pressures, improve services, deliver its ambitious business plan which involves improving services and capturing financial savings. These elements continue to create a challenge in being able to predict future demand for services, and the associated financial implications.
- v. Current projections for expenditure include significant over and under spends against budget. These reflect the need for adult social care to respond to changes in the quantity and nature of demand regardless of the original budget envelope.
- vi. The Public Health Period 8 forecast is an on-line position. Of the £65.6m allocated to ECC in 2022/23, to date, approximately **£2.4m** is uncommitted and is earmarked for ongoing health protection work and to support Agenda for Change pay pressures in NHS contracts. The funds remain subject to the normal Public Health grant conditions. Proposals are also being developed to utilise unallocated Public Health reserve (which currently totals **c.£8m**) in an appropriate and sustainable way to deliver outcomes for Essex. The remaining circa £1.8m of Central Government Contain Management Outbreak funding (COMF) from the overall allocation to ECC of **£43m** has now been utilised to support ongoing recovery work across Essex. The UKHSA are currently undertaking a review of COMF which ECC has fed into.
- vii. Approval is sought in this report for the following:
  - Vire **£708,000** from the Community, Equality, Partnerships and Performance portfolio relating to the reclassification of part of the saving within Public Health, £408,000 being achieved within Active

Essex and £300,000 within Communities

- **£400,000** from the Adult Social Care Risk Reserve in relation to the four month transport contract extension
- **£299,000** from the Covid Equalisation Reserve in relation to Adult Social Care covid costs.

## **5.2 Children's Services and Early Years:**

- **Non DSG - £4.6m (3.3%) over spend**
- **DSG – £1.2m under spend**

i. The Non DSG adjusted over spend position is **£4.6m** with a **£9.7m** over spend before adjustments. This forecast over spend is predominantly as a result of higher prices for placements for children in care, particularly in mainstream residential, semi-independent accommodation and unregistered provision. There is limited sufficiency in the market at the moment, and we have seen price inflation far in excess of forecast levels. In addition, there are over spends on expenditure to support Separated Migrant Children, which has not been covered by the grant available, Section 17/Section 20 spend, and Direct Payments.

ii. There is an adverse movement of **£3.3m** from the Half Year report due to:

- **£5.1m** additional placement costs; of which £2.4m in unregistered provision, £1.2m in residential care placements, £1.2m supported living and £265,000 parent and child. All due to placement insufficiency and rising weekly rates
- **£1.6m** support costs for Separated Migrant Children where placement cost rises have also taken effect
- **£400,000** in section 20 and section 17 emergency support to families
- **£260,000** in Direct Payments and Direct Provisions for care at home as a result of increases in weekly rates required to purchase care and numbers of families requiring provisions increasing
- Offset by a further **£3m** of assumed usage of reserves to support the position.

iii. Approval is sought in this report for the following:

- **£2.5m** from the Childrens Risk Reserve to offset placement cost pressures
- **£1.5m** from the Covid Equaliation Reserve to offset some placement costs and additional fostering costs and court delay impacts

## **5.3 Community, Equality, Partnerships and Performance - £363,000 (1.4%) over spend**

i. The portfolio reports an over spend of **£363,000** which is mainly attributable to the following:

- **£525,000** under recovery of income in libraries as a result of a reduction in demand for fee paying services,

- **£88,000** over spend within the Registration Service due to a downturn in ceremony bookings
  - **£101,000** over spend within Outdoor Education due to lost income resulting from a sickness outbreak, cutting short the Mersea Island Festival and increased staffing and delivery costs over the summer season
  - Partially offset by a **£299,000** under spend within the Youth Service due to increased income from other organisations within the public and voluntary sector as a result of undertaking project work supporting young people and continued staffing vacancies
- ii. The favourable movement of **£284,000** since the Half Year report is largely due to additional income within the Youth Service **£196,000**, and an improved position on Libraries **£290,000** as a result of costs now being aligned to the Library Strategy reserve funding. This is offset by the adverse movement within Outdoor Education **£101,000** and the reduced income within the Registration Service **£144,000**.
- iii. Approval is sought in this report for the following:
- **£762,000** from the Covid Equalisation Reserve for additional staff to cover the backlogs in the Registration service of **£540,000** and Coroners services of **£222,000**
  - Vire **£708,000** to the Adult Social Care and Health portfolio due to the reclassification of part of the saving within Public Health, **£408,000** being achieved within Active Essex and **£300,000** within Communities
  - **£2,000** from the Community Initiatives Fund Reserve to fund payments to community groups that have been awarded small grants

#### **5.4 Devolution, Art, Heritage and Culture – £79,000 (1.4%) over spend**

- i. This forecast over spend position represents an adverse movement of **£79,000** from the on line position reported in the Half Year report. This is as a result of an under recovery of income being reported at Cressing Temple Barns, due to issues with the barn roof which means events can't take place. It is hoped that over achievement of income elsewhere in the portfolio will address this by Provisional Outturn.

#### **5.5 Economic Renewal, Infrastructure and Planning - £565,000 (4.6%) under spend**

- i. The forecast under spend of **£565,000** within this portfolio is mainly due to:
- **£290,000** forecast under spend within Development Management due to higher than budgeted planning income that has been received and staffing vacancies. **£145,000** forecast under spend within Housing Strategy, Development and Investment for recharged strategic support services to the LLP for using ECC internal support services.

- **£61,000** forecast under spend within Housing Growth & Strategic sites due to staffing vacancies.
  - **£51,000** forecast under spend within Economic Renewal due to staffing vacancies
  - **£41,000** forecast under spend within Strategic Spatial Planning due to more income received than budgeted relating to Major Developments and NSIPs.
  - **£152,000** forecast over spend within Environmental Planning due to a shortfall in income where income was incorrectly recognised in 2021/22.
- ii. This is a favourable movement of **£336,000** since the Half Year report which is mainly attributable to revised staffing forecasts predominantly within Development Management.
- iii. There is a net unadjusted forecast under spend of **£1.4m** which is due to the following:
- **£657,000** forecast under spend within Economic Renewal
  - **£290,000** forecast under spend within Development Management due to higher than budgeted planning income that has been received and staffing vacancies
  - **£195,000** forecast under spend within Garden Communities mainly due to delays. This will be requested to carry forward into 2023/24.
  - **£145,000** forecast under spend within Housing Strategy, Development and Investment relating to the recharged strategic support services to the LLP for using ECC internal support services.
- iv. Approval is sought in this report for:
- **£195,000** to the Carry Forward Reserve relating to a previous year carry forward for Garden Communities which, due to delays, will now be required in 2023/24
  - **£327,000** to the Everyone's Essex Reserve due to Environmental funding project delays as a result of recruitment issues and reprioritising to the Everyone's Economy Future Growth Programme 2023/24, for use in 2023/24
  - **£150,000** to the Commercial Investment in Essex Places Reserve returning funding in relation to the FP/245/12/21 Economic Renewal Fund CMA following various delays, now to be used in 2023/24.
  - **£42,000** to the Transformation Reserve relating to the BDUK programme following delays of the overall programme as a result of staffing vacancies, for use in 2023/24

## 5.6 Education Excellence, Lifelong Learning and Employability (DSG) - **£7.4m under spend**

- i. An in year **£7.4m** under spend is reported which results from the increase in funding for 2022/23.
- ii. This an adverse movement of **£1.3m** since the Half Year report mainly attributable to additional costs for Independent Schools due to new starters.

iii. The High Needs Block (HNB) funding was increased by the Government by **£20.8m** (post recoupment) for 2022/23. The HNB is expected to remain in surplus this financial year and plans to utilise this are being developed.

iv. However significant pressures exist within the forecast and are as follows:

- **£1.9m** over spend for Education Health and Care Plans (EHCPs) where the volume and cost exceeds what was included in the budget
- **£919,000** over spend for Individual Pupil Resource Allocations (IPRA) where costs are increasing
- **£633,000** increase in the cost of SEN therapies.

#### **5.7 Education Excellence, Lifelong Learning and Employability (Non DSG) - £311,000 (1.2%) over spend**

i. The **£311,000** over spend is due to insufficient staff turnover within the Schools Non DSG policy line, resulting in a shortfall of the vacancy factor. This over spend is however offset by staffing under spends held within other portfolios, managed through the management structure of the authority. It should be noted that across the Education Function the vacancy factor is forecasting to be fully achieved.

ii. This is a favourable movement of **£47,000** since the Half Year report

iii. Approval is sought in this report for:

- **£750,000** to the Carry Forward Reserve to support the new Foundation Workforce Planning and the Essex Opportunities plan. This relates to a slipped carry forward from the previous year
- **£276,000** from the PFI Equalisation reserves for the Clacton PFI scheme
- **£220,000** from the PFI Equalisation reserves for the Debden Park PFI scheme
- **£130,000** to the PFI Equalisation reserves for the BSF PFI scheme

#### **5.8 Finance, Resources and Corporate Affairs - £359,000 (2.6%) under spend**

i. The forecast under spend reported primarily relates to Customer Services. This is driven by delayed recruitment to vacancies within the Compliance and Complaints team **£181,000**, an under spend on Blue Badge face to face assessments **£104,000** where the budget was set anticipating higher demand due to a change in legislation broadening eligibility, but this has not come to fruition and cessation of a temporary post supporting Customer digitisation.

ii. There has been a favourable movement of **£86,000** since the Half Year report and this is largely due to the release of carry forward funding that had

been held for the temporary post supporting Customer digitisation.

## **5.9 Highways Maintenance and Sustainable Transport - £3.7m (3.1%) under spend**

- i. The forecast under spend predominantly relates to Home to School Transport Hired Transport provision where growth is not materialising at the level assumed within the MTRS at **£1.7m**, Passenger Transport under spends of **£1.1m** where Local Bus contracts are being procured at a price lower than that assumed and built into the MTRS, Tackling Congestion income over recovery of **£724,000** due to continued high levels of driver offences and staffing under spends across policy lines. There is a favourable movement of **£3.5m** since the Half Year Cabinet report.
- ii. There is a net unadjusted under spend of **£2.9m**, of which is largest variances are:
  - An under spend of **£1.8m** within the Home to School Transport policy lines, relating to the mainstream hired transport provision where growth is not materialising at the level assumed within the MTRS.
  - A net under spend of **£824,000** in Passenger Transport, mainly relating to Local Bus services, **£1m**, where contracts are being procured at a price lower than that assumed and built into the MTRS; offset by Concessionary Fares **£299,000** (reflecting ECC's commitment to reimburse operators for losses due to reduced patronage since CV19 as per governance paper FP/437/06/22) and staffing under spends due to in year vacancies which continue to be recruited into.
  - Net under spend of **£1.6m** across the policy lines Tackling Congestion, Bridges, Street Lighting and the Winter Service. Within this total there is **£724,000** of over recovery of income within Bus Lane Enforcement where driver contraventions continue at a high level and **£538,000** of Traffic Regulation Orders where applications volumes have exceeded that anticipated that is budgeted for within the MTRS.
  - An over spend of **£1.2m** in Roads & Footways to support investment in Highways Infrastructure through the creation of a new Pothole fund to be covered by reserves.
  - Other immaterial over spends, across a number of policy lines **£105,000**.
- iii. Approval is sought in this report for the following:
  - **£500,000** to the Technology and Digitisation Reserve to enable a replacement solution for the S106 database from Highways
  - **£179,000** to the Carry Forward Reserve for the Integrated Passenger Transport Unit to deliver a set of training modules to support drivers and passenger assistants in the delivery of the SEN Home to School transport service
  - **£138,000** from the General Risk Reserve to support Local Bus operators increased fuel costs

- Vire **£115,000** from the Roads & Footways to Traffic Management policy lines to align the staffing budgets

#### **5.10 Leader - £60,000 (1.1%) under spend**

- i. The portfolio reports a residual under spend of **£60,000** representing a small adverse movement of **£36,000** since the Half Year report. This movement is due to improved forecasting from Slough in relation to work that the Chief Executive is involved in
- ii. Approval is sought in this report for the following:
  - **£239,000** to the Carry Forward Reserve, £135,000 for supporting savings and £104,000 for Seedcorn (environmental projects) of which £27,000 is a slipped carry forward from the previous year

#### **5.11 Waste Reduction and Recycling – on line**

- i. The Waste Reduction and Recycling portfolio is reporting an online position to budget – no movement from the Half Year report. There is an underlying £2.2m under spend and in the Provisional Outturn report any under spends will be used to replenish the Waste Reserve. Within this position, the following should be noted:
- ii. As we de-mobilised the IWHC contract and designed a new internal service to manage the recycling centres, we built a cost base that was heavily reliant on assumptions, many of which were reflective of the cost base established by Veolia under their contractual arrangements. Pressures are now coming through from; anticipated pay negotiation, energy cost inflation and reduced income from the materials marketing contract. Considering the current macroeconomic environment, the actual costs being incurred are being monitored closely and any variation to the original financial model that underpinned the budget will be investigated and the impact assessed for materiality.
- iii. Actual tonnage information for the period to date is not yet wholly reflected in the forecast position. This is because there is a time lag in the provision of data related to tonnage disposed of for certain waste streams. This is normal practice and is not reflective of any specific issues.
- iv. The 2022/23 budget is under spent as it included additional tonnage for the impact of covid which is not crystallising, initial work has released circa. (£1.3m) under spend relating to lower than budgeted tonnage. There are tonnage variances for food and recycling credits coming through that need to be checked for the next reporting period to validate any further under spend.
- v. Landfill Aftercare previously forecasting an online position has been revised in line with income earned to date.

#### **5.12 Other Operating Costs – £9.3m (16.4%) under spend**

- i. This under spend position and movement since the Half Year report of **£4.1m** is due to the changing interest rates compared to budget as well as the impact of capital slippage on borrowing and interest payable.
- ii. Approval is sought in this report for the following:
  - **£600,000** to the Carry Forward Reserve in relation to a number of requests to reprofile across Other Operating Costs including the apprenticeship levy

#### **5.13 Community, Equality, Partnerships and Performance Recharged Strategic Support Services - £108,000 (0.6%) over spend**

- i. The forecast over spend of **£108,000** is reported after proposed adjustments and there has been an adverse movement of **£60,000** since the Half Year report. The over spend and movement are largely attributable to income pressures and one off redundancy within the Health and Safety team **£99,000** and unbudgeted staffing costs within Equality and Diversity of **£25,000**.
- ii. Approval is sought in this report for the following:
  - **£330,000** to the Carry Forward reserve in relation to savings across the portfolio and to support the delivery of performance and business intelligence. **£120,000** of this relates to a slipped carry forward from the previous year.

#### **5.14 Economic Renewal, Infrastructure and Planning Recharged Strategic Support Services – on line**

- i. The portfolio reports an on line position with no change from the position reported in the Half Year report. However, it has been identified that the income budget is unachievable as this was due to be generated via commercial income by selling services to third parties. This is due to the service no longer delivering projects for the DfE, and the impact of Covid on the construction industry. This is being mitigated by in-year staffing vacancies, recharges to capital projects and lower than anticipated activity spend. However, there is a risk of **£200,000 within the portfolio** which is being closely monitored through the year.

#### **5.15 Finance, Resources and Corporate Affairs Recharged Strategic Support Services - £1.9m (2.1%) over spend**

- i. The portfolio forecasts an over spend of **£1.9m** which is largely in relation to pressures within Facilities Management where contract inflationary pressures, utility costs and the saving in relation to property realisation that was already in the MTRS have caused substantial issues, but in addition there is also an over spend within the Insurance Cost Recovery Account due to higher than budgeted inflationary pressures attached to insurance premiums.

- ii. These two over spends are slightly offset by favourable forecasts in relation to staffing across the remainder of the portfolio.
- iii. This position represents a favourable movement since the Half Year report of **£393,000** as a result of a recommended draw down from the General Risk reserve that is sought in this report to help address the Facilities Management pressures referred to earlier.
- iv. Approval is sought in this report for the following:
  - **£1.8m** to the Carry Forward Reserve, **£1.6m** in respect of savings in 2023/24 and additional audit fee risk and **£228,000** carry forward slipped from the previous year relating to Rowan House
  - **£1.9m** from the General Risk Reserve, **£1.2m** as a result of the increased unit price for gas across all ECC sites and **£682,000** to address the inflationary pressure as a result of higher than budgeted CPI for the 2022/23 Mitie contract
  - **£560,000** to the Technology and Digitisation Reserve to offset pressures in future years such as additional device costs in 2024/25
  - **£32,000** from the Covid Equalisation Reserve to cover staff reward voucher tax and HMRC old tax liability as discussed in relation to delayed covid costs.

## **5.16 Leader Recharged Support Services – on line**

- i. This position is reported as on line.

## **6. Trading Activities**

- 6.1 Trading activities as a whole are reporting an under spend of **£7,000** against the budgeted surplus of **£304,000**. This is a small movement from the online position reported at Half Year.
- 6.2 Place Services is reporting an achievement of the planned target of **£300,000** which will be appropriated to County Reserves
- 6.3 Music Services is reporting an under spend of £7,000 after the £4,000 appropriation to County Reserves to repay the remaining Music Pension deficit.
- 6.4 These forecast positions will leave a net residual surplus in reserves of **£1.5m**, of which **£1.3m** relates to Place Services
- 6.5 Appendix B shows the position by each Trading Activity.

## **7. Capital**

7.1 An under spend of **£26.2m** (9.9%) is forecast against the latest capital budget of **£266m**. After taking account of budget change requests in this report there is a residual under spend of **£306,000**.

7.2 Approval is sought for:

- i. Slippage of **£25m** (£15.8m into 2023/24, £7.3m into 2024/25 and £1.9m 2025/26)
- ii. Budget additions of **£7.9m**
- iii. Budget reductions of **£9.6m**
- iv. Advanced works of **£727,000** (£276,000 into 2023/24, £429,000 into 2024/25, and £22,000 into 2025/26)

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 – £416,000 under spend**

i. Approval is sought to re-profile £288,000 from 2022/23 into 2025/26 and £127,000 from 2024/25 into 2025/26. The slippage relates to Planning delays on the Independent Living Ninefields scheme.

ii. Approval is sought to reduce the capital programme by £150,000 in relation to the Bridgemarsh project

#### **7.5 Children's Service and Early Years – £1.7m under spend**

i. Approval is sought to re-profile **£1.7m** into 2023/24 mainly in relation to the purchasing of up to 4 properties to ensure ECC complies with changes to Government regulations which bans the use of unregulated properties for placements for Children in Care under the age of 16. Not all properties have been secured in the current year although they have been identified and negotiations underway.

#### **7.6 Community, Equity, Partnerships and Performance – £34,000 under spend**

i. Approval is sought to reduce the budget by £34,000 in relation to Changing Places.

#### **7.7 Devolution, Art, Heritage and Culture – £6,000 over spend**

i. The above variance to budget is immaterial.

#### **7.8 Economic Renewal, Infrastructure and Planning - £15m under spend**

i. An under spend of **£5.7m** is reported across the Housing Infrastructure Fund (HIF) schemes, specifically £3.5m slippage on Colchester Rapid Transit System into 2024/25 due to delays going out to tender on Section B and design delays on Section C owing to staff shortages. Furthermore, £1.2m slippage for Harlow sustainable transport corridor into 2023/24 due

to a large amount of statutory diversion works which are now likely to be completed in 2023/24. Finally, slippage of £890,000 Chelmsford North Eastern Bypass into 2023/24 due to the risk allowance allowed by Jacobs not being required in 2022/23.

ii. In Highways Major Schemes a **£3.5m** under spend has been reported. This under spend is driven mainly by Cycling Infrastructure (£1.1m), £312,000 slippage into 2023/24 and 2024/25 due to delays caused by Ringway Jacobs resourcing to carry out the work and £781,000 reduction mainly due to savings identified through the capital prioritisation review; a reduction of £1m on M11 Junction 7A and Gilden Way upgrading where the final account is currently being negotiated and early indications are that an under spend of at least £1m will be achieved.

iii. Economic Growth is reporting an under spend of **£2.6m** primarily in relation to the £1.2m slippage relating to Colchester Towns Fund into 2023/24 for the acquisition of Colchester bus station which was delayed by the submission of a judicial review; this has now been resolved. A further £850,000 slippage for Jaywick Market and Commercial due to delays caused by asbestos found in the car park.

iv. Superfast Essex Broadband Programme is also reporting a under spend of **£2.2m**. This predominately relates to delays as ECC are currently in dispute with Gigaclear which is affecting 3 contracts (£558,000); the remainder (£2m) relates to contract 4.7 where there have been delays caused by several change requests due to high cost cabinets that need to be signed off before delivery can be completed. This is partially offset by an addition of £530,000 as additional Get Building Fund grant has been secured to contribute towards high cost cab change requests.

v. In total across the portfolio approval is sought for;

- i. Slippage of **£14m** from 2022/23, £8.9m into 2023/24, £3.6m into 2024/25 and £1.5m into 2025/26
- ii. Additions of **£3.2m**
- iii. Reductions of **£4.5m**
- iv. Advanced works of **£250,000** into 2022/23, **£93,000** in to 2024/25, with £321,00 from 2024/25 and £22,000 from 2025/26

## **7.9 Education Excellence, Lifelong Learning and Employability - £2.3m under spend**

i. An under spend of **£974,000** is reported on Basic Need schemes, specifically £720,000 slippage in 2023/24 within Tendring Secondary Basic Need for Clacton PFI revised forecast costs. A further £516,000 slippage into 2023/24 within Maldon Secondary Basic Need relating to The Plume School as a result of delays in the submission of the planning application. These are offset by £369,000 of advanced works from 2023/24 within Epping Forest Primary Basic Need in relation to Hill House.

ii. An under spend of **£1m** relates to Special Schools with £615,000 slippage into 2023/24, £268,000 relates to Harlow Fields as per the latest business case profiling, and is fully funded from S106, and £302,000 for Moulsham due to a change of delivery method of the scheme. There is also a reduction of £700,000 relating to Walnut Tree where Highways costs are lower than previously forecast following robust challenge and negotiations with contractors in relation to compensation events.

iii. Furthermore (£552,000) slippage into 2023/24 within Temporary Accommodation, mainly relating to Great Bardfield with a new profile that is in line with the contractor's latest cashflow forecast.

iv. In total across the Portfolio, approval is sought for:

- i. Slippage of **£2.6m** from 2022/23, £2.4m into 2023/24 and £200,00 into 2024/25
- ii. Additions of **£1.5m**
- iii. Reductions of **£1.5m**
- iv. Advanced Works of **£477,000** into 2022/23, with £369,000 from 2023/24 and £108,000 from 2024/25

#### **7.10 Finance, Resources and Corporate Affairs – £118,000 under spend**

i. Approval sought to re-profile **£108,000** into 2023/24 relating to Peter Kirk Spangles and Essex Record Office after the latest cash flow forecasts

ii. Approval is sought for a reduction of **£434,000** and to add **£435,000** to the programme. This is to shift funding from the Core Estate Window scheme to Capitalised Building Maintenance.

#### **7.11 Highways Maintenance and Sustainable Transport - £6.2m under spend**

i. Approval is sought to re-profile **£6.2m**, with £2.8m into 2023/24 and £3.4m into 2024/25. This is driven by £5.7m slippage on Active Travel due to delays caused by objections to traffic regulation orders that need to be resolved. Further slippage of £500,000 within the Bus and Passenger Transport Infrastructure projects (into 2023/24) with service delivery delay of projects due to uncertainty in receiving DfT Zero Emission Bus Regional Area funding.

ii. Approval is sought to add **£2.7m** and a reduction of **£2.7m** within the programme. This is to move funding from road maintenance and street lighting projects to be used on the Fleet replacement programme.

#### **7.12 Leader – £215,000 under spend**

i. Approval is sought to reduce £215,000 from the capital programme relating to LECSEA as the project is no longer viable.

#### **7.13 Controlled Elsewhere – £253,000 over spend**

- i. Approval is sought to add £223,000 into Devolved Formula Capital

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

## 8. Policy context and Outcomes Framework

This report is an assessment of the financial position of the County Council, which itself is a representation of the corporate plan. The budget and Annual plan were approved in parallel in February 2022.

## 9. Reserves

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

9.2 This financial year to date there has been a total net value of **£56m** drawn down from reserves with the most significant reserve use being the Carry Forward (£18.5m), Covid Equalisation (£9.3m), General Risk (£6.3m), Adult Risk/Transformation (£5.2m), Everyone's Essex (£3.5m) and Emergency (£2.6m) reserves. A further net drawdown of **£2.8m** is sought in this report.

9.3 Of the recommendations requested in this report the most significant is to appropriate **£5.1m** to the General Risk Reserve due to the receipt of unbudgeted Independent Living Fund general government grant.

9.4 Approvals totalling **£4.1m** are sought in this report to appropriate to the Carry Forward Reserve to support the 2023/24 budget and specific risks. **£1.3m** of this relate to previous carry forwards slipped from the previous year. The breakdown of what this relates to specifically can be found in section 5.5.iv, 5.7.iii, 5.9.iii, 5.10.ii, 5.13.ii and 5.15.iv.

## 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](http://www.essex.gov.uk) if not circulated with this report)**

## **14. List of Background Papers**

Budgetary control reports.

## Appendix A

## Revenue

Portfolio	Latest Budget £000	Third Quarter Forecast Variance £000	% of Latest Budget	Half Year Forecast Variance £000	Movement £000	Direction of Travel
Adult Social Care and Health	484,534	2,176	0.4%	3,918	(1,741)	↑
Children's Services and Early Years DSG	(401)	(1,170)	291.6%	(1,169)	(1)	↑
Children's Services and Early Years Non DSG	141,383	4,622	3.3%	1,289	3,332	↓
Community, Equality, Partnerships and Performance	26,373	363	1.4%	647	(284)	↑
Devolution, the Arts, Heritage and Culture	5,772	79	1.4%	(0)	79	↓
Economic Renewal, Infrastructure and Planning	12,297	(565)	(4.6%)	(229)	(336)	↑
Education Excellence, Life Long Learning and Employability DSG	(2,577)	(7,378)	286.3%	(8,660)	1,282	↓
Education Excellence, Life Long Learning and Employability Non DSG	25,190	311	1.2%	358	(47)	↑
Finance, Resources and Corporate Affairs	14,062	(359)	(2.6%)	(274)	(86)	↑
Highways Maintenance and Sustainable Transport	119,875	(3,733)	(3.1%)	(223)	(3,511)	↑
Leader	5,484	(60)	(1.1%)	(97)	36	↓
Waste Reduction and Recycling	86,727	-	0.0%	-	-	→
Other Operating Costs	56,708	(9,291)	(16.4%)	(5,198)	(4,094)	↑
Community, Equality, Partnerships and Performance RSSS	18,945	108	0.6%	47	60	↓
Economic Renewal, Infrastructure and Planning RSSS	1,097	-	0.0%	-	-	→
Finance, Resources and Corporate Affairs RSSS	92,313	1,932	2.1%	2,325	(393)	↑
Leader RSSS	2,103	-	0.0%	-	-	→
<b>Total</b>	<b>1,089,884</b>	<b>(12,967)</b>	<b>(1.2%)</b>	<b>(7,265)</b>	<b>(5,701)</b>	
DSG Offset	(2,978)	(8,548)	287.0%	(9,829)	1,281	
<b>Total Excluding DSG</b>	<b>1,092,862</b>	<b>(4,419)</b>	<b>(0.4%)</b>	<b>2,564</b>	<b>(6,983)</b>	
Funding		40		301	(261)	
<b>Revised Total</b>	<b>1,092,862</b>	<b>(4,379)</b>	<b>(0.4%)</b>	<b>2,865</b>	<b>(7,244)</b>	

## Appendix B

### Traded Services

	Revenue reserve 1 April 2022	Income	Budget Expenditure (Surplus) /Deficit		Income	Expenditure	Forecast (Surplus) / deficit	Final Outturn position	To County Revenue Account	To Trading Activity reserve	Final Outturn position	Variance Plan Proposals to/(from) reserves	Revenue reserve 31 March 2023
Traded Services	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Place Services	(1,252)	(3,515)	3,215	(300)	(4,175)	3,875	(300)	-	(300)	-	-	-	(1,252)
Music Services	(261)	(4,088)	4,084	(4)	(4,265)	4,254	(11)	(7)	(4)	-	-	-	(261)
<b>Total</b>	<b>(1,513)</b>	<b>(7,603)</b>	<b>7,299</b>	<b>(304)</b>	<b>(8,440)</b>	<b>8,129</b>	<b>(311)</b>	<b>(7)</b>	<b>(304)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,513)</b>

## Appendix C (i)

### 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	435	19	(416)	910	254	1,164	727	(437)
Children's Services and Early Years	2,928	756	(2,172)	2,014	2,277	4,291	2,559	(1,731)
Community, Equality, Partnerships and Performance	83	87	3	100	125	225	178	(47)
Devolution, the Arts, Heritage and Culture	133	6	(127)	121	18	139	145	6
Economic Renewal, Infrastructure and Planning	42,413	34,143	(8,270)	117,544	(14,197)	103,347	88,341	(15,006)
Education Excellence, Lifelong Learning and Employability	25,639	30,421	4,783	59,832	(12,205)	47,627	45,180	(2,447)
Finance, Resources and Corporate Affairs	6,919	3,963	(2,956)	5,845	6,215	12,060	11,942	(118)
Highways Maintenance and Sustainable Transport	69,794	54,647	(15,146)	96,976	(1,646)	95,331	89,103	(6,228)
Leader	1,037	91	(947)	280	1,556	1,836	1,621	(215)
<b>ECC Capital Programme</b>	<b>149,381</b>	<b>124,133</b>	<b>(25,248)</b>	<b>283,623</b>	<b>(17,602)</b>	<b>266,021</b>	<b>239,796</b>	<b>(26,224)</b>

### Financed by:

	Budget Movement		Full Year		
	Original Budget	In year approved changes	Revised Budget	Outturn	Variance
	£000	£000	£000	£000	£000
<b>ECC Capital Programme</b>					
Grants	123,776	3,464	127,240	117,173	(10,067)
Reserves	6,000	-	6,000	6,000	-
Developer & Other contributions	17,484	(5,542)	11,942	11,668	(274)
Capital receipts	5,000	-	5,000	5,000	-
Unsupported borrowing	131,363	(15,784)	115,579	99,545	(16,034)
<b>ECC Capital Programme</b>	<b>283,623</b>	<b>(17,862)</b>	<b>265,761</b>	<b>239,386</b>	<b>(26,375)</b>
Grants	-	260	260	410	150
Unsupported borrowing	-	-	-	-	-
<b>School Balances</b>	<b>-</b>	<b>260</b>	<b>260</b>	<b>410</b>	<b>150</b>
<b>Total ECC &amp; Schools Capital Funding</b>	<b>283,623</b>	<b>(17,602)</b>	<b>266,021</b>	<b>239,796</b>	<b>(26,225)</b>

## Appendix C(ii)

### Capital Variance Plan

#### Variance plan - current year

Portfolio	Approved changes					Variance Plan (2022/23)				
	Slippage	Additions	Reductions	Advanced Works	Approved changes	Slippage	Additions	Reductions	Advanced Works	Residual Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care and Health	254	308	(304)	(4)	254	(288)	-	(150)	-	1
Children's Services and Early Years	190	2,164	(77)	-	2,277	(1,735)	3	(3)	-	4
Community, Equality, Partnerships and Performance	125	-	-	-	125	-	-	(34)	-	(14)
Devolution, the Arts, Heritage and Culture	18	-	-	-	18	-	-	-	-	6
Economic Renewal, Infrastructure and Planning	(9,101)	13,433	(24,391)	5,862	(14,197)	(13,979)	3,199	(4,468)	250	(9)
Education Excellence, Lifelong Learning and Employability	(12,184)	20,699	(20,446)	(274)	(12,205)	(2,649)	1,542	(1,533)	477	(284)
Finance, Resources and Corporate Affairs	519	8,285	(2,461)	(128)	6,215	(108)	434	(434)	-	(10)
Highways Maintenance and Sustainable Transport	(4,483)	81,646	(77,088)	(1,721)	(1,646)	(6,216)	2,708	(2,720)	-	0
Leader	-	1,621	(65)	-	1,556	-	-	(215)	-	(0)
<b>ECC Capital Programme</b>	<b>(24,662)</b>	<b>128,156</b>	<b>(124,832)</b>	<b>3,735</b>	<b>(17,603)</b>	<b>(24,975)</b>	<b>7,886</b>	<b>(9,557)</b>	<b>727</b>	<b>(306)</b>

#### Variance plan - Future years

Portfolio	2023/24		2024/25		Variance Plan - Future Years 2025/26		2026/27		2027/28	
	Slippage	Advanced Works	Slippage	Advanced Works	Slippage	Advanced Works	Slippage	Advanced Works	Slippage	Advanced Works
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care and Health	(123)	-	-	-	411	-	-	-	-	-
Children's Services and Early Years	1,735	-	-	-	-	-	-	-	-	-
Community, Equality, Partnerships and Performance	-	-	-	-	-	-	-	-	-	-
Devolution, the Arts, Heritage and Culture	-	-	-	-	-	-	-	-	-	-
Economic Renewal, Infrastructure and Planning	8,852	93	3,647	(321)	1,480	(22)	-	-	-	-
Education Excellence, Lifelong Learning and Employability	2,449	(369)	200	(108)	-	-	-	-	-	-
Finance, Resources and Corporate Affairs	108	-	-	-	-	-	-	-	-	-
Highways Maintenance and Sustainable Transport	2,781	-	3,435	-	-	-	-	-	-	-
<b>ECC Capital Programme</b>	<b>15,802</b>	<b>(276)</b>	<b>7,282</b>	<b>(429)</b>	<b>1,891</b>	<b>(22)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Portfolio & Scheme	Slippage	Additions	Reductions	Advanced Works	2022/23 Changes
	£000	£000	£000	£000	Requested
BRIDGEMARSH	-	-	(150)	-	(150)
INDEPENDENT LIVING OLDER PEOPLE NINEFIELDS WALTHAM	(284)	-	-	-	(284)
INDEPENDENT LIVING OLDER PEOPLE COPPINS COURT	(4)	-	-	-	(4)
<b>Adult Social Care and Health</b>	<b>(288)</b>	<b>-</b>	<b>(150)</b>	<b>-</b>	<b>(438)</b>
EARLY YEARS	(205)	3	(3)	-	(205)
ADAPTATIONS	(83)	-	-	-	(83)
SOLO PLACEMENTS	(1,447)	-	-	-	(1,447)
<b>Children's Services and Early Years</b>	<b>(1,735)</b>	<b>3</b>	<b>(3)</b>	<b>-</b>	<b>(1,735)</b>
CHANGING PLACES	-	-	(34)	-	(34)
<b>Deputy Leader &amp; Community, Equality, Partnerships and Perf</b>	<b>-</b>	<b>-</b>	<b>(34)</b>	<b>-</b>	<b>(34)</b>
CHELMSFORD NORTH EASTERN BYPASS	(890)	-	-	-	(890)
COLCHESTER RAPID TRANSIT SYSTEM (HIF)	(3,547)	-	-	-	(3,547)
HARLOW STC NTH/STH (Ph1:GILSTON TO TC) (HIF)	(1,250)	-	-	-	(1,250)
ADVANCED SCHEME DESIGN	-	42	-	-	42
M11 JUNCTION 7A AND GILDEN WAY UPGRADING	-	-	(1,000)	-	(1,000)
A120 MILLENNIUM WAY SLIPS	(57)	-	-	-	(57)
A127 AUTONOMOUS AND CONNECTED HIGHWAY FOR SOUTH	(590)	-	-	-	(590)
A127 FAIRGLEN INTERCHANGE	(890)	-	-	-	(890)
ARMY AND NAVY RAB, CHELMSFORD	(238)	-	-	-	(238)
CHELMSFORD GROWTH AREA	-	332	-	-	332
CYCLING INFRASTRUCTURE	(312)	-	(781)	-	(1,093)
BDUK ESSEX SUPERFAST PROGRAMME PHASE 3	(225)	-	-	-	(225)
BDUK ESSEX SUPERFAST PROGRAMME PHASE 4	(2,382)	530	(85)	-	(1,937)
BDUK GIGABIT TOP UP SCHEME	(700)	700	-	-	-
COLCHESTER GROW ON SPACE	-	-	-	250	250
Jaywick Market & Commercial	(850)	301	-	-	(549)
LOCAL SPACE CLUSTER WATERHOUSE LANE	-	-	(186)	-	(186)
ROCHEWAY GBF	-	713	-	-	713
TINDAL SQUARE CHELMSFORD	-	332	-	-	332
SWAN MODULAR HOUSING FACTORY	-	-	(2,065)	-	(2,065)
MOULSHAM LODGE	-	3	-	-	3
WESTFIELD	(21)	-	-	-	(21)
EH LLP - LRF GRANT COSTS	-	53	-	-	53
EH LLP LOAN ECH	-	15	-	-	15
EH LLP LOAN SHERNBROKE	-	8	-	-	8
EH LLP LOAN PURFORD	-	19	-	-	19
HARWICH LEVELLING UP	(800)	-	-	-	(800)
COLCHESTER TOWNS FUND	(1,226)	150	(50)	-	(1,126)
ADVANCED SCHEME DESIGN - ECONOMIC GROWTH	-	-	(300)	-	(300)
<b>Economic Renewal, Infrastructure and Planning</b>	<b>(13,978)</b>	<b>3,198</b>	<b>(4,467)</b>	<b>250</b>	<b>(14,997)</b>
SCHOOLS CAPITALISED BUILDING MAINTENANCE	-	96	(16)	-	80
BASILDON PRIMARY BASIC NEED	-	1	(309)	-	(308)
EPPING FOREST PRIMARY BASIC NEED	-	-	-	369	369
EPPING FOREST SECONDARY BASIC NEED	-	5	-	-	5
COLCHESTER PRIMARY BASIC NEED	-	11	(48)	-	(37)
ROCHFORD SECONDARY BASIC NEED	-	67	(148)	-	(81)
BRAINTREE PRIMARY BASIC NEED	-	15	-	-	15
MALDON PRIMARY BASIC NEED	(200)	60	-	-	(140)
MALDON SECONDARY BASIC NEED	(516)	-	-	-	(516)
TENDRING PRIMARY BASIC NEED	(46)	2	-	-	(44)
TENDRING SECONDARY BASIC NEED	(720)	357	-	-	(363)
UTTLESFORD PRIMARY BASIC NEED	-	62	-	-	62
BRENTWOOD PRIMARY BASIC NEED	-	21	-	-	21
CHELMSFORD PRIMARY BASIC NEED	-	-	-	108	108
SCHOOLS FEASIBILITIES	-	-	(72)	-	(72)
SPECIAL SCHOOLS	(615)	278	(710)	-	(1,047)
ACL DIGI HUB	-	-	(100)	-	(100)
TEMPORARY ACCOMMODATION	(552)	344	(98)	-	(306)
<b>Education Excellence, Lifelong Learning and Employability</b>	<b>(2,649)</b>	<b>1,319</b>	<b>(1,501)</b>	<b>477</b>	<b>(2,354)</b>
SALIX GRANT ERO	(48)	-	-	-	(48)
SALIX GRANT CORE ESTATE WINDOW	-	-	(345)	-	(345)
SALIX GRANT WITHAM ACL	-	89	-	-	89
CAPITALISED BUILDING MAINTENANCE	(60)	345	(89)	-	196
<b>Finance, Resources and Corporate Affairs</b>	<b>(108)</b>	<b>434</b>	<b>(434)</b>	<b>-</b>	<b>(108)</b>
ACTIVE TRAVEL	(5,716)	281	-	-	(5,435)
ACTIVE TRAVEL 3 & COL TWN FD LCWIP4	-	-	(42)	-	(42)
AIR QUALITY MANAGEMENT AREAS INTERVENTIONS	-	-	(70)	-	(70)
BUS LANE CAMERA ENFORCEMENT	-	-	(100)	-	(100)
BUS & PASSENGER TRANSPORT INFRASTRUCTURE	(500)	-	-	-	(500)
ROAD MAINTENANCE	-	2,207	(1,205)	-	1,002
SECTION 106	-	220	(1)	-	219
STREET LIGHTING REPLACEMENT	-	-	(1,000)	-	(1,000)
SURFACE WATER ALLEVIATION	-	-	(300)	-	(300)
<b>Highways Maintenance and Sustainable Transport</b>	<b>(6,216)</b>	<b>2,708</b>	<b>(2,718)</b>	<b>-</b>	<b>(6,226)</b>
LECSEA	-	-	(215)	-	(215)
<b>Leader</b>	<b>-</b>	<b>-</b>	<b>(215)</b>	<b>-</b>	<b>(215)</b>
<b>ECC Capital Programme</b>	<b>(24,975)</b>	<b>7,660</b>	<b>(9,522)</b>	<b>727</b>	<b>(26,110)</b>
Devolved Formula Capital	-	223	(31)	-	192
<b>Total Capital Programme</b>	<b>(24,975)</b>	<b>7,886</b>	<b>(9,557)</b>	<b>727</b>	<b>(25,919)</b>

Portfolio & Scheme	2023/24		2024/25		2025/26	
	Slippage £000	Advanced Works £000	Slippage £000	Advanced Works £000	Slippage £000	Advanced Works £000
INDEPENDENT LIVING OLDER PEOPLE NINEFIELDS WALTHAM	(127)	-	-	-	411	-
INDEPENDENT LIVING OLDER PEOPLE COPPINS COURT	4	-	-	-	-	-
<b>Adult Social Care and Health</b>	<b>(123)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>411</b>	<b>-</b>
EARLY YEARS	205	-	-	-	-	-
ADAPTATIONS	83	-	-	-	-	-
SOLO PLACEMENTS	1,447	-	-	-	-	-
<b>Children's Services and Early Years</b>	<b>1,735</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
CHELMSFORD NORTH EASTERN BYPASS	890	-	-	-	-	-
COLCHESTER RAPID TRANSIT SYSTEM (HIF)	-	-	3,547	-	-	-
HARLOW STC NTH/STH (Ph1:GILSTON TO TC) (HIF)	1,250	-	-	-	-	-
A120 MILLENNIUM WAY SLIPS	57	-	-	-	-	-
A127 AUTONOMOUS AND CONNECTED HIGHWAY FOR SOUTH	-	-	-	-	590	-
A127 FAIRGLEN INTERCHANGE	-	-	-	-	890	-
ARMY AND NAVY RAB, CHELMSFORD	238	-	-	-	-	-
CYCLING INFRASTRUCTURE	212	-	100	-	-	-
BDUK ESSEX SUPERFAST PROGRAMME PHASE 3	225	-	-	-	-	-
BDUK ESSEX SUPERFAST PROGRAMME PHASE 4	2,382	-	-	-	-	-
BDUK GIGABIT TOP UP SCHEME	700	-	-	-	-	-
COLCHESTER GROW ON SPACE	-	50	-	(300)	-	-
Jaywick Market & Commercial	850	-	-	-	-	-
WESTFIELD	21	-	-	-	-	-
HARWICH LEVELLING UP	800	-	-	-	-	-
COLCHESTER TOWNS FUND	1,226	43	-	(21)	-	(22)
<b>Economic Renewal, Infrastructure and Planning</b>	<b>8,851</b>	<b>93</b>	<b>3,647</b>	<b>(321)</b>	<b>1,480</b>	<b>(22)</b>
EPPING FOREST PRIMARY BASIC NEED	-	(369)	-	-	-	-
MALDON PRIMARY BASIC NEED	-	-	200	-	-	-
MALDON SECONDARY BASIC NEED	516	-	-	-	-	-
TENDRING PRIMARY BASIC NEED	46	-	-	-	-	-
TENDRING SECONDARY BASIC NEED	720	-	-	-	-	-
CHELMSFORD PRIMARY BASIC NEED	-	-	-	(108)	-	-
SPECIAL SCHOOLS	615	-	-	-	-	-
TEMPORARY ACCOMMODATION	552	-	-	-	-	-
<b>Education Excellence, Lifelong Learning and Employability</b>	<b>2,449</b>	<b>(369)</b>	<b>200</b>	<b>(108)</b>	<b>-</b>	<b>-</b>
SALIX GRANT ERO	48	-	-	-	-	-
CAPITALISED BUILDING MAINTENANCE	60	-	-	-	-	-
<b>Finance, Resources and Corporate Affairs</b>	<b>108</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
ACTIVE TRAVEL	2,281	-	3,435	-	-	-
BUS & PASSENGER TRANSPORT INFRASTRUCTURE	500	-	-	-	-	-
<b>Highways Maintenance and Sustainable Transport</b>	<b>2,781</b>	<b>-</b>	<b>3,435</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ECC Capital Programme</b>	<b>15,801</b>	<b>(276)</b>	<b>7,282</b>	<b>(429)</b>	<b>1,891</b>	<b>(22)</b>
<b>Total Capital Programme</b>	<b>15,801</b>	<b>(276)</b>	<b>7,282</b>	<b>(429)</b>	<b>1,891</b>	<b>(22)</b>

## Reserves

	2022/23 movements				Adjustments proposed in quarterly report included within this position
	Balance at 1 April 2022 £000	(Contributions)/ Withdrawals agreed £000	Future commitments £000	Estimated Closing balance £000	
Long Term Contractual Commitment					
PFI Reserves					
A130 PFI	(28,181)	10,308	-	(17,873)	-
Building Schools for the Future PFI	(1,237)	-	(1,079)	(2,316)	(130)
Debden School PFI	(1,743)	-	275	(1,468)	220
Clacton Secondary Schools' PFI	(960)	-	588	(371)	276
Waste Reserve	(114,870)	6,209	4,257	(104,404)	-
Grant Equalisation Reserve	(36,839)	-	3,202	(33,637)	-
Trading Activities (not available for use)	(1,514)	304	(408)	(1,618)	-
Partnerships and Third Party (not available for use)	(2,376)	-	-	(2,376)	-
Schools (not available for use)	(49,212)	-	-	(49,212)	-
General Balance	(68,096)	-	-	(68,096)	-
Reserves earmarked for future use					
Adults Digital Programme	(275)	-	247	(28)	-
Adults Risk	(14,221)	-	3,487	(10,734)	-
Adults Transformation	(12,718)	-	5,885	(6,833)	400
Ambition Fund	(6,523)	(8,800)	8,920	(6,403)	-
Bursary for Trainee Carers	(338)	-	338	-	-
Capital Receipts Pump Priming	(4,034)	(6,000)	2,500	(7,534)	-
Carbon Reduction	(982)	114	192	(676)	-
Carry Forward	(24,742)	-	19,217	(5,525)	(4,093)
Childrens Risk	-	(2,500)	2,500	-	2,500
Childrens Transformation	(7,188)	-	1,172	(6,016)	-
Collection Fund Risk	(7,587)	(9,497)	-	(17,084)	-
Commercial Investment in Essex Places	(15,658)	170	326	(15,162)	(150)
Community Initiatives Fund	(376)	(350)	350	(376)	2
Covid Equalisation Reserve	(40,769)	1,831	27,956	(10,982)	2,610
EES Pension Risk	(4,000)	-	-	(4,000)	-
Emergency	(17,564)	(9,094)	7,550	(19,108)	-
Emergency Planning	(300)	-	-	(300)	-
Equalities Fund Reserve	(261)	-	-	(261)	-
Essex Climate Change Commission	(4,331)	-	2,533	(1,798)	-
Essex Crime and Police	(73)	-	-	(73)	-
Everyones Essex	(47,273)	(1,000)	16,322	(31,951)	(327)
Future Capital Funding	(14,437)	(14,674)	16,223	(12,888)	-
General Risk	(13,858)	-	3,947	(9,911)	(3,031)
Health and Safety	(4,657)	-	103	(4,554)	-
Insurance	(6,260)	-	-	(6,260)	-
Newton	(149)	-	-	(149)	-
Property Fund	(1,303)	-	260	(1,043)	-
Quadrennial Elections	(999)	(500)	43	(1,456)	-
Renewal Fund	(2,523)	-	277	(2,246)	-
Social Distancing & Hygiene	(900)	-	-	(900)	-
Technology and Digitisation	(11,640)	(10,000)	7,739	(13,902)	(1,060)
Transformation	(48,506)	(11,823)	12,500	(47,829)	(42)

## Appendix E

### TREASURY MANAGEMENT SUMMARY - 2022/23

	Actual Balance 1 April 2022 £000	Movements			Estimated Balance at 31 March 2023 £000	Interest payable / (earned) to date £000
		Raised £000	Repaid £000	Net movement £000		
<b>Borrowing</b>						
Long Term	592,859	1,109	(11,231)	(10,122)	582,737	20,094
Temporary	7,156	5,806	-	5,806	12,962	360
<b>Total External Borrowing (A)</b>	<b>600,015</b>	<b>6,915</b>	<b>(11,231)</b>	<b>(4,316)</b>	<b>595,699</b>	<b>20,454</b>
<b>Investments</b>						
Long Term	10,000	-	-	-	10,000	(400)
Temporary	562,523	-	(11,773)	(11,773)	550,750	(9,624)
<b>Total External Investments (B)</b>	<b>572,523</b>	<b>-</b>	<b>(11,773)</b>	<b>(11,773)</b>	<b>560,750</b>	<b>(10,024)</b>
<b>Net indebtedness (A-B)</b>	<b>27,492</b>	<b>6,915</b>	<b>542</b>	<b>7,457</b>	<b>34,949</b>	<b>10,430</b>
<b>Borrowing</b>						
Average balance of long term borrowing during the year over the period to date (£000)						584,654
Opening pool rate at 1 April 2022 (%)						3.37%
Average pool rate for year (%)						3.39%
<b>Investments</b>						
Average daily cash balance over period to date (£000)						611,074
Average interest earned over period						1.56%
Benchmark rate - average 1 month SONIA rate						0.83%

## Appendix F

### Prudential Indicators - Summary

		Approved Indicator	Current Forecast
Affordability			
Incremental impact on Council Tax of 2022/23 and earlier years' 'starts'	£	£107.37	£107.24
Ratio of financing costs to net revenue streams	%	8.6%	8.4%
Prudence			
Net borrowing and Capital Financing Requirement		Net borrowing is below the medium term forecast of the CFR	
Capital Expenditure			
Capital expenditure	£m	284	240
Capital Financing Requirement (excluding credit arrangements )	£m	1,134	1,083
External Debt			
Authorised limit (borrowing only )	£m	1,060	N/A
Operational boundary (borrowing only )	£m	890	N/A
Actual external borrowing (maximum level of debt during year)	£m	N/A	600
Treasury Management			
Interest rate exposures			
Upper limit for exposure to fixed rates			
Net exposure	£m	1,060	281
Debt		100.0%	99.3%
Investments		100.0%	70.5%
Upper limit for exposure to variable rates			
Net exposure	£m	318	230
Debt		30.0%	2.3%
Investments		100.0%	42.1%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40.0%	1.9%
12 months and within 24 months	%	40.0%	2.0%
24 months and within 5 years	%	40.0%	9.6%
5 years and within 10 years	%	40.0%	16.7%
10 years and within 25 years	%	75.0%	26.8%
25 years and within 40 years	%	40.0%	30.1%
40 years and within 50 years	%	20.0%	0.0%
50 years and above	%	20.0%	13.0%
Total sums invested for more than 364 days			
Authorised limit	£m	30	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.			