



Essex County Council

## Cabinet

<b>10:15</b>	<b>Tuesday, 17 January 2023</b>	<b>Council Chamber County Hall, Chelmsford, CM1 1QH</b>
--------------	-------------------------------------	---

**For information about the meeting please ask for:**

Emma Tombs, Democratic Services Manager

**Telephone:** 033303 22709

**Email:** [democratic.services@essex.gov.uk](mailto:democratic.services@essex.gov.uk)

### Essex County Council and Committees Information

All Council and Committee Meetings are held in public unless the business is exempt in accordance with the requirements of the Local Government Act 1972.

Members of the public will be able to view and listen to any items on the agenda unless the Committee has resolved to exclude the press and public from the meeting as a result of the likely disclosure of exempt information as defined by Schedule 12A to the Local Government Act 1972.

#### **ECC Guest Wifi**

For members of the public, you can now access free wifi in County Hall.

- Please log in to 'ECC Guest'
- Follow the instructions on your web browser

#### **Attendance at meetings**

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

#### **Access to the meeting and reasonable adjustments**

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

Induction loop facilities are available in most Meeting Rooms. If the meeting is taking place in Committee Room One you will need to download the **Sennheiser MobileConnect App** from your mobile phone's app store in order to access a sound enhancement service for the hard of hearing. You will need to bring headphones or earbuds to the meeting with you. Please speak with a member of the Democratic Services Team before the start of the meeting for assistance in using this service.

## **Accessing Documents**

If you have a need for documents in, large print, Braille, on disk or in alternative languages and easy read please contact the Democratic Services Officer before the meeting takes place. For further information about how you can access this meeting, contact the Democratic Services Officer.

The agenda is also available on the Essex County Council website, [www.essex.gov.uk](http://www.essex.gov.uk). From the Home Page, click on 'Running the council', then on 'How decisions are made', then 'council meetings calendar'. Finally, select the relevant committee from the calendar of meetings.

## **Livestreaming of meetings**

In the interests of improving access to the Council's meetings, most meetings will be livestreamed on the [ECC Democracy - YouTube Channel](#). Recordings of the meetings once they have finished are also available on the Channel.

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

## **Pages**

### **\* Meeting Arrangements**

In accordance with paragraph 14.7 of the Council's Constitution, the Leader has agreed that all members may take part in the meeting and vote if they are present via Zoom. The link to the Zoom meeting has been sent to members separately. Members of the public may watch on YouTube and there will of course be the normal public access to the meeting room in County Hall, from which any member of the public may observe the meeting and make representations.

<b>1</b>	<b>Membership, apologies, substitutions and declarations of interest</b>	<b>5 - 5</b>
----------	--	--------------

<b>2</b>	<b>Minutes: 15 December 2022</b>	<b>6 - 8</b>
----------	----------------------------------	--------------

<b>3</b>	<b>Questions from the public</b>	
----------	----------------------------------	--

A period of up to 15 minutes will be allowed for members of the public to ask questions or make representations

on any item on the agenda for this meeting. No statement or question shall be longer than three minutes and speakers will be timed.

On arrival, and before the start of the meeting, please register with the Democratic Services Officer.

- |   |  |                  |
|---|--|------------------|
| <b>4</b>  | <b>2022-23 Financial Overview as at the Third Quarter Stage (FP/305/02/22)</b>                               | <b>9 - 37</b>    |
| <br>  |  |                  |
| <b>5a</b>   | <b>Everyone's Essex Annual Plan and Budget 2023/24 – Part 1: Section 151 Officer's Report (FP/306/02/22)</b> | <b>38 - 52</b>   |
| <br>  |  |                  |
| <b>5b</b>   | <b>Everyone's Essex Annual Plan and Budget 2023/24 – Part 2: Budget and Plan (FP/306/02/22)</b>              | <b>53 - 261</b>  |
| <br>  |  |                  |
| <b>6</b>  | <b>Education Travel Contract Extensions and Awards 2023 (FP/543/10/22)</b>                                   | <b>262 - 272</b> |
| <br>  |  |                  |
| <p>The Equality Comprehensive Impact Assessment (ECIA) is available <a href="#">online</a> – please scroll to bottom of page.</p> |  |                  |
| <br>  |  |                  |
| <b>7</b>  | <b>Re-procurement of Framework for Individual Packages of Education Support (FP/539/10/22)</b>               | <b>273 - 280</b> |
| <br>  |  |                  |
| <p>The Equality Comprehensive Impact Assessment (ECIA) is available <a href="#">online</a> – please scroll to bottom of page.</p> |  |                  |
| <br>  |  |                  |
| <b>8</b>  | <b>Option Agreement for land at Warren and Parker's Farm, Little Canfield (FP/476/08/22)</b>                 | <b>281 - 289</b> |
| <br>  |  |                  |
| <p>The Equality Comprehensive Impact Assessment (ECIA) is available <a href="#">online</a> – please scroll to bottom of page.</p> |  |                  |
| <br>  |  |                  |
| <b>9</b>  | <b>Decisions taken by or in consultation with Cabinet Members (FP/583/12/22)</b>                             | <b>290 - 291</b> |
| <br>  |  |                  |
| <b>10</b>   | <b>Date of Next Meeting</b>  |                  |

To note that the next meeting of the Cabinet will take

place at 10.15am on Tuesday 21 February 2023 in the Council Chamber, County Hall, Chelmsford, CM1 1QH.

**11 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.**

**12 Confidential Appendix - Land at Warren and Parkers Farm (FP/476/08/22)**

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

**13 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.



**Committee:** Cabinet

**Enquiries to:** Emma Tombs, Democratic Services Manager  
[Emma.tombs@essex.gov.uk](mailto:Emma.tombs@essex.gov.uk)

**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**

Cllr Kevin Bentley	Leader of the Council (Chairman)
Cllr Louise McKinlay	Deputy Leader and Community, Equality, Partnerships and Performance (Vice-Chairman)
Cllr Tony Ball	Education Excellence, Life Long Learning and Employability
Cllr Malcolm Buckley	Waste Reduction and Recycling
Cllr Graham Butland	Devolution, the Arts, Heritage and Culture
Cllr Beverley Egan	Children's Services and Early Years
Cllr Lee Scott	Highways Maintenance and Sustainable Transport
Cllr John Spence	Adult Social Care and Health
Cllr Lesley Wagland	Economic Renewal, Infrastructure and Planning
Cllr Chris Whitbread	Finance, Resources and Corporate Affairs

## Minutes of a meeting of the Cabinet that took place in the Council Chamber at County Hall on Thursday 15 December 2022

### Present:

Councillor	Cabinet Member Responsibility
Cllr Kevin Bentley	Leader of the Council (Chairman)
Cllr Louise McKinlay	Deputy Leader and Cabinet Member for Community, Equality, Partnerships and Performance (via Zoom)
Cllr Tony Ball	Education Excellence, Lifelong Learning and Employability
Cllr Malcolm Buckley	Waste Reduction and Recycling
Cllr Graham Butland	Devolution, the Arts, Heritage and Culture
Cllr Beverley Egan	Children's Services and Early Years
Cllr Lee Scott	Highways Maintenance and Sustainable Transport
Cllr John Spence	Health and Adult Social Care
Cllr Lesley Wagland	Economic Renewal, Infrastructure and Planning
Cllr Chris Whitbread	Finance, Resources and Corporate Affairs

Cllrs Mark Durham, Peter Schwier and Mike Mackrory were also present. Cllr Ivan Henderson attended remotely, via Zoom.

### 1. Membership, Apologies, Substitutions and Declarations of Interest.

The report of Membership, Apologies and Declarations was received and the following were noted:

1. There had been no changes of membership since the last report.
2. Apologies for absence had been received from Cllr Chris Pond, Leader of the Non-Aligned Group, and Cllr David King, Deputy Leader of the Liberal Democrat Group.
3. Whilst not declarable interests, for transparency Cllr John Spence noted that the Beaulieu Park School was in his division and his wife was a board member of the Chelmsford Learning Partnership. Cllr Mike Mackrory also advised he was a governor at a school within the Chelmsford Learning Partnership.

### 2. Minutes: 15 November 2022

The Minutes of the previous meeting, held on 15 November 2022, were approved as a correct record and signed by the Chairman.

### 3. Questions from the public

None.

**4. Expansion of The Beaulieu Park School by 420 primary places on a phased basis with effect from September 2024 (FP/526/10/22)**

The report was considered in conjunction with a Confidential Appendix – minute 9 below refers.

The Cabinet received a report from the Cabinet Member for Education Excellence, Lifelong Learning and Employability concerning a proposal to meet a growing demand for primary places through expansion of The Beaulieu Park School by two forms of entry over a split school site.

Cllr Mike Mackrory spoke on the proposal, noting his support for an all-through school. Cllr Peter Schwier also offered support, particularly in respect of the net-zero design of the new buildings. The Cabinet Member for Health and Adult Social Care noted his thanks to the Cabinet Member for Education Excellence, Lifelong Learning and Employability for his engagement during the development of the proposals, particularly regarding measures to reduce the new site's carbon footprint.

**Resolved:**

1. Agreed to support the expansion of The Beaulieu Park School by increasing primary aged capacity from 420 places (2 forms of entry) to 840 places (4 forms of entry) on a phased basis with effect from September 2024.
2. Agreed to approve the capital budget for construction and associated project fees as profiled in paragraph 2.3 of the Confidential Appendix to report FP/526/10/22.
3. Agreed that the Head of Infrastructure Delivery is authorised to award the contract for the new build of Beaulieu Park School on the new S106 site when he is content that the following conditions have been met:
  - a) a satisfactory planning permission has been granted;
  - b) the construction costs are within the agreed budget as stated within the Confidential Appendix to report FP/526/10/22 and represent value for money; and
  - c) arrangements are in place for the end user(s) of the building to be provided with collateral warranties by the principal contractors.

**5. Decisions taken by or in consultation with Cabinet Members (FP/549/11/22)**

Cllr Ivan Henderson asked whether the Annual review of the Essex Bus Service Improvement Plan 2022 (FP/484/08/22) would be brought to the appropriate scrutiny committee; the Cabinet Member for Highways Maintenance and Sustainable Transport confirmed that this would be the

case.

The report was noted.

**6. Date of the next meeting**

The next meeting of the Cabinet was scheduled at 10.15am on Tuesday 17 January 2023 at County Hall, Chelmsford, CM1 1QH.

**7. Urgent business**

There was no urgent business.

**Exclusion of the Press and Public**

**Resolved:**

That the press and public be excluded from the meeting during consideration of the remaining item of business on the grounds that it involves the likely disclosure of exempt information as specified in paragraph 3 of Schedule 12A of the Local Government Act 1972 – information relating to the financial or business affairs of any particular person).

**8. Confidential Appendix: Expansion of The Beaulieu School by 420 primary places on a phased basis with effect from September 2024 (FP/526/10/22)**

The confidential appendix to report FP/526/10/22, to which minute 4, above, refers, was agreed.

**9. Urgent Exempt Business**

There was no urgent exempt business.

There being no further business, the meeting closed at 10.32am.

**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
<b>Enquiries to:</b> Nicole Wood, Executive Director, Corporate Services, email <a href="mailto:Nicole.wood@essex.gov.uk">Nicole.wood@essex.gov.uk</a> or Adrian Osborne, Head of Strategic Finance and Insight, email <a href="mailto:Adrian.osborne2@essex.gov.uk">Adrian.osborne2@essex.gov.uk</a>	
<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>	

## Traded Services

	Revenue reserve 1 April 2022	Income	Budget Expenditure (Surplus) /Deficit		Income	Forecast 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)
Total	(1,513)	(7,603)	7,299	(304)	(8,440)	8,129	(311)	(7)	(304)	-	-	-	(1,513)

## 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 TOWN FID 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.			

**Forward Plan Reference Number: FP/306/02/22**

<b>Report title:</b> Everyone's Essex Annual Plan and Budget 2023/24 – Part 1: Section 151 Officer's Report	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Nicole Wood, Executive Director for Corporate Services	
<b>Date:</b> 17 January 2023	<b>For:</b> Discussion
<b>Enquiries to:</b> Nicole Wood, Executive Director for Corporate Services email <a href="mailto:Nicole.wood@essex.gov.uk">Nicole.wood@essex.gov.uk</a>	
<b>County Divisions affected:</b> 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 2023/24 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 consider and 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.
- 3.2 The Council has a good track record on financial management and delivering savings, and continues to work to deliver its required savings in 2022/23 of £36m against a £1.1bn budget.
- 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 2023/24 revenue budget and the capital programme are included elsewhere on the agenda. Whilst the budget shown for 2023/24 is balanced and robust, there remains a gap between our estimated spend and assumed funding from 2024/25 and onwards.
- 3.5 The Government's one-year provisional local government financial settlement for 2023/24 and linked Policy Statement has given some additional certainty around the future of many general government grants for the next two financial years. However, there remains uncertainty around the future of general government grants from 2025/26 onwards. Additionally, there is no confirmation of how the Social Care grant, Services grant, and other grants announced in the provisional settlement, will be allocated from 2024/25 onwards. This presents risk to the financial stability of the Council, if these grants were to be discontinued, or if the Council's allocation were to reduce.
- 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, with a strong focus on transformation.

### **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 2023/24 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 The Council continues to operate in a climate of uncertainty and volatility. Inflation hit a 40 year high during 2022/23 and a period of high sustained inflation is expected for at least another year. Additionally, Covid-19 has continued to have an impact on our patterns of spend and activity.
- 5.2 Social Care and Health portfolios represent £1,093m of gross spend (65% of total budget) - the Adult Social Care and Health portfolio alone represents £810m gross or 48% of the budget\*. During 2022/23 we are experiencing pressure on both adults and children's services. The care market, post Covid, continues to struggle with capacity and there is uncertainty around both the

timing and financial impact of care reform. We are seeing the emergence of significant pressures on Children's Services, with rising demand for placements and increasing costs, which is a national issue. The unprecedented levels of inflation have caused a significant pressure across services in 2022/23 (£18m reported as at Q3) which is driven by energy costs. The General Risk Reserve which was established as part of the 2021/22 provisional outturn in order to mitigate future cost pressures, has allowed us to contain the pressure; an example of the importance of a prudent reserves strategy to manage exceptional costs in these volatile economic times.

*\*`excluding pass through DSG*

- 5.3 For 2023/24 and beyond, it is not possible to precisely forecast demand patterns as we continue to deal with the aftermath of the pandemic and enter what is forecast as a prolonged recession by the Bank of England. We are experiencing increased demand and price pressure, coupled with a sustained period of high inflation. We will continue to closely monitor the anticipated emergence of pent-up demand for services. Retaining appropriate levels of reserves to provide for exceptional demand and price increases is critical to the financial sustainability of the Council.
- 5.4 Going forwards, we expect inflation pressure to begin to subside during 2023/24 and the Medium Term Resource Strategy (MTRS) has been set in accordance with the inflationary position set out by the Bank of England with a return to levels close to the Bank's target rate of 2% from 2024/25. It is hoped that this will bring some much needed economic stability.
- 5.5 The 2023/24 budget is based on anticipated income for both council tax and business rates based on the final returns submitted by the district councils. However, the districts are allowed by law to amend these returns until the 31<sup>st</sup> January 2023. These funding sources account for 84% of our total funding budget. Central government has announced several changes to business rate reliefs and valuations, due to come into effect in 2023/24. If districts were to resubmit their final returns and NNDR1 forms with material changes, this would impact on the Council's funding position and future spending plans.

### **Revenue Budget**

- 6.1 If it accepts the recommendations in the budget report, the Council would plan to spend £2.3bn in 2023/24 (including schools). After income, this equates to a net expenditure budget of £1.2bn (£1,164.2m), an increase of £74.3m, (6.8%) on 2022/23.
- 6.2 The total pressures on the budget for 2023/24 are £116m and the material pressures are outlined as below:
- 6.3 Recurring costs include:
- £30m social care inflation, including the impact of increases to National Living Wage

- £26m other inflation (e.g. on contracts) with significant increases on energy where we have experienced inflation of 200%
  - £19m impact of “adult client activity” where packages of care end and may be replaced with more costly packages due to changes in need
  - £12m pay inflation
  - £7m pressures in Children’s Services, mainly relating to placements
  - £6m pressure in the Waste Service, mainly where the budget has been increased to mitigate non-delivery of historic savings in the base budget
  - £5m increase to the cost of financing the capital programme
  - £4m where the 2022/23 budget was balanced using one off savings
  - £7m 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 risks include:
- Inflation, interest rate risk and borrowing risk on the capital programme
  - Fragility of our funding position given the national economic outlook and inherent uncertainty on funding beyond 2023/24
  - 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 to deliver Everyone’s Essex, including levelling up, skills and climate action
  - 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 Adult Social Care and Health portfolio with a gross base revenue growth of £104m.
- 6.7 The budget assumes £36m of savings to balance the 2023/24 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 third 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; making more efficient use of our buildings and reviewing staffing across the Council.

## **Funding and Taxation**

### **Taxation**

- 7.1 Increases to the social care precept alongside an increase to the general level of council tax is expected to yield **£27.0m** in 2023/24.

	Tax Rise	Increase Tax Yield
	%	£m
2023/24 Adult Social Care Precept	2.0%	15.4
2023/24 Council Tax Rise	1.5%	11.6
<b>Total Increased Tax Yield for 2023/24</b>	<b>3.5%</b>	<b>27.0</b>

- 7.2 The draft referendum principles published by the Department for Levelling Up, Housing and Communities would require a referendum only if council tax is increased by 5% or more in 2023/24. Government has set the referendum cap for the core Council Tax element at 3%, but the Council is proposing to only increase core council tax by 1.5%. This increase will yield an additional **£11.6m** in 2023/24.
- 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' by up to 2%. It is proposed the full adult social care precept of 2% is raised, yielding a further **£15.4m**. It is critically important that we are able to sustainably raise the revenue in the base budget, to fund the major ongoing cost pressures on the adult social care budget as outlined in 6.6.
- 7.4 Council tax collection has remained relatively resilient during 2022/23 and the short-term outlook remains robust, with a slight decrease forecast in the collection rate of 0.1% in 2023/24. There is inherent risk around the volatility of the economy and the cost of living crisis. To provide some mitigation for this, the balance on the collection fund risk reserve has been raised to £24.8m, which would provide some support for any future reduction to the tax base; for illustration purposes this represents less than 1% of the council tax collection forecast over the medium term resource period to 2026/27.
- 7.5 The taxbase for 2023/24 is 550,992 Band D equivalent properties, which is a 1.11% increase from 2022/23. This brings in a total budgeted council tax of **£799.0m**. There has been 0.87% growth in housing across the county, and a 2.26% decrease in households claiming Local Council Tax Support (LCTS), where their household income has fallen below a certain threshold. At present around 8% of households do not pay the full amount of council tax, with 4% exempt in full, and 4% paying a substantially reduced rate due to their means or status.
- 7.6 It is estimated Non-Domestic rates for 2023/24 will yield **£179.8m**. However, this level of rates is underpinned through grants from government to offset the reliefs provided to businesses announced in the Autumn Statement – 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.

- 7.7 As part of the Chancellor’s Autumn Statement, central government announced increases to business rate relief and financial support for local businesses in 2023/24. This support includes increasing the reduction in rates paid by businesses in the retail, hospitality, and leisure sectors from a 50% reduction in business rates paid in 2022/23, to a 75% reduction in 2023/24. The government also announced the continued freeze of the business rates multiplier for the next two years and temporarily capping the increase in rates paid by businesses if their premises is due to experience an upwards revaluation as part of the national revaluation that will come in to effect from 1<sup>st</sup> April 2023. Local authorities will be fully compensated for these policies, and therefore the Council is forecasting an increase in the Section 31 Grant from £28.1m in 2022/23 to £35.8m in 2023/24.

### **Government Grants**

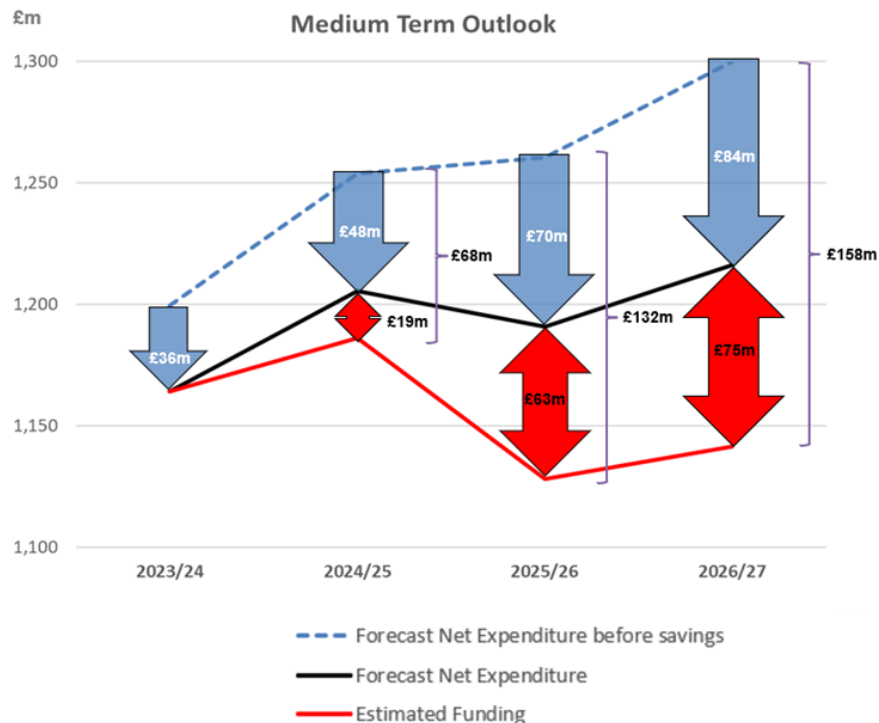
- 7.8 The Provisional Local Government Finance Settlement from Central Government confirmed the majority of announcements in the Autumn Statement. The Services grant, outlined by government, will continue into 2023/24, but with a substantial reduction in the amount of funding provided. The Council will receive £6.9m in 2023/24, which is a £5.3m reduction in funding compared to last year. It was also announced there will be additional general funding for social care, from which the Council will receive an extra £31.6m compared to 2022/23 allocations. Combined with the yield from the adult social care precept (£15.4m), funding for social care in 2023/24 has increased by £47m. This has enabled the Council’s increased investment in social care given the pressures faced, where the combined adults and children’s social care net expenditure budgets have increased by £45m to £652m, as well as the addition of £5m to the Children’s Risk reserve for potential additional cost risks, and £21.6m to the Adult Social Care Transformation reserve to support work on preparing for the implementation of fair cost of care in 2025.
- 7.9 The Provisional Settlement also confirmed the continuation of the Revenue Support Grant (RSG) of £21.3m. The medium-term strategy assumes that RSG will continue at this level, however there is no formal confirmation from government of funding from 2025/26 onwards, so this presents an inherent uncertainty from 2025/26 and will likely be tied into the Fair Funding review for local government.
- 7.10 The uncertain funding position makes it more complicated to plan for the long term. We expect to receive £210m of specific government grants in 2023/24, aside from grants passported to schools. These grants are only guaranteed to 31 March 2024. Without certainty of multi-year agreements, we need to plan on a broad range of funding assumptions.
- 7.11 For the Dedicated Schools Grant (DSG), total funding for 2023/24 increases by £63.1m. With increases to the Schools Block (£34.3m), High Needs Block (£23.4m), Early Years Block (£5.2m) and the Central School Services Block (£164,000). There was only a one-year funding announcement for DSG.

## Other

- 7.12 Furthermore, we rely on a significant amount of income from fees and charges, budgeted at £134m in 2023/24, an increase of £11m from 2022/23. We will manage risk around income generation through close monitoring of fees and charges 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 2023/24. There is reliance on one off savings and technical adjustments to close the budget gap of £19m, including nearly £10m being drawn down from the Waste Reserve to mitigate pressure on the Waste budget. This means the 2023/24 budget has a structural deficit of £19m or 1.6% which will need to be permanently resolved in future years. The reliance on one off savings is comparable to that in 2022/23 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 2024/25 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 £19m in 2024/25 rising to £75m by 2026/27, 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 and the uncertainty around cost of care reforms.





- 8.3 The Council has a robust savings, income and efficiency programme which enables setting a balanced budget for 2023/24 with a further £48m of savings out into 2024 to 2027. In 2023, 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, and the redesign of services and different ways of working with partners.

### **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 8.4% of the net budget in 2022/23, to an estimated 12.2% by 2026/27. There is inherent risk of cost escalation due to inflation and higher borrowing costs should base rates rise above the rate of borrowing that has been built into the MTRS. However, it is key the Council continues to look to manage within the budgeted cost envelope of the capital programme, through reprioritisation and rescoping, to ensure that there is no further increase in the capital programme budget to 2026/27.
- 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 and the Corporate Policy and Scrutiny committee was consulted on this document in December 2022. 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 Appendix A 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 94) 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 2023/24 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 2023/24 increases by £63.1m; the Schools Block increases £34.3m, the High Needs Block increases £23.4m, the Early Years Block increases £5.2m and the Central School Services Block increases £164,000
- 10.3 In addition to this, further funding was announced in the 2022 Autumn Statement which will be paid as a Mainstream Schools Additional Grant for 2023/24 but will be baselined in DSG for 2024/25. Mainstream schools receive an additional £37.1m. The High Needs Block increased by £9.2m and this is reflected in the allocation in 10.2. This results in a total increase in funding of £100.2m for 2023/24.
- 10.4 The increased funding will keep the High Needs Block with a surplus balance, however the demand for Education, Health and Care Plans continues to increase. Further increases are anticipated from the £3.5bn increase in school funding in 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 2023/24. 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 or long term commitments (e.g. those associated with long term contracts such as Private Finance Initiative (PFI) and waste). These total £224m.
  - **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). This category of reserves total £235m.

Over the next four years the Council is anticipating that it will draw down from unrestricted reserves for investment in developing strategic priorities in line with the ambition of the Everyone's Essex plan.

- 11.4 During 2023/24, £86m is expected to be drawn down from unrestricted reserves – a significant proportion of this (£26m) is from the Adults Transformation Reserve to utilise additional social care grant funding received from central government in the provisional settlement. £14m is expected to be applied from the Everyone's Essex Reserve to deliver 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. Additionally, it is anticipated that there will be calls on the Transformation Reserve (£13m) and Technology and Digitisation Reserve (£9m) to finance investment in innovation and ongoing change across the Council.

- 11.5 Within the budget plans are in place for net contributions of £75m to reserves in 2023/24. The largest contributions are to the Adult Transformation Reserve (£22m), Transformation Reserve (£12m), General Risk Reserve (£10m), Collection Fund Risk Reserve (£8m), Technology and Digitisation Reserve (£5m) and Children's Risk Reserve (£5m).
- 11.6 By 2026/27 it is anticipated that the balance of unrestricted reserves will have reduced to £184m (a reduction of £51m or over 20%). The reduction mainly relates to the Everyone's Essex Reserve (£32m) as it is utilised to fund strategic priorities.
- 11.7 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.
- 11.8 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 pressures the Authority may face. The balance is £68m, which is enough to fund the Council's activities for 21 days.

## **Risks**

- 12.1 There are several risks associated with the budget:
- 12.2 The ongoing risk of inflation and the emergence of new burdens could contribute to the non-delivery of savings in 2023/24 with a knock-on impact in 2024/25. There is also the risk that plans cannot be developed in-time to fully offset or mitigate these challenges. 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, 37% (£13.2m) have a high level of confidence, with 40% (£14.2m) medium risk and 23% (£8.2m) of savings have a high level of delivery risk. At this stage these planned savings have a similar level of delivery confidence to that at this point last year.
- 12.3 The one-year provisional local government financial settlement for 2023/24 and linked Policy Statement has given some additional certainty around the future of many general government grants for the next two financial years. However, there remains uncertainty around the future of general government grants from 2025/26 onwards. Additionally, there is no confirmation of how the Social Care

grant, Services grant, and other grants announced in the provisional settlement, will be allocated from 2024/25 onwards. If these grants were to be discontinued, or if the Council's allocation were to reduce, this would adversely impact the Council's funding position.

- 12.4 The introduction of the expected fair funding reforms, which will look at redistribution of government funding to areas of need, does not have a confirmed implementation date. This could result in the Council receiving a reduced level of funding from government in the medium to long-term. The impact of this will remain unknown until further information is provided.
- 12.5 The emergence of new unfunded burdens in social care and other areas of the organisation that are currently unknown could create financial pressures. The Council will need to remain vigilant in identifying these pressures and develop plans to mitigate or resolve these pressures as they emerge.
- 12.6 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. Despite the award of additional monies as set out in section 7.8, the funding made available remains lower than the required growth in the resources for Adult Social Care between 2022/23 and 2023/24 (£58m). Furthermore, it is unclear whether these funding streams will continue beyond 2024/25, and what additional demand pressures the Council will be experiencing by that point, creating a high risk of additional cost pressures impacting the Council. Whilst this is predominantly focussed on the Adult Social Care market, there is a risk other markets may begin to be impacted.
- 12.7 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 both Adult's and Children's services. 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.
- 12.8 There are assumptions included in the budget for an increase in the National Living Wage, 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 precise profile of these increases over the medium-term are unknown, however, increases will likely be strongly correlated with inflation, and therefore, if inflation remains higher than assumed, this will potentially create a financial pressure for the Council.
- 12.9 There is a growing risk that unemployment rates will rise in the new year, which may hit the local tax base and business rates. The rising cost of living and the projected rise in energy costs during 2023/24, despite existing and future government support, will likely put residents and local business under increased

financial pressure.

- 12.10 Although the districts are not yet forecasting a reduction in the adjusted tax base, there is a risk that residents could prioritise paying essential bills over taxes, and that businesses will be unable to continue operating in existing premises when the bulk of NNDR reliefs end, which is expected to occur on the 1<sup>st</sup> April 2024.
- 12.11 Central government provided a £150 tax rebate to all Bands A - D households during 2022/23. However, the only direct council tax support confirmed for 2023/24 is the Council Tax Support Fund, which enables billing authorities to provide an up to £25 discount on council tax bills for households in receipt of Local Council Tax Support (LCTS). Unless further support is confirmed, this increases the risk that households will not be able to afford their council tax bills. If this risk were to materialise, it would greatly impact on the Council's funding base.
- 12.12 The economic outlook has also deteriorated in recent months. The increasing rate of inflation and rising interest rates are forecast to stunt economic growth, leading to a recession during 2023. A slowdown in economic recovery beyond what we have anticipated could create further pressure on medium-term budgets. The forecast economic slowdown could have a particularly adverse impact on our 2023/24 and 2024/25 council tax and business rate budgets.
- 12.13 The rate of inflation is currently at a 40-year high (latest CPI of 10.7%, November 2022), and there is substantial uncertainty around how high the rate may go, and over what period of time it prevails. The Bank of England (BoE) and other economic forecasting agencies have suggested that inflation has peaked, and that CPI will reduce substantially during 2023. However, CPI is not forecast to fall to the BoE's 2% target until 2024. The Council has based its cost assumptions over the medium-term on the BoE's inflation projections, and therefore if this period of high inflation continues for longer than expected, this will create financial pressure on the cost of delivering services and paying the Council's employees.
- 12.14 Further potential increases to the Bank of England's base interest rate may create cost pressures for the Council, particularly in relation to borrowing for the capital programme. The sharp increases in interest rates during recent months have been accounted for in the Council's financing assumptions, however, if the BoE were to raise interest rates by more than expected, this will put greater financial pressure on the revenue cost of borrowing and the Council's financial position. This will continue to be monitored both for short term impact, and potential medium-term scenarios.
- 12.15 The 2023/24 budgets for both council tax and business rates are based on the final returns submitted by the district councils. However, the districts are allowed by law to amend these returns until the end of January 2023. These funding sources account for 84% of our total funding budgets. Central government has

announced several changes to business rate reliefs and valuations, due to come into effect in 2023/24. Furthermore, the economic outlook for the UK remains volatile over the medium-term. If districts were to resubmit their final returns and NNDR1 forms with material changes, this would impact on the Council's funding position and future spending plans. For context, a 1% reduction in council tax income is equal to almost £8m funding each year.

- 12.16 Finally there is the potential for a negative impact on fees and charges budgets as a result of an economic downturn. For context, the fees and charges budget for 2023/24 is £134m.

### **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 The Council has completed its self-assessment of the CIPFA Financial Management Code, which was included in the Annual Assurance Statement for 2021/22 presented to the Audit, Standards and Governance Committee and Council. The self-assessment concluded all 68 areas were fully met, however a 6 point action plan is underway to support continuous improvement in delivering against the Financial Management Code.
- 13.4 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/306/02/22

<b>Report title:</b> Everyone's Essex Annual Plan and Budget 2023/24 – Part 2: Budget and Plan	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Councillor Christopher Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs and Councillor Louise McKinlay, Deputy Leader and Cabinet Member for Community, Equality, Partnerships and Performance	
<b>Date:</b> 17 January 2023	<b>For:</b> Decision
<b>Enquiries to:</b> Nicole Wood, Executive Director for Corporate Services ( <a href="mailto:Nicole.Wood@essex.gov.uk">Nicole.Wood@essex.gov.uk</a> ), with respect to the budget or Richard Puleston, Director, Policy ( <a href="mailto:Richard.Puleston@essex.gov.uk">Richard.Puleston@essex.gov.uk</a> ) with respect to the annual plan.	
<b>County Divisions affected:</b> 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 the Cabinet to make a recommendation to the Council that it adopts the Everyone's Essex Annual Plan and Budget 2023/24 including the revenue budget, capital programme, financial strategy, capital strategy and treasury management strategy. In doing so, the report of the Section 151 (S151) Officer on the robustness of the 2023/24 Budget and adequacy of reserves, included elsewhere on this agenda, should be considered.
- 2.2 The Annual Plan publishes the Council's plans for 2023/24, highlighting those actions that the Council will focus on.
- 2.3 The report includes the Council's proposed financial strategy from 2023/24 to 2026/27, 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 2024/25.

- 2.4 To note that whilst the budget proposed for approval for 2023/24 is balanced, there is not yet a balanced and sustainable budget for the medium term 2024/25 to 2026/27. Further plans and saving opportunities will be developed during 2023 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 and budget be approved in the form appended to this report (Appendix A).
- 3.2 That the net cost of services to be set at **£1,164.2million (m)** for 2023/24 – Appendix A (page 26).
- 3.3 That the net revenue budget requirement to be set at **£1,005.2m** (net cost of services less general government grants) for 2023/24 – Appendix A (page 30).
- 3.4 That the total council tax funding requirement be set at **£799.0m** for 2023/24 – Appendix A (page 30).
- 3.5 That Essex County Council's element of the council tax be increased by 3.5% comprising of a 1.5% increase in general council tax and 2.0% adult social care precept. This would result in the Essex County Council element of the council tax being **£1,450.17** for a Band D property in 2023/24. A full list of bands is as follows:

Council Tax Band	2022/23	2023/24
	£	£
Band A	934.08	966.78
Band B	1,089.76	1,127.91
Band C	1,245.44	1,289.04
Band D	<b>1,401.12</b>	<b>1,450.17</b>
Band E	1,712.48	1,772.43
Band F	2,023.84	2,094.69
Band G	2,335.20	2,416.95
Band H	2,802.24	2,900.34

- 3.6 That the proposed total schools budget be set at **£639.2m** for 2023/24 which will be funded by the Dedicated Schools Grant, Pupil Premium Grant, Universal Free School Meals Grant, PE and Sports Premium Grant, COVID-19 Recovery

Premium Grant, Sixth Form Grant, Teachers Pay and Pension Grants, NQT Grant, Senior Mental Health Lead Training Grant and YPLA Funding 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 2023 (Appendix A, Annex 1, page 58).
- 3.8 That the capital payments guideline be set at **£274.9m** for 2023/24 and that the Executive Director for Corporate Services, in consultation with the Cabinet Member for Finance, Resources and Corporate Affairs, be authorised to make, subject to compliance with financial regulations, adjustments to the phasing of payments between years (should she consider that to be appropriate) as the capital programme is finalised, and to report any impact on the Prudential Indicators at the subsequent quarterly review to Cabinet in July 2023. Any requests to change the prudential borrowing indicators would be brought back before Full Council.

**Cabinet is 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 2023/24 from the billing authorities (due by 31 January 2023)
  - (b) the final Local Government Finance Settlement from Government (expected early February 2023)
- 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 considered and noted (see the separate item on this agenda).
- 3.11 That the Council have a revised expectation on fees and charges for 2023/24 so that rather than an expectation of an increase in line with RPI, the expectation is set at 5.9% (paragraph 5.2).

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

- 3.12 That the 2023/24 to 2026/27 Prudential Indicators and limits, together with updated limits for 2022/23 as set out in Annexes 3A and 3B of the Capital Strategy (Appendix A, pages 96-100) be approved. This includes an authorised limit for external debt of **£1,260m** for the 2023/24 financial year, which defines the maximum amount of external borrowing by the Council, and represents the statutory limit determined under section 3(1) of the Local Government Act 2003.
- 3.13 That the Treasury Management Strategy for 2023/24 be approved, comprising:

- a. Borrowing strategy, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 81).
  - b. Treasury management investments strategy, as set out in Annex 3 and Annex 3D of the Capital Strategy (Appendix A, Annex 3, page 88).
  - c. Indicative strategy for commercial investment activities, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 91).
- 3.14 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 101), be approved.
- 3.15 That the revised Treasury Management Policy Statement (Appendix A, Annex 3, page 108) and Treasury Management Practices (Appendix A, Annex 3, page 109), 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:**

- 3.16 Recommend that the Council adopts the Pay Policy Statement for 2023/24 as set out in Appendix C.

**For Cabinet to note:**

- 3.17 The medium term (2024/25 to 2026/27) revenue issues facing the Council as set out in the report (Appendix A, page 19); at present there is not a balanced budget from 2024/25 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 in respect of future funding, price rises and demand. However, in the absence of a government funding settlement beyond 2023/24 and the inherent uncertainty in the macro-economy, where we continue to see high inflation, the financial outlook is volatile.
- 3.18 That the recommendations in this report present a balanced budget for 2023/24. The Council's plans for 2024/25 to 2026/27 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.
- 3.19 That the council tax charge calculation is based on a Band D equivalent tax base of **550,992** properties (see Appendix A, page 30).
- 3.20 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.

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

- 4.1 The Executive Director for Corporate Services is the Chief Finance Officer appointed under section 151 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 for 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 3.5%, of which 2.0% is to be spent on adult social care using the adult social care precept.

#### **5. Other Issues**

- 5.1 An Equalities Comprehensive Impact Assessment (ECIA) has been undertaken on the budget in line with the public sector equality duty. The findings of the ECIA 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 2023/24 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. It should be noted that the fees and charges policy sets out charges should normally be increased annually by the Retail Price Index (RPI), subject to cost recovery and unsustainable charges, and subject to legal requirements about setting charges. However, given the RPI rate is now at a 40 year high, and residents are facing the impact of cost of living, it is proposed that the rate set for 2023/24 is 5.9% compared to the latest RPI figure of 14%.

[www.essex.gov.uk/spending-and-council-tax/finance-and-spending-breakdowns](http://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 2023/24 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 throughout November 2022, 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.
- 7.4 There were 2,434 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:

### **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 a key issue to be addressed.
- There is an immediate concern around inflation/prices for participants. They have concerns around road repairs and traffic congestion which has

become far more prevalent and question whether the infrastructure can withstand this.

### **Commitment priorities**

- When asked about things that should be prioritised for immediate action, participants identified; Developing Essex infrastructure; Supporting those who care for the sick or vulnerable children; Securing high standard education and Providing support to struggling families.
- Residents feel accessibility to health services, traffic levels and road safety are key priorities, and that the Council needs to help support social care provision needed for older people within our communities and address climate changes.

### **Spending decisions**

- Participants are torn between strategies of spending allocation and acknowledge that these are difficult decisions for the Council, but there is a need for a balanced approach to ensure all residents are catered for.
- Strategies for dealing with financial pressures centre around:
  - Prioritise services that benefit the majority of residents and taxpayers, in order to provide an optimum for the majority of residents
  - Streamline services, though keeping this within the Council powers to ensure value for money and deliver the same outcomes
  - Help people to help themselves, making them less reliant on public funded services
  - Increasing council tax, in order to prevent services from being reduced or stopped. Yet, there is an expectation to see the results in terms of it going back into local communities.

7.5 In response to the key messages, the Council is investing an additional £68m in portfolio budgets for 2023/24 (£74m including other operating costs). The most significant part of the budget is spent on health and social care services (65% 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. To assist residents during the cost of living crisis the Council has capped its increases on fees and charges at almost half the current level of inflation and is not proposing to increase council tax by the maximum 5% allowable by government.

7.6 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 9<sup>th</sup> February 2023.

## **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 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 2023/24 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 variations and in year changes may be made in accordance with the Council's Financial Regulations. Similarly, any decision made by the Cabinet or by an officer exercising executive functions must be made in accordance with the policies, plans and strategies agreed by Full Council, including the Everyone's Essex Strategy.
- 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 Secretary of State has not taken the final decision on what is an 'excessive' increase for 2023/24, and a decision is not expected until early February 2023. If the Council sets council tax before this determination is made 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 2023/24 published by the Secretary of State in December 2022 state that for the Council any increase of 3% or more (excluding the 'social care precept') would be defined by the then Secretary of State as 'excessive'.
- 8.13 In addition, social care authorities are permitted to levy a 'social care precept' of 2% or less. 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 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. Equalities Comprehensive 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 5.1 and 7.6 of this report for further information.

## **11. List of Appendices**

**Appendix A – Essex County Council Annual Plan 2023/24**

**Appendix B – Equalities Comprehensive Impact Assessment (Annual Plan and Budget)**

**Appendix C – Pay Policy Statement**

**Appendix D – Budget Consultation Report**

# Everyone's Essex Annual Plan and budget

2023/2024

# Essex County Council Everyone's Essex Annual Plan and budget 2023/24

## Contents

1. Foreword by the Leader
2. Everyone's Essex Strategic Aims – What we will deliver in 2023/24
  - a. Aim 1: Strong, inclusive and sustainable economy
  - b. Aim 2: High quality environment
  - c. Aim 3: Health, wellbeing and independence for all ages
  - d. Aim 4: A good place for children and families to grow
3. Resources
  - a. Financial Strategy 2023/24 to 2026/27
  - b. 2023/24 Revenue Budget
  - c. 2023/24 Capital Programme
4. Annex 1: 2023/24 Revenue and Capital budgets  
Annex 2: Performance  
Annex 3: Capital and Treasury Management Strategy

## 1. Foreword by the Leader

We are coming up to the halfway point in this administration; in May it will have been two years from the elections in 2021 and two years until the elections in 2025. We are therefore also halfway through the timeline of Everyone's Essex, our plan for levelling up the county from 2021 to 2025. While the aims and commitments in Everyone's Essex are focused on generational change, we have already done much in our first two years to set the course direction to achieve these priorities amid unprecedented challenges. I am pleased to introduce the Annual Plan for 2023 to 2024 which outlines the budget we have set in the face of very considerable financial headwinds and some of the things we will deliver next year to continue to drive forward our priorities.

In my foreword to last year's Annual Plan, I talked about emerging with confidence from the pandemic, focusing on renewal and growth while meeting our ambitions around levelling up the county and leading the way on tackling climate change. I also talked about the cost of living challenges that were emerging for our residents. These challenges have increased across the UK. Two weeks after the Annual Plan was approved by Council in February, Russia invaded Ukraine. While we have done much in the intervening year to mitigate for the impact this has had on inflation and the cost of essential goods for our residents (and ourselves) it is in this context that we begin 2023. It is also in this context that we have set our plan for the coming year.

In spite of the challenges that faced us last year, I am pleased to say that we have progressed beyond expectations. We have prioritised renewal and growth in all stages of life, we have been internationally recognised for our [levelling up](#) and [climate change](#) work and we continue to deliver outstanding essential services with one of the lowest tax levels of any county council in the country. In the face of such hardship, I would like our residents to feel safe in the knowledge that we are here for them. On top of that it is vital that you know that we still have our eyes on the future as well, and that what we said we would deliver, we are delivering, and we will continue to deliver for you.

## **2. Everyone's Essex Strategic Aims – What we will deliver in 2023/24**

Aim 1: Strong, inclusive and sustainable economy

Aim 2: High quality environment

Aim 3: Health, wellbeing and independence for all ages

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

## **Aim 1: Strong, Inclusive and Sustainable Economy**

- 1) We are working collaboratively with partners, including Southend and Thurrock Councils, city, borough and district councils and the Essex Police, Fire and Crime Commissioner, to explore a devolution deal for Greater Essex. Securing local control over powers and funding from national government, has the potential to significantly boost economic growth, skills, transport and infrastructure development across Essex, Southend and Thurrock.
- 2) We are working with south Essex Councils (including Southend and Thurrock) and north Essex Councils to develop and deliver an ambitious vision for building a strong, sustainable and inclusive economy in our economic sub-geographies. Alongside this, we will work with major companies in the county to develop a new strategic partnership with business that will boost economic growth, skills and good jobs in the county.
- 3) We will continue our work supporting Thurrock Council in returning to financial sustainability and good governance, in accordance with the mandates given to us by the Department for Levelling Up, Housing and Communities. This is the first sector-led intervention of its kind and will therefore help the sector and government in developing a partnership approach to these issues.
- 4) Building on a successful first year, we will continue to roll out our Levelling Up programme for priority places and cohorts, working closely with local partners. The focus in year two will be on targeting clear priorities, mobilising Council and system resources in a joined up way around these, and measuring impact so that we understand what works and can tailor interventions as effectively as possible.
- 5) We will continue delivery of the range of projects that we have launched in 2022 to support Levelling Up, so that they feed through into improved outcomes for residents. These include a major investment in new business units in Jaywick and literacy areas in libraries. We are investing in supporting skills development in electric vehicle maintenance via a new centre at Harlow College.
- 6) We will roll out a programme to support digital inclusion, recognising that digital skills and connectivity are a key component of Levelling Up. This will include working with Adult Community Learning and Essex libraries to train up community digital champions and also using social value in procurement to drive digital upskilling.
- 7) We will continue to support our residents with cost of living pressures, delivering on the plan we published in September. This will include £9.4m of support for vulnerable residents through the Household Support Fund; a winter warmth and welcome programme; and enhancing information, advice and guidance for residents including through additional funding for Citizens Advice.

- 8) We will continue with our capital investments planned through Essex Housing and our own estate to help support the local construction industry and create additional jobs for local residents in this key sector.
- 9) We will provide appropriate support for Essex Housing LLP to deliver housing. It currently plans to progress construction of four schemes which on completion will deliver a renewed community asset, 117 private sale units, and 16 units for either general needs, affordable or specialist uses.
- 10) We will support partners to deliver a Future Skills Programme that helps create a workforce to deliver the necessary major projects in the County including Freeport East, Garden Communities, Offshore Wind Farms, transport infrastructure and housing and buildings retrofitting.
- 11) We will continue to support effective use of apprenticeship levy funding across employers to help Essex residents into better jobs with on-the-job training and strong future career prospects, and support local businesses with filling vacancies in areas of skills shortages.
- 12) We will increase our direct work with the business community to shape training provision in the county that meets the needs of businesses, especially in key growth sectors. We will do this through demand-led education planning, the Local Skills Improvement Plan, the Essex Skills Plan and major regional projects.
- 13) Working with local authority, education and youth service partners, we will increase our place-based, targeted youth engagement activities, by developing a youth network, for peer to peer support, with business mentoring.
- 14) We will be working with BDUK to start the Project Gigabit procurement in Essex – this is the local delivery of a national programme that has the ambition to upgrade 85% of UK homes and businesses to full-fibre broadband by 2025.
- 15) Construction will begin by Spring 2023 on a new 3 platform station at Beaulieu Park with a passing loop to allow high speed and freight trains to pass through without stopping. This is the first new station on the Great Eastern Main Line for 100 years. The station will provide a car park for circa 700 vehicles, including electric vehicle charging and cycle parking.



- 16) We will continue to work with partners to ensure Essex residents and businesses are able to take advantage of opportunities arising for the transition to a green economy, with a clear emphasis on ensuring the delivery of Retrofit skills training through our Adult Community Learning service and through Further Education colleges.
- 17) We will work with partners to develop and implement the Sector Development Delivery Plan to secure future growth in our key sectors and ensure we work closely with business intermediary bodies to support the growth of Essex businesses. Through delivery of this plan together with businesses we can create over 40,000 new jobs in the county by 2040.
- 18) Subject to external funding bids being successful we will work with our partners in Braintree, Colchester, Harlow and Tendring District Councils to commence delivery of Levelling Up Regeneration. If all bids are successful this will unlock £92.8m of Government Investment as well as deliver a range of high quality new homes and jobs, support transport improvements, and catalyse the regeneration of these priority places.
- 19) We will work on the establishment of the Harlow Investment Fund, in partnership with Homes England, Harlow District Council and Places for People. The intention is a total capitalisation of the fund to the value of £50m which will be invested in regenerating key properties in Harlow Town Centre.
- 20) We will unleash the potential of the Essex Renewal Fund via our first series of acquisitions to support our commitment to good jobs, future growth and investment, green growth and levelling up the economy. Over the next 20 years, the fund aims to invest over £100m, supporting 1,500 jobs and bringing to market enough land to deliver 1,000 new homes.
- 21) In the second year of the ECC Arts and Cultural Fund, we will deliver £125,000 in grant funding to support and encourage organisations and individual artists to deliver cultural experiences to all areas of Essex, particularly those where there may be a lower engagement with the arts than in other areas.
- 22) This year saw the launch of the first ever dedicated Film Office for Essex. The past 5 years have seen a significant boom in the production of high-end television and film in the UK with no signs of this slowing. The Film Office will promote Essex as a filming location and act as a trouble-shooter, supporting production teams looking to work in the County. Attracting more film making into the county will help to stimulate inward investment from film related industries and provide skills and training opportunities for residents looking to begin a career in film and production.

- 23) Working with district partners, we will use opportunities through the planning system, in particular on Nationally Significant Infrastructure Projects, to generate additional developer funding for local infrastructure. We will also seek to support the use of Community Infrastructure Levy across Essex. This includes supporting our levelling up priorities.
- 24) We will complete a review of our property assets to look at how we can use and release land and buildings to enable place based regeneration and growth, in conjunction with partners, across the county.
- 25) Working with district planning authorities and engaging with developers and other partners, we will introduce a new wide ranging set of transport, parking and design guidance for new build properties to promote Essex County Council's vision of creating net zero (or low carbon), climate resilient and well planned communities.

## Aim 2: High Quality Environment

- 1) We will hold climate conferences in spring and the autumn, raising the profile of climate issues and helping to co-ordinate action across national, Essex and community partners.
- 2) We will update our climate advice packs so that businesses, residents and schools can understand actions they can take to support the climate and have clear signposting to key information and guidance. We will also continue to promote the Essex carbon cutting app.
- 3) We will continue to strengthen public engagement on climate action through face-to-face events and through increasing the reach, engagement and output of our social media channels.
- 4) We will support delivery of the next phase of the Government 'Help to Heat' programme and power company eco schemes which provide energy efficiency support and upgrade measures to low income households.
- 5) We will explore the potential to install solar panels on the ECC estate and school buildings to provide additional renewable capacity and to reduce energy costs. We will also deliver the next phase of the Solar Together programme, helping homeowners and small businesses to purchase high quality solar panels.
- 6) We will launch a Local Nature Recovery Strategy for public consultation, setting out how a greener, healthier Essex that supports wildlife and people will be delivered.
- 7) We will continue to invest in protecting homes and businesses from flooding through a £4m programme for 2023/24, which brings together ECC and Environment Agency funding.
- 8) We will review planning applications for sustainable drainage, working to lower the flood risk to new and existing properties.

- 9) We will continue to deliver the Essex Forest Initiative. In year one, we planted 38,000 trees against a target of 25,000 and in year two we will seek to exceed the planned cumulative target of 100,000 new trees in Essex.
- 10) We will start a 5 year programme to map all new trees and those assessed as requiring further work on the ECC managed public highway. This will enable us to assess sites for new trees on our highways.
- 11) We will work with landowners to develop business cases to unlock private investment into additional green infrastructure, such as trees and meadows. This will help to demonstrate how landowners can enhance nature in a financially viable way.
- 12) We will launch a new Essex Water Strategy setting out an action plan to tackle water scarcity and water quality across Essex over a five year period, the delivery of which will be subject to partnership funding being secured.
- 13) We will launch the Essex Waste Strategy for public consultation. This is a joint strategy with ECC, city, district and borough councils and will set out ambitious plans to reduce waste, maximise recycling and minimise the impacts on the local and global environment. We will also launch a new food waste reduction campaign.
- 14) We will tender for a new residual waste disposal contract to ensure a cost effective, efficient and sustainable service for disposing of this waste that is collected from kerbsides or taken to recycling centres.
- 15) We will launch the Travel Essex bus portal, providing an accessible, easy to use portal to help all users of the bus network in Essex find the information they need about local bus travel.
- 16) We will complete the LED streetlight transformation project, which will mean that all ECC owned street lighting will be converted to LED. Replacing the remaining current lights with LEDs will be better for the environment, mean a better service and more effective use of taxpayers' money.
- 17) We will develop a new Local Transport Plan (LTP) for Essex for public consultation. The LTP will set out how we will deliver the commitments in Everyone's Essex through our statutory transport responsibilities.
- 18) We will continue investing in the repair and maintenance of local highways taking a risk-based and data-led approach.

- 19) With funding from Active Travel England, we will complete work on schemes in Braintree, Brentwood, Chelmsford, Colchester and Wickford, so that sustainable and active travel is encouraged and more road space is made available for cycling and walking routes.
- 20) We will develop a countywide Local Walking and Cycling Infrastructure Plan. This will improve the links to key destinations that people need to get to, whether for work, education, shopping or for other reasons. This will also provide a framework to support the development of district plans.
- 21) We will promote the Essex e-scooter trial with the aim of seeking to reach 2.5 million rides, encouraging sustainable methods of transport and reducing the number of car journeys.
- 22) We will review and update the Essex Cycling Strategy to ensure that our cycling ambitions, plans and initiatives align with current national, regional and local policy.
- 23) We will continue to develop our country parks as a great place for visitors. This will include using country parks to support school children in building confidence and team building skills while learning to enjoy the outdoors.
- 24) We will seek to secure further Countryside Stewardship funding to support the maintenance and stewardship of our 30 woodland sites and country parks. This will enable the improvement in infrastructure required to support better environmental land management.
- 25) We will continue to support partners across the Climate Focus Area to develop projects including city, district and borough councils, the North Essex Farm Cluster and local parishes. The Climate Focus Area aims to converge all efforts to improve the natural and urban environment in face of climate change.

## **Aim 3: Health Wellbeing and Independence for All Ages**

- 1) We will work with all system partners to optimise the integration of health and social care, including community-based solutions, hospital avoidance, hospital discharge and reablement services.
- 2) We will finalise our adult social care market shaping strategy which is being produced in collaboration with care providers in order to best understand current provision, stimulate a diverse range of care and support services to meet needs so that residents can live their lives to the fullest, and to ensure that the care market remains vibrant and stable.
- 3) We will work with partners, including providers, to develop an improved intermediate care offer that is simple and easy to navigate, and which maximises all the resources across health and social care to ensure the best possible outcomes for residents.
- 4) We will progressively implement the commitments set out in our Carers Strategy which will improve support to the many thousands of unpaid carers supporting family and friends in Essex.
- 5) We will work with partners across Essex, Southend and Thurrock to implement the Dementia Strategy, improving support and help to those living with dementia and for their carers.
- 6) We will finalise and start implementing a new Southend, Essex and Thurrock Mental Health Strategy - working in partnership with Southend and Thurrock Councils, three Integrated Care Boards, local residents, and other stakeholders.
- 7) We will be launching a new Disability Strategy which will set out our commitments for the next 4 years to support people with disabilities to live the best lives they can and achieve their aspirations including engagement with providers on transforming day opportunities.
- 8) Our Meaningful Lives Matter programme will start delivering expanded in-house enablement accommodation provision and Shared Lives services to increase accommodation options for people with learning disability and autism.
- 9) The ECL LIVE (Learning, Innovation, Volunteering and Employment) service will support a further 364 people with disabilities into paid work by April 2025.
- 10) We will be seeking to procure a new Inclusive Employment Service in Essex for adults with disabilities, their families and local employers, while continuing to deliver on the success of the Learning Disabilities and Autism Business Grant Funding Scheme following the re-opening of applications in December 2022.

- 11) We continue to work with the Essex Anchor Network to encourage members to deliver on their commitments around inclusive employment and increase the number of individuals with Learning Disabilities and/or Autism into the workplace. By the end of 2022 we have delivered two reverse job fairs with the aim of expanding these across wider Essex in 2023. In the future, we intend to utilise the success of the Reverse Job Fairs to introduce and embed Job Coaches within the Anchor organisations.
- 12) We will utilise the newly created Health Protection Board to bring partners together and ensure the public are protected against infectious disease and other health risks, in particular using this forum to communicate the importance of screening, vaccination and good infection prevention and control measures in healthcare settings and the wider public domain.
- 13) We will be increasing the range of services that support people who choose to manage their own care and support via a direct payment including a redesigned Direct Payments Support Service, and an increase in the number of providers.
- 14) We will continue working to put in place arrangements to implement the Government's planned changes to the adult social care charging regime, including the social care cap. These changes have now been delayed until 2025, but require extensive planning to ensure that the system is ready to implement these changes.
- 15) We will continue expanding delivery of the Essex care technology service, which provides a range of care technology to help older people and people with disabilities to live more independently.
- 16) We will work with partners in the NHS, cities, district and borough councils and the voluntary sectors to ensure that the new Integrated Care System Strategies are aligned with the wider commitments in Everyone's Essex to level-up the county and address the wider determinants of health to reduce inequalities in access and outcomes.
- 17) We will launch a new sexual health service aiming to join partners together to deliver better care that meets the needs of our residents and, in turn, reduces health inequalities.
- 18) We will work in partnership with the Essex Recovery Foundation, staffed by ex-service users, to increase the services available to provide specialist treatment, housing related support, employment assistance and to build long term recovery for Essex residents with drug and alcohol issues.
- 19) We will expand Essex Pedal Power to Colchester, Basildon and Harwich, starting with the distribution of 1900 new bikes, to build on the success of Pedal Power in Clacton/Jaywick.

- 20) Subject to successful negotiations, we aim to secure a 3-year grant worth £1.5m to improve community access to school buildings out of hours to improve physical activity.
- 21) As part of the implementation plans of the Integrated Care Boards, we will provide opportunities for our property assets to be used for the delivery of primary and community care across the county.
- 22) We will continue with the Find Your Active physical activity programme, as part of the Active Essex Fit for the Future strategy. We will use the Find Your Active brand to power campaigns and events across the county to support people to become more active.
- 23) We will continue with the roll out of the Active Essex Local Delivery Pilot, supported by Sport England, which aims to encourage physical activity among the 400,000 people who live in the relatively more disadvantaged parts of the county.
- 24) We will continue with the roll-out of the award-winning Connect programme, which is designed to help older people live more independently by connecting them to the right community support to meet their needs and to improve hospital discharge processes.
- 25) We will continue to support the health and wellbeing of our residents through the newly enhanced Essex Wellbeing Service. This service is delivered by an alliance of specialist organisations and can help people with a range of health and wellbeing issues, including quitting smoking, social isolation support, weight management, or help with day-to-day needs.



## **Aim 4: A great place for children and families to grow**

- 1) To keep pace with the rising demand for school places, we are continuing to invest £7.5million to deliver 340 additional mainstream school places in time to increase school intakes in September 2023.
- 2) We will commence construction on three new primary school buildings due to open in 2024 to provide education infrastructure for new communities. We will also be investing over £1.5m in replacing ageing temporary classrooms with new, permanent, low carbon buildings.
- 3) We will continue with an ambitious programme through the Essex Education Taskforce. It will build on and continue with the Essex Year of Reading, launch a Year of Numbers and work with an established children's wellbeing board to drive through recommendations from a Wellbeing Survey commissioned through our partner the Education Policy Institute.
- 4) We will continue our ambitious programme of SEND improvements, building on the progress shown in the Ofsted/CQC revisit, with a particular focus on the quality of Education Health Care Plans and the joint commissioning of SEND therapies and neuro-developmental diagnostic pathways. We will also align our SEND and inclusions strategies to support our mainstream schools to improve the outcomes of children and young people with additional and special needs and develop our sufficiency plan to ensure we have the capacity, provision, resources and expertise across the local area to deliver these ambitions.
- 5) Supported by the cross party working group we will develop a strategy to deliver support for schools to improve attendance across all key stages.
- 6) We will deliver the education projects we are investing in as part of the Levelling Up programme. These projects focus on ensuring children are ready to engage with education, are able to make progress in their reading and comprehension, support whole school approaches to social, emotional and mental health issues and also support young people earlier to prevent them from disengaging from school, further training or entering the jobs market.
- 7) We will continue to work with schools and settings to articulate how to adjust to the ever changing and complex educational landscape. We will continue to use our Essex School Partnership Strategy to do this as we know that schools benefit from learning from and collaborating with each other.
- 8) Working with local authority, education and youth service partners, we will increase our place-based, targeted youth engagement activities, by developing a youth network, for peer to peer support, with business mentoring.

- 9) Co-funded by ECC and the Department for Education, we will run the Essex Activate Holiday Activity Fund programme across the Easter, Summer, and Christmas holidays as well as all half terms. This programme, which is part of our cost of living strategy, provides free meals and activities during school holidays for children on free school meals or in low income families.
- 10) We will work to increase the number of social supermarkets, with the first two having recently been opened in Clacton and Basildon. These are run by the voluntary sector and source food and other essential household goods at lower cost, helping to reduce the weekly shopping bill for hard-pressed families.
- 11) We will take forward the work of the Safety Advisory Group combatting violence against women and girls. We are also expanding our capacity on community safety, so that we can play an active role, working with the Police, Fire and Crime Commissioner and other partners, to address issues like violent crime, hate crime and extremism.
- 12) We will develop our libraries to support adult and family literacy, building on the roll out of literacy areas last year. Library staff will be trained as ReadEasy volunteers to support adults with their reading.
- 13) We will complete the re-development of Shenfield Library, with re-opening due in spring 2024.
- 14) Through the work of the Refugee task Force, we are strengthening co-ordination with national government and across the Essex system, so that we can welcome and support arrivals into Essex under the Ukrainian, Afghan and other schemes.
- 15) We will implement our year two delivery plan for our Early Years and Childcare Strategy. This will focus on reducing disadvantage including by narrowing the word gap and increasing the take up of funded places by eligible two year olds. We will continue to bring the early years system together around shared outcomes by further embedding our Early Years Charter.
- 16) On domestic abuse, we will continue to deliver our strategic plans to 2024 which includes the commissioning of a range of support for victims and survivors, including children and young people which ensures we will fulfil our statutory duties. The Domestic Abuse discovery research will be delivered in January 2023 and this will inform our intentions for beyond 2024.

- 17) The Council is due a full Ofsted inspection of its Children's Services and an HMIP inspection of its Youth Offending Services during 2023. We will work with Ofsted and HMIP to identify areas of strong practice and also areas of learning. We will then work to follow up on the inspection findings and recommendations to ensure that we continue to provide cost effective and high quality care and support for children in Essex who need it.
- 18) We will improve the sufficiency of placements for children in care by further developing the capacity of the Essex Fostering Service; and by improving access to children's residential care placements, through market engagement, the development of single-bed homes, and developing an assessment and crisis residential setting to determine appropriate care pathways for young people.
- 19) Following the success of the ECC produced picture book *New House for Little Mouse*, we will extend our series of books, helping children in care to better understand what is happening to them.
- 20) Through the work of the Children & Families Transformation Board, we will continue to develop and test new, innovative services, so that we can continue to deliver cost-effective and improved outcomes for vulnerable children in a challenging financial and operational environment.
- 21) We will update the Children and Young People's Plan, building on existing work to bring together partners and develop a unified approach to supporting the wellbeing of children.
- 22) We will implement the delivery plan for the Co-parenting Strategy that was agreed last year. The strategy sets out seven outcomes on how we will be good corporate parents to children and young people in our care and care leavers, supporting their wellbeing and their life chances. This will include an event to promote job opportunities and support from businesses to care leavers. The businesses will sign a pledge of support to a care leaver whether that be a job opportunity or just a small gesture of support.
- 23) We will actively engage with changes to national policy affecting family help, the care system, schools, education, SEND and health. We will work as a system to implement any required changes and ensure that the focus is maintained on improving outcomes.
- 24) We will proactively address the challenges to families and our system resulting from the increase in the cost of living, seeking opportunities to engage across the system to increase direct support to families and bring about longer term, sustainable change through our Levelling Up Programme.

- 25) We will develop and embed a new Strategy for Anti-Racist Practice which will drive improvements in leadership, policy and procedures, workforce and practice, with the aim of ensuring Black, Asian and ethnically diverse children, families and staff will be equally valued, treated without partiality and have the right conditions to thrive, reach and achieve their full potential.

## Resources

### Financial Strategy 2023/24 – 2026/27

The 2022/23 financial year has been another challenging year. The care market continues to struggle with capacity post Covid-19 and we are now seeing the impact of the anticipated pent up demand resulting from the pandemic, most notably in Children's Services. We have also faced significant financial pressure resulting from the unprecedented levels of inflation experienced during the year. The short term economic outlook is bleak with high inflation expected to continue throughout 2023/24 and the economy entering recession, leaving us with a significant level of uncertainty in our medium-term resource strategy (MTRS).

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 2023/24, we will spend a gross budget (including schools) of **£2,281m**, which, after taking income and specific grants into account, amounts to a net cost of services of **£1,164m**, some £74m or 7% more than originally budgeted in 2022/23, and invest **£275m** 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.

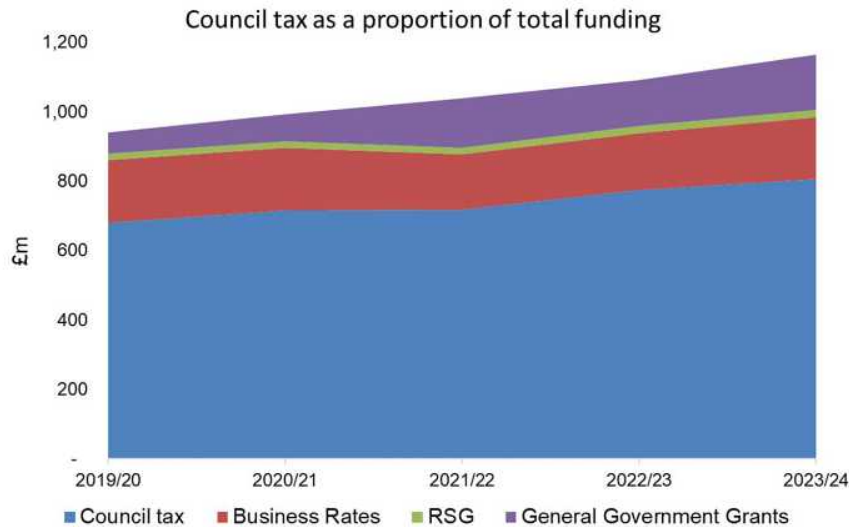
We have a strong record of sound financial management, and over the last 4 years have generated savings to taxpayers of **£199m**. A further **£36m** of new savings are forecast to be delivered by the end of 2023/24 (**3%** of net budget). The planned savings are focused around transformation of community 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, making more efficient use of our buildings and reviewing staffing across the Council. 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 Local Government Financial Settlement (Provisional Settlement) from Government confirmed the majority of announcements in the Chancellor's Autumn Statement. This included additional monies for social care as well as the continuation of the Services grant for 2023/24, albeit at a lower value compared to last financial year. In addition to this, for the Dedicated Schools Grant (DSG), an additional £23.4m in respect of the High Needs Block was

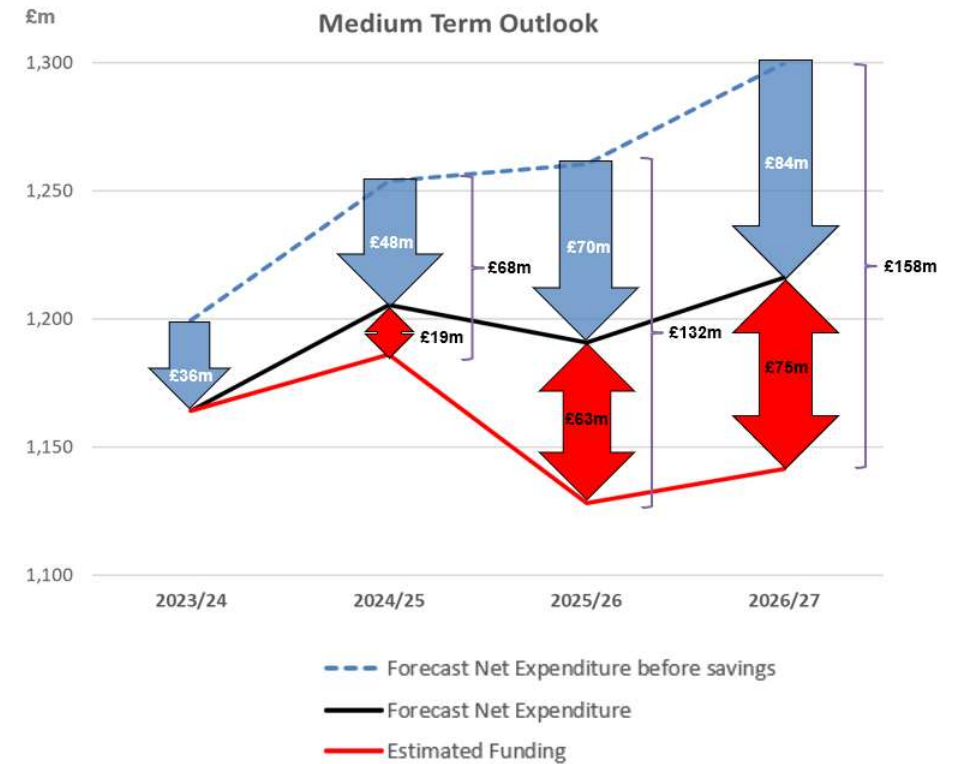
announced. There was only a one-year funding announcement for most grants. The Provisional Settlement also confirmed the continuation of Revenue Support Grant (RSG) of £21.3m.

Our long-term funding position is less clear. The Provisional Settlement and Policy Statement has provided some assurance around continuation of grants in 2024/25, however we do not know allocations, and beyond this there is little funding certainty, which makes it difficult to plan for the longer term. Furthermore, the additional social care money is not confirmed beyond 2024/25. Our medium-term strategy assumes the continuation of Revenue Support Grant at the provisional 2023/24 level of **£21.3m**, and the continuation of social care grants at the level prior to additional money being announced for the current year and thereafter.

Our budget for 2023/24 assumes that council tax is increased by 3.5%. This is made up of a 1.5% general council tax precept, and 2% adult social care precept. The precept is being used to insulate Adult Social Care from having to make higher savings, and support growth in need caused by changes in the demographics of our population and inflation. Taking these increases into account, the council tax for a band D property will be **£1,450.17; this is an increase of 94p per household per week.**



Net expenditure of **£1,164m** is funded by Council Tax, Business Rates, Revenue Support Grant and General Government Grants. Income from Council Tax is the largest funding stream at **£805m** and will make up **69%** of our funding in 2023/24.



Based on latest intelligence on demand for services, inflation, and likely funding levels, we are forecasting a budget gap of £19m in 2024/25 rising to £75m in 2026/27. The most significant driver of the gap is inflation which accounts for £65m by 2026/27. There are new burdens and other cost pressures of £42m, including financing of the capital programme, and the anticipated impact of a changing client base in Adult Social Care of £25m. There are no assumptions made around future levels of council tax in arriving at the gap from 2024/25 onward.

Some progress has been made towards balancing the budget over the medium term. Further new savings totalling £48m have been identified in the medium term to 2026/27, and are included in the forecast gap. Work will continue during 2023/24 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 £49m 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 2023/24 and provides the current view of the aspirational programme for 2024/25 to 2026/27. The four-year programme totals £1,284m, and has undergone a thorough review to mitigate against the impact of rising interest rates on borrowing costs and plateau the Authority's level of indebtedness to ensure the programme remains financially sustainable.

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 whilst maintaining financial sustainability
- Ensuring robust delivery plans are in place, enabling delivery on time and to budget, for example maintaining the road network and ensuring every child has a place at school
- Utilising and leveraging the existing asset base to maximise its value whilst also ensuring it remains fit for purpose
- Maximising leverage of external funding, especially from development, which will increase the financial envelope available for capital projects such as funding for road improvements, new road junctions and building new schools
- Ensuring that cross organisational goals are understood and built into projects at the earliest stages to maximise the value from every pound spent, and deliver on Everyone's Essex ambitions

Over the last three years we have invested over £175m into highways in order to efficiently maintain the network for our residents and users.

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 unlocking land to develop homes. Following the notable achievement in securing Housing Infrastructure Funding (HIF) to support this ambition, schemes are now at various stages, either nearing the end of the design phase or 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.

One of the largest road infrastructure projects in Essex, the creation of a new junction 7A to the M11, completed this year making travel in and around Harlow easier and we continue delivery of further significant packages of highway works such as improvements to the M11 Junction 8 and the A127 / A130 Fairglens Interchange. We will continue to work closely with the Department for Transport, National Highways and other third parties to secure funding for our developing longer-term pipeline covering the next 10 to 15 years, providing greater opportunities to leverage external funding and enabling greater outcomes for Essex.

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

Essex Housing Development 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 to progress the development of a further 598 units.

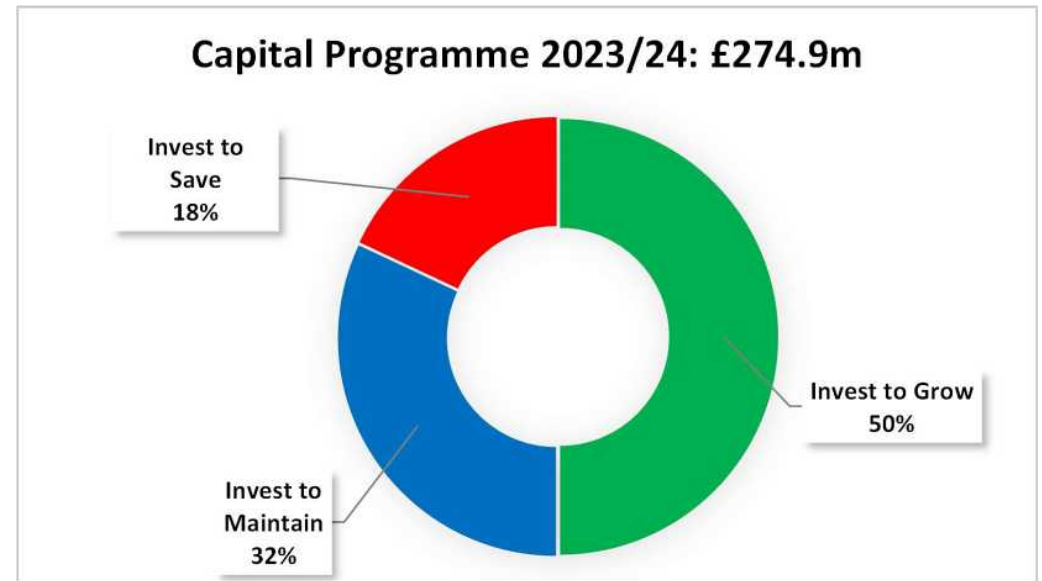
Increased investment and working in partnership with organisations and communities across the county is vital to achieving the ambitions for the Essex Climate Action Commission. We will continue to:

- deliver buildings that have a net-zero carbon operational design
- transform 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 has continued with the delivery of new sites for our pupil referral units (PRUs). This continues to represent a step change in the provision and helps to reduce distances children with Special Educational Needs and Disabilities (SEND) need to travel, keeping them closer to their family and reducing associated costs. Alongside investment via successful free school applications, the SEND and Alternative Provision (AP) capital programme has seen over £100m of investment in our schools and PRUs to date with a further £50m of ECC investment planned over the next four years. On top of this there is £130m being spent on mainstream education over the next four years to ensure that additional pupil places are being delivered in the areas of need.

The 2023/24 programme can be analysed as follows:

- **Invest to Maintain** totals £87m and includes areas where the Council is maintaining (but extending the life of) its current assets, for example, highways and property maintenance.
- **Invest to Save / Generate Return** totals £49m 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 £138m 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 and new housing developments.



## 2023/24 Revenue Overview

Despite the financial challenges facing local government, the budget for 2023/24 is increasing. Gross expenditure to be incurred in the delivery of Council services in 2023/24 is **£2,281m**. After taking income and specific grants into account, the net cost of services amounts to **£1,164m**, an increase of **£74m** or 7% over 2022/23.

### Budget breakdown

	2022/23 £m	2023/24 £m
<b>Gross Expenditure</b>	2,095.2	2,281.2
<i>Deduct:</i>		
Income	(277.7)	(297.0)
Specific Government Grants (excluding DSG)	(176.0)	(210.0)
Specific Government Grants (DSG)	(551.6)	(610.0)
<b>Subtotal: Net Cost of Services</b>	<b>1,089.9</b>	<b>1,164.2</b>
<i>Deduct:</i>		
Council Tax Requirement	(763.5)	(799.0)
Revenue Support Grant (RSG)	(19.3)	(21.3)
Non-Domestic Rates	(174.5)	(179.8)
Non-Domestic Rates Collection Fund Deficit *	8.9	0.4
General Government Grants	(131.9)	(159.1)
Council Tax Collection Fund Surplus*	(9.6)	(5.4)
<b>Subtotal: Total Funding</b>	<b>(1,089.9)</b>	<b>(1,164.2)</b>
<b>Balanced budget</b>	<b>0.0</b>	<b>0.0</b>

\*Estimate of the variation of actual council tax and non-domestic rates revenue 2022/23 compared to that budgeted (technical adjustment).



## Income

Within the budget, income of **£297m** is expected in 2023/24, an increase of **£19.3m** when compared to 2022/23. The breakdown of income streams by portfolio is shown on page 28.

**45%** 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 (**94%**) of the income recharges relate to the Better Care Fund.

	2022/23	2023/24
	£m	£m
Fees and Charges	(122.3)	(133.6)
Contributions from Other Bodies	(57.5)	(61.2)
Interest Receivable	(0.9)	(3.3)
Rents and Lettings	(5.6)	(5.8)
Sales	(2.1)	(2.3)
Other Income:		
Appropriations Income*	(19.4)	(21.5)
Dividends	(1.2)	0.0
Income Recharge	(50.1)	(49.6)
Other Recharges	(18.6)	(19.7)
<b>TOTAL</b>	<b>(277.7)</b>	<b>(297.0)</b>

\* 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 **£820m** of specific government grants, the most significant are the Dedicated Schools Grant (**£610m**), the majority of which is passed through to schools, and Public Health grant (**£66m**), which is ring-fenced to public health activity.

## Revenue Budget Summary

2021/22	2022/23	2022/23			2023/24	
Actuals	Original Budget	Latest Budget		Gross	Income	Total Net
£000	£000	£000		Expenditure	Specific Grants	Expenditure
				£000	£000	£000
440,295	470,230	484,534	Adult Social Care and Health	809,782	(164,878)	506,415
135,170	136,436	140,982	Children's Services and Early Years	283,403	(10,764)	145,085
22,703	23,283	25,985	Community, Equality, Partnerships and Performance	34,062	(7,515)	24,492
4,700	4,174	5,896	Devolution, the Arts, Heritage and Culture	12,657	(7,997)	4,661
19,824	5,202	11,404	Economic Renewal, Infrastructure and Planning	13,607	(6,970)	6,637
11,337	17,525	22,613	Education Excellence, Life Long Learning and Employability	595,242	(26,788)	18,417
5,770	14,327	14,650	Finance, Resources and Corporate Affairs	11,142	(2,168)	8,974
102,128	114,397	119,875	Highways Maintenance and Sustainable Transport	143,119	(20,401)	120,829
2,736	2,397	5,484	Leader	2,359	(1,889)	2,359
81,802	88,107	87,296	Waste Reduction and Recycling	96,682	(2,437)	94,245
107,603	115,652	56,708	Other Operating Costs	146,549	(24,756)	121,794
12,593	12,762	13,673	Community, Equality, Partnerships and Performance RSSS	14,040	(1,025)	13,015
1,125	1,102	1,097	Economic Renewal, Infrastructure and Planning RSSS	1,256	(116)	1,140
89,479	82,431	97,586	Finance, Resources and Corporate Affairs RSSS	115,339	(21,157)	94,182
2,606	1,860	2,103	Leader RSSS	1,970		1,970
<b>1,039,870</b>	<b>1,089,884</b>	<b>1,089,884</b>		<b>2,281,207</b>	<b>(296,972)</b>	<b>1,164,213</b>

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

**2023/24 Capital Programme Overview**

2021/22	2022/23		2023/24	2024/25	2025/26	2026/27	Four Year
Actuals	Latest Budget		Budget	Aspirational	Aspirational	Aspirational	Total
£000	£000	Portfolio	£000	£000	£000	£000	£000
653	1,164	Adult Social Care and Health	2,277	3,765	5,254	-	11,295
3,110	4,291	Children's Services and Early Years	3,010	3,758	1,235	485	8,488
224	3,863	Community, Equality, Partnerships and Performance	1,727	11,092	3,114	100	16,033
423	188	Devolution, Art, Heritage and Culture	61	61	-	-	122
78,862	100,185	Economic Renewal, Infrastructure and Planning	119,974	242,339	273,648	96,267	732,228
44,462	47,627	Education Excellence, Lifelong Learning and Employability	55,201	63,184	56,682	36,475	211,542
7,628	12,060	Finance, Resources and Corporate Affairs	6,768	5,000	4,700	4,450	20,918
84,796	94,806	Highways Maintenance and Sustainable Transport	85,842	80,702	58,449	58,437	283,430
936	1,836	Leader	-	-	-	-	-
124	-	Waste Reduction and Recycling	-	-	-	-	-
<b>221,218</b>	<b>266,021</b>	<b>Total Capital Programme</b>	<b>274,859</b>	<b>409,902</b>	<b>403,081</b>	<b>196,214</b>	<b>1,284,056</b>

**Financed By:**

2021/22	2022/23		2023/24	2024/25	2025/26	2026/27	Four Year
Actuals	Latest Budget		Budget	Aspirational	Aspirational	Aspirational	Total
£000	£000		£000	£000	£000	£000	£000
1,300	5,000	Capital Receipts	5,000	-	-	-	5,000
19,737	11,942	Contributions	23,627	28,633	36,493	18,987	107,740
130,969	127,500	Grants	137,479	233,891	246,436	109,134	726,939
7,000	6,000	Reserves	7,300	7,300	3,500	3,500	21,600
62,212	115,578	Unsupported Borrowing	101,454	140,078	116,652	64,593	422,777
<b>221,218</b>	<b>266,021</b>		<b>274,859</b>	<b>409,902</b>	<b>403,081</b>	<b>196,214</b>	<b>1,284,056</b>

## 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	1,164,212,799
General Government Grants *	(159,062,252)
<b>Budget requirement</b>	<b>1,005,150,547</b>
Less funding available:	
Revenue Support Grant	21,284,254
Non-Domestic Rates	179,756,163
Non-Domestic Rates Collection Fund deficit	(365,096)
Council Tax Collection fund surplus	5,442,896
	<b>206,118,217</b>
<b>Council tax requirement</b>	<b>799,032,330</b>
Tax base (Band D equivalent properties)	550,992.18
Band D council tax	1,450.17

\* General Government Grants includes PFI grants £23m, Social Care Support Grant £90m, Business Rates Compensation Grant £36m, and Services Grant £7m

The Band D council tax charge is **£1,450.17**. The provisional council tax charge by band is set out in the table below.

	2022/23	2023/24
Council Tax Band	£	£
Band A	934.08	966.78
Band B	1,089.76	1,127.91
Band C	1,245.44	1,289.04
Band D	1,401.12	1,450.17
Band E	1,712.48	1,772.43
Band F	2,023.84	2,094.69
Band G	2,335.20	2,416.95
Band H	2,802.24	2,900.34



# Annex 1: Revenue and Capital Budgets

## Adult Social Care and Health (Cllr John Spence)

### Revenue Budget

2021/22 Actuals				2022/23 Original Budget				2023/24				
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	
10,482	(1)	(44)	10,437	11,226			11,226	Access Assessment and Care Management				
8,230	(120)		8,110	8,669	(160)		8,510	Countywide Teams	11,346	(60)		11,286
7,581	(255)		7,326	8,596	(208)		8,388	Mid Teams	8,835	(169)		8,666
8,792	(446)		8,346	9,582	(468)		9,115	North East Teams	8,721	(111)		8,610
5,779	(102)		5,678	9,582	(468)		9,115	South Teams	9,818	(491)		9,327
				6,658	(109)		6,549	West Teams	6,754	(114)		6,640
				Care and Support								
223,116	(19,295)		203,822	246,830	(18,215)		228,615	Learning Disabilities	259,064	(19,132)		239,932
305,982	(127,477)	(76,755)	101,750	260,172	(118,025)	(41,987)	100,160	Older People	300,254	(130,473)	(48,489)	121,292
52,270	(5,198)		47,072	58,361	(5,088)		53,273	Physical and Sensory Impairment	58,582	(5,398)		53,184
216			216	145			145	Corporate and Democratic Core				256
118			118	210	(69)		141	Health Reform and Integration				199
420		(328)	92	420		(328)	92	Health Watch				420
5,028		(1,812)	3,217	4,136			4,136	Housing Related Support				4,200
24,212	(2,747)		21,465	24,828	(2,363)		22,465	Mental Health				26,004
								Other Social Care				
140	(163)		(23)	279	(279)		0	Essex Vulnerable Adults	324	(324)		-
2,679	482	(470)	2,691	3,455	3	(470)	2,988	Third Sector Funding	3,414		(470)	2,944
81,299	(320)	(80,453)	527	67,936	(186)	(70,000)	(2,250)	Public Health				69,259
33,204	(9,557)	(4,353)	19,294	31,420	(6,223)	(8,870)	16,327	Service Management Costs				41,980
172			172	349			349	Social Fund				350
(15)			(15)	(0)			(0)	Support to Carers				-
769,706	(165,197)	(164,214)	440,295	743,274	(151,389)	(121,655)	470,230	Total Adult Social Care and Health				809,782
									(164,878)	(138,488)		506,415

The 2021/22 actual gross expenditure includes £39m of one off covid related expenditure supported by specific government grant.

The 2022/23 latest budget is gross expenditure £756m income £150m and specific grant £122m

The 2023/24 gross expenditure and specific grant figures reflect new specific government grants for Adult Social Care of £16.5m

The Public Health grant presents a 2023/24 net expenditure budget of a £1.6m credit in the above table, due to the contribution towards support services provided by other portfolios. 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.

## Adult Social Care and Health (Cllr John Spence)

### Capital Programme

2021/22 Actuals £000	2022/23 Latest Budget £000	Adult Social Care and Health	2023/24 Budget £000	2024/25 Aspirational £000	2025/26 Aspirational £000	2026/27 Aspirational £000	Four Year Total £000
		<b>Local Delivery Mid</b>					-
-	450	Bridgemarsh	-	-	-	-	-
-	450	<b>Subtotal Local Delivery Mid</b>	-	-	-	-	-
		<b>Housing - Vulnerable People</b>					
-	4	Independent Living Older People Coppins Court	4	-	-	-	4
5	406	Independent Living Older People Ninefields Waltham Abbey	284	-	411	-	695
-	304	Independent Living Adults with Complex Needs	989	3,765	3,843	-	8,596
-	-	Independent Living Older People Investment	1,000	-	1,000	-	2,000
648	-	Independent Living projects completing 2022/23 or earlier	-	-	-	-	-
653	714	<b>Subtotal Housing - Vulnerable People</b>	2,277	3,765	5,254	-	11,295
653	1,164	<b>Total Adult Social Care and Health</b>	2,277	3,765	5,254	-	11,295

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

### Revenue Budget

2021/22		2022/23	2022/23	2023/24			
Actuals	Original Budget	Latest Budget		Gross Expenditure	Income	Specific Grants	Total Net
£000	£000	£000		£000	£000	£000	Expenditure £000
Childrens Services							
11,051	12,438	12,444	Children's Services and Early Years	15,599	(2,023)	(1,075)	12,501
15,134	16,959	18,253	Childrens Family Support	18,445	(76)		18,368
33,892	30,256	32,091	Childrens Fieldwork	36,822	(1,364)	(4,600)	30,858
56,986	57,412	57,578	Children Looked After	79,157		(14,981)	64,177
6,780	7,097	7,968	Childrens Strategic Management and Development	13,229	(804)	(4,967)	7,459
(1,284)	94	343	Domestic Violence	3,754	(725)	(2,670)	359
7,058	7,073	7,073	Early Years and Childcare	11,679	(4,606)		7,073
1,940	2,008	2,008	Emotional Wellbeing and Mental Health Service	2,015	(7)		2,008
1,597	2,244	2,343	Youth Offending Service	4,479	(752)	(1,733)	1,994
2,090	1,256	1,281	Early Years - non DSG	1,099	(409)		689
(75)	(401)	(401)	Early Years - DSG	97,126		(97,527)	(401)
135,170	136,436	140,982	Total Childrens Services and Early Years	283,403	(10,764)	(127,553)	145,085

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

### Capital Programme

2021/22 Actuals £000	2022/23 Latest Budget £000	Children's Services and Early Years	2023/24 Budget £000	2024/25 Aspirational £000	2025/26 Aspirational £000	2026/27 Aspirational £000	Four Year Total £000
<b>Early Years</b>							
2,510	1,118	Early Years	1,210	2,208	5	5	3,428
<b>2,510</b>	<b>1,118</b>	<b>Subtotal Early Years</b>	<b>1,210</b>	<b>2,208</b>	<b>5</b>	<b>5</b>	<b>3,428</b>
<b>People Capital Schemes</b>							
404	573	Adaptations	450	450	400	400	1,700
196	200	Children with Disabilities	100	100	80	80	360
-	-	Childrens Residential	1,250	1,000	750	-	3,000
-	2,400	Solo Placements	-	-	-	-	-
<b>600</b>	<b>3,173</b>	<b>Subtotal People Capital Schemes</b>	<b>1,800</b>	<b>1,550</b>	<b>1,230</b>	<b>480</b>	<b>5,060</b>
<b>3,110</b>	<b>4,291</b>	<b>Total Children's Services and Early Years</b>	<b>3,010</b>	<b>3,758</b>	<b>1,235</b>	<b>485</b>	<b>8,488</b>

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

### Revenue Budget

2021/22	2022/23	2022/23			2023/24	
Actuals	Original Budget	Latest Budget		Gross	Income	Total Net
£000	£000	£000		Expenditure		Expenditure
				£000	£000	£000
571	647	667	Communities	706	(300)	344
376		167	Community Initiatives Fund			-
3,421	2,948	3,121	Coroners	4,830	(932)	3,897
49	135	86	Customer Services and Member Enquiries	178		148
(583)	(375)	(275)	Deputyship Service	988	(1,405)	(417)
199	197	197	Initiatives and Partnerships	194		194
5		18	Innovation Fund			-
13,529	12,950	13,510	Libraries	14,660	(796)	13,864
479		1,056	Locality Fund			-
2,147	1,859	1,881	Members Support	1,925		1,925
(2,541)	(1,737)	(1,739)	Registrars	3,141	(4,913)	(1,772)
1,701	2,611	2,680	Service Design	2,708		2,708
623	623	1,064	Sports Development	684	(438)	246
49			Strategic Partnerships			-
2,678	3,425	3,551	Youth Services	4,049	1,270	3,355
<b>22,703</b>	<b>23,283</b>	<b>25,985</b>	<b>Total Community, Equality, Partnerships and Performance</b>	<b>34,062</b>	<b>(7,515)</b>	<b>24,492</b>
832	941	892	Democratic Services	1,197	(235)	962
632	396	400	Equality And Diversity	472	(30)	442
3,631	4,192	4,761	Performance, Business Intelligence, Planning and Partnerships	4,614	(217)	4,397
1,134	1,238	1,236	Risk Management	1,854	(542)	1,311
6,363	5,995	6,382	Transformation Support Unit	5,902		5,902
<b>12,593</b>	<b>12,762</b>	<b>13,673</b>	<b>Total Community, Equality, Partnerships and Performance RSSS</b>	<b>14,040</b>	<b>(1,025)</b>	<b>13,015</b>

Community Initiatives Fund, Innovation Fund, Locality Fund, and Strategic Partnerships 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

2021/22 Actuals £000	2022/23 Latest Budget £000	Community, Equality, Partnerships and Performance	2023/24 Budget £000	2024/25 Aspirational £000	2025/26 Aspirational £000	2026/27 Aspirational £000	Four Year Total £000
		<b>Community</b>					
224	176	Changing Places	100	100	100	100	400
<b>224</b>	<b>176</b>	<b>Subtotal Community</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>400</b>
		<b>Levelling Up</b>					
-	1,537	Clacton Town Centre FHSF	-	6,019	3,014	-	9,033
-	1,350	Colchester Towns Fund	-	1,000	-	-	1,000
-	0	Harlow Town Centre Regeneration	1,000	1,500	-	-	2,500
-	800	Harwich Levelling Up	627	2,473	-	-	3,100
-	<b>3,687</b>	<b>Subtotal Levelling Up</b>	<b>1,627</b>	<b>10,992</b>	<b>3,014</b>	<b>-</b>	<b>15,633</b>
<b>224</b>	<b>3,863</b>	<b>Total Community, Equality, Partnerships and Performance</b>	<b>1,727</b>	<b>11,092</b>	<b>3,114</b>	<b>100</b>	<b>16,033</b>

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

### Revenue Budget

2021/22	2022/23	2022/23			2023/24	
Actuals	Original Budget	Latest Budget			Gross	Total Net
£000	£000	£000			Expenditure	Expenditure
					£000	£000
1,105	1,131	1,816	<b>Heritage and Cultural Services</b>		1,761	(512)
235	259	309	<b>International Trade</b>		165	
11	15	15	<b>Inward Investment</b>		15	
			<b>Leisure</b>			
95	104	104	Contributions To Other Bodies		104	
434	871	1,023	Country Parks		3,153	(2,444)
138	144	202	Cressing Temple		223	(27)
513	(213)	(200)	<b>Outdoor Education</b>		3,863	(3,976)
150	175	175	<b>Rural Issues</b>		175	
446	100	325	<b>Tourism</b>		222	(115)
1,083	1,118	1,096	<b>Trading Standards</b>		1,693	(338)
491	470	1,032	<b>Travellers</b>		1,284	(585)
<b>4,700</b>	<b>4,174</b>	<b>5,896</b>	<b>Total Devolution, the Arts, Heritage and Culture</b>		<b>12,657</b>	<b>(7,997)</b>



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

### Capital Programme

2021/22 Actuals £000	2022/23 Latest Budget £000		2023/24 Budget £000	2024/25 Aspirational £000	2025/26 Aspirational £000	2026/27 Aspirational £000	Four Year Total £000
		<b>Devolution, Art, Heritage and Culture</b>					
		<b>Country Parks</b>					
-		61 Tree Planting Carbon Reduction	61	61	-	-	122
159		78 Country Parks projects completing 2022/23 or earlier	-	-	-	-	-
<b>159</b>	<b>139</b>	<b>Subtotal Country Parks</b>	<b>61</b>	<b>61</b>	<b>-</b>	<b>-</b>	<b>122</b>
		<b>Essex Outdoors</b>					
265		49 Essex Outdoors Centres	-	-	-	-	-
<b>265</b>	<b>49</b>	<b>Subtotal Essex Outdoors</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>423</b>	<b>188</b>	<b>Total Devolution, Art, Heritage and Culture</b>	<b>61</b>	<b>61</b>	<b>-</b>	<b>-</b>	<b>122</b>

## Economic Renewal, Infrastructure and Planning (Cllr Lesley Wagland)

### Revenue Budget

2021/22	2022/23	2022/23			2023/24	
Actuals	Original Budget	Latest Budget		Gross	Income	Total Net
£000	£000	£000		Expenditure		Expenditure
				£000	£000	£000
(218)	729	2,344	Developer Management and Staff	5,390	(4,772)	617
15,754	2,051	5,489	Economic Regeneration	3,832	(63)	3,769
1,152	1,043	1,248	Environmental Planning	1,360	(334)	1,026
230	434	714	Garden Communities	412		412
1,610	(0)	(7)	Housing	1,291	(1,436)	(145)
250	295	293	Housing Growth and Strategic Sites	208		208
596	650	727	Strategic Spatial Planning	1,113	(364)	750
449		596	Superfast Broadband			-
<b>19,824</b>	<b>5,202</b>	<b>11,404</b>	<b>Total Economic Renewal, Infrastructure and Planning</b>	<b>13,607</b>	<b>(6,970)</b>	<b>-</b>
1,125	1,102	1,097	Capital Programme, Implementation and Delivery	1,256	(116)	1,140
<b>1,125</b>	<b>1,102</b>	<b>1,097</b>	<b>Total Economic Renewal, Infrastructure and Planning RSSS</b>	<b>1,256</b>	<b>(116)</b>	<b>-</b>

The 2021/22 actuals and 2022/23 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

2021/22	2022/23		2023/24	2024/25	2025/26	2026/27	Four Year
Actuals	Latest		Budget	Aspirational	Aspirational	Aspirational	Total
£000	£000	Economic Renewal, Infrastructure and Planning	£000	£000	£000	£000	£000
2,027	1,473	A133-A120 Link HIF	1,650	15,741	55,185	28,955	101,531
3,282	7,368	Chelmsford North Eastern Bypass	8,890	52,000	42,000	30,007	132,897
2,071	6,047	Colchester Rapid Transit System (HIF)	9,200	21,297	4,476	-	34,973
4,492	7,526	Beaulieu Park Station	30,000	49,851	60,000	-	139,851
2,459	4,200	Harlow STC Nth/Sth (Ph1:Gilston to TC) (HIF)	7,750	16,964	4,940	-	29,654
<b>14,330</b>	<b>26,615</b>	<b>Subtotal Housing Infrastructure Fund</b>	<b>57,490</b>	<b>155,853</b>	<b>166,601</b>	<b>58,962</b>	<b>438,906</b>
		<b>Named Highways Schemes</b>					
69	102	A120 Millennium Way Slips	227	6,865	4,417	-	11,509
251	1,194	A127 Autonomous and Connected Highway for South Essex	2,271	2,197	18,859	550	23,877
310	1,040	A127 Fairglen Interchange	300	6,000	18,392	-	24,692
1,300	3,538	Army and Navy RAB, Chelmsford	3,637	8,307	20,439	20,110	52,493
2,253	1,481	Chelmsford Growth Area	-	-	-	-	-
303	100	Colchester A134 St Botolphs	1,000	8,300	2,500	-	11,800
26,529	12,870	M11 Junction 7a and Gilden Way Upgrading	-	-	-	-	-
578	1,733	Cambridge Road Junction	3,003	500	-	-	3,503
62	297	Colchester Towns Fund LCWIP4	121	1,373	1,185	-	2,678
405	1,238	Cycling Infrastructure	2,300	1,100	-	-	3,400
2,415	5,912	M11 Junction 8	2,900	546	-	-	3,446
10	200	South Maldon Relief Road	120	100	100	100	420
2,553	3,292	Advanced Scheme Design	1,500	1,500	1,363	1,363	5,725
1,093	510	Other Highways Major Schemes	-	-	-	-	-
<b>38,128</b>	<b>33,507</b>	<b>Subtotal Named Highways Schemes</b>	<b>17,379</b>	<b>36,788</b>	<b>67,254</b>	<b>22,122</b>	<b>143,544</b>
1,289	1,204	BDUK Essex Superfast Programme Phase 3	225	-	-	-	225
2,346	6,554	BDUK Essex Superfast Programme Phase 4	2,382	-	-	-	2,382
-	-	BDUK Gigabit Top up scheme	700	-	-	-	700
<b>3,635</b>	<b>7,757</b>	<b>Subtotal Superfast Broadband</b>	<b>3,308</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,308</b>

## Economic Renewal, Infrastructure and Planning (Cllr Lesley Wagland)

### Capital Programme (Cont'd)

2021/22 Actuals	2022/23 Latest Budget	2023/24 Budget	2024/25 Aspirational	2025/26 Aspirational	2026/27 Aspirational	Four Year Total
£000	£000	£000	£000	£000	£000	£000
<b>Economic Renewal, Infrastructure and Planning</b>						
-	1,276 Colchester Towns Fund Transforming Youth Services	1,290	-	-	-	1,290
-	- Colchester Towns Fund Liveable Neighbourhoods	150	-	-	-	150
244	3,708 Jaywick Market & Commercial	850	-	-	-	850
417	425 Colchester Grow on Space	1,886	800	-	-	2,686
1,420	2,065 Swan Modular Housing Factory	-	-	-	-	-
-	300 Advanced Scheme Design - Economic Growth	300	300	275	275	1,150
-	5,000 Harlow Development Fund	-	-	-	-	-
15,870	6,904 Skills & Economic Growth Projects completing 2022/23 or earlier	-	-	-	-	-
<b>17,951</b>	<b>19,679 Subtotal Economic Investment</b>	<b>4,476</b>	<b>1,100</b>	<b>275</b>	<b>275</b>	<b>6,127</b>
181	125 Loughton Library	116	9,208	2,380	-	11,703
85	78 Lexden Springs ILOP	446	7	7	-	460
152	1,763 Shenfield Library	2,433	-	-	-	2,433
32	87 St Peters ILOP - INV	230	10	6	-	246
77	170 Primrose Meadow ILOP	24	24	177	-	225
17	41 Moulsham Lodge	6	-	-	-	6
1	21 Westfield	25	6	6	-	37
<b>545</b>	<b>2,286 Subtotal Housing Investment</b>	<b>3,280</b>	<b>9,255</b>	<b>2,576</b>	<b>-</b>	<b>15,111</b>
<b>Essex Housing LLP</b>						
-	3,811 EH LLP Loan ECH	10,551	8,937	4,485	-	23,974
-	0 EH LLP Loan Friary	180	2,542	1,578	-	4,300
-	3,011 EH LLP Loan Shernbroke	3,325	84	-	-	3,409
-	0 EH LLP Loan St Peters	5,281	10,500	14,113	6,961	36,854
-	3,518 EH LLP Loan Purford	6,836	766	139	-	7,741
2,100	- EH LLP Loan A/C Rocheway	-	-	-	-	-
2,173	- EH LLP Loan A/C ECH	-	-	-	-	-
-	- EH LLP Loan Harlowbury	-	-	6,871	7,947	14,818
-	0 EH LLP Loan Primrose Meadow	4,461	7,213	5,324	-	16,998
-	(0) EH LLP Loan Hargrave	532	3,328	1,312	-	5,172
-	- EH LLP Loan Scrub Lane	2,874	5,974	3,120	-	11,968
<b>4,273</b>	<b>10,340 Subtotal Essex Housing LLP</b>	<b>34,041</b>	<b>39,343</b>	<b>36,942</b>	<b>14,908</b>	<b>125,234</b>
<b>78,862</b>	<b>100,185 Total Economic Renewal, Infrastructure and Planning</b>	<b>119,974</b>	<b>242,339</b>	<b>273,648</b>	<b>96,267</b>	<b>732,228</b>

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

### Revenue Budget

2021/22	2022/23	2022/23			2023/24			
Actuals	Original Budget	Latest Budget			Gross	Income	Specific Grants	Total Net
£000	£000	£000			Expenditure	£000	£000	Expenditure
					£000			£000
Education and Life Long Learning DSG								
(1,834)	(73)	(33,823)	Schools and Central Services Block		346,867		(346,940)	(73)
(6,743)	(2,589)	31,246	High Needs Block		192,754	(571)	(194,771)	(2,589)
Education and Life Long Learning Non DSG								
14,921	16,450	16,957	Access To Education		30,367	(13,924)		16,443
(525)	(452)	(416)	Adult Community Learning		11,454	(3,249)	(8,279)	(74)
385	(1,201)	740	Schools		4,499	(4,969)	(46)	(516)
1,527	1,298	2,701	Skills		1,133			1,133
3,197	3,725	4,762	Special Educational Needs		7,337	(3,697)		3,640
409	366	445	Strategic Management		831	(378)		453
11,337	17,525	22,613	Education Excellence, Life Long Learning and Employability		595,242	(26,788)	(550,036)	18,417

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

### Capital Programme

2021/22 Actuals £000	2022/23 Latest Budget £000		2023/24 Budget £000	2024/25 Aspirational £000	2025/26 Aspirational £000	2026/27 Aspirational £000	Four Year Total £000
<b>Education Excellence, Lifelong Learning and Employability</b>							
<b>Adult Community Learning</b>							
-	789	Adult Community Learning Digital Hub	-	-	-	-	-
-	789	<b>Subtotal Adult Community Learning</b>	-	-	-	-	-
2,957	2,206	Basildon Primary Basic Need	4,000	6,146	-	-	10,146
-	96	Basildon Secondary Basic Need	1,682	1,791	183	1,096	4,752
774	77	Braintree Primary Basic Need	10	2,155	3,909	569	6,643
2,505	2,384	Braintree Secondary Basic Need	-	-	365	2,193	2,558
959	526	Brentwood Primary Basic Need	-	-	563	3,376	3,938
-	-	Castle Point Primary Basic Need	-	1,226	736	1,594	3,555
193	1,193	Chelmsford Primary Basic Need	7,256	6,027	3,255	7,052	23,590
553	986	Colchester Primary Basic Need	-	-	-	-	-
941	84	Colchester Secondary Basic Need	40	80	40	-	160
12	1,605	Epping Forest Primary Basic Need	1,707	1,537	3,737	6,977	13,958
137	-	Epping Forest Secondary Basic Need	-	-	-	-	-
65	9	Harlow Primary Basic Need	400	4,900	4,000	185	9,485
6	837	Maldon Primary Basic Need	5,589	4,970	-	-	10,559
316	2,778	Maldon Secondary Basic Need	1,961	4,484	4,167	-	10,612
261	1,207	Rochford Primary Basic Need	-	-	849	1,577	2,426
1,756	205	Rochford Secondary Basic Need	-	-	-	-	-
10,062	7,011	Schools Capitalised Building Maintenance	7,855	7,855	7,855	7,855	31,420
259	250	Schools Feasibilities	200	200	200	200	800
7,956	14,682	Special Schools	17,666	15,275	16,820	-	49,761
4,502	4,819	Temporary Accommodation	3,031	2,330	2,330	2,330	10,021
2,401	1,511	Tendring Primary Basic Need	2,546	866	-	-	3,412
6,896	3,017	Tendring Secondary Basic Need	720	-	-	-	720
203	420	Uttlesford Primary Basic Need	538	3,228	6,994	-	10,761
304	-	Uttlesford Secondary Basic Need	-	113	679	1,471	2,263
44,019	45,901	<b>Subtotal Education Capital Schemes</b>	55,201	63,184	56,682	36,475	211,542
44,019	46,690	<b>Subtotal Local Authority Controlled</b>	55,201	63,184	56,682	36,475	211,542
740	260	Devolved Formula Capital	-	-	-	-	-
(298)	677	Schools Cash Balance	-	-	-	-	-
443	937	<b>Subtotal School Controlled</b>	-	-	-	-	-
44,462	47,627	<b>Total Education Excellence, Lifelong Learning and Employability</b>	55,201	63,184	56,682	36,475	211,542

## Finance, Resources and Corporate Affairs (Cllr Christopher Whitbread)

### Revenue Budget

2021/22	2022/23	2022/23			2023/24	
Actuals	Original Budget	Latest Budget			Gross	Total Net
£000	£000	£000			Expenditure	Income Specific Grants Expenditure
					£000	£000 £000 £000
			<b>Central Services To The Public</b>			
2,058	7,648	7,648	Council Tax Sharing Scheme	6,648		6,648
(209)	771	500	Other Services	(1,740)	(1,862)	(3,602)
(28)	1,837	2,289	<b>Customer Services</b>	2,011	(270)	1,741
510	589	588	<b>Emergency Planning</b>	650	(36)	614
			<b>Precepts</b>			
1,761	1,827	1,827	Environmental Agency	1,854		1,854
390	390	543	Kent and Essex Sea Fisheries	416		416
1,288	1,254	1,254	Lee Valley Park	1,302		1,302
(0)	10		<b>Traded Strategy</b>			-
<b>5,770</b>	<b>14,327</b>	<b>14,650</b>	<b>Total Finance, Resources and Corporate Affairs</b>	<b>11,142</b>	<b>(2,168)</b>	<b>- 8,974</b>
10,538	8,885	10,618	<b>Business Support</b>	9,639		9,639
89	101	102	<b>Car Provision Scheme</b>	2,722	(2,614)	108
1,943	1,969	1,976	<b>Customer Services</b>	1,976		1,976
9,477	9,891	12,502	<b>Finance</b>	15,469	(5,105)	10,364
8,198	8,180	9,364	<b>Human Resources</b>	9,552	(1,092)	8,459
30,764	24,930	28,875	<b>Information Services</b>	27,742	(1,112)	26,630
2,864	4,027	3,427	<b>Insurance</b>	5,756	(1,689)	4,068
4,879	5,164	5,273	<b>Legal Services</b>	6,613	(1,223)	5,390
5,470	4,920	6,691	<b>Procurement</b>	5,812	(108)	5,704
15,259	14,364	18,759	<b>Property</b>	30,057	(8,214)	21,844
<b>89,479</b>	<b>82,431</b>	<b>97,586</b>	<b>Total Finance, Resources and Corporate Affairs RSSS</b>	<b>115,339</b>	<b>(21,157)</b>	<b>- 94,182</b>

## Finance, Resources and Corporate Affairs (Cllr Christopher Whitbread)

### Capital Programme

2021/22 Actuals £000	2022/23 Latest Budget £000		2023/24 Budget £000	2024/25 Aspirational £000	2025/26 Aspirational £000	2026/27 Aspirational £000	Four Year Total £000
<b>Finance, Resources and Corporate Affairs</b>							
<b>Technology Services</b>							
1,443	95	Technology Services schemes completing in 2022/23 or earlier	-	-	-	-	-
<b>1,443</b>	<b>95</b>	<b>Subtotal Technology Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4,715	3,762	Capitalised Building Maintenance	4,727	4,500	4,250	4,000	<b>17,477</b>
-	750	Core Estate Carbon Reduction Fund	500	500	450	450	<b>1,900</b>
-	542	Peter Kirk - Spangles	60	-	-	-	<b>60</b>
34	880	Salix Grant Goodman House	-	-	-	-	<b>-</b>
202	1,512	Salix Grant Essex Records Office	71	-	-	-	<b>71</b>
-	3,598	Salix Public Sector Decarbonisation Schemes 3A	1,200	-	-	-	<b>1,200</b>
1,235	872	Property projects completing 2022/23 or earlier	-	-	-	-	<b>-</b>
<b>6,186</b>	<b>11,915</b>	<b>Subtotal Property</b>	<b>6,558</b>	<b>5,000</b>	<b>4,700</b>	<b>4,450</b>	<b>20,708</b>
-	50	Lift Replacements Clarendon Road	210	-	-	-	<b>210</b>
-	50	<b>Subtotal Commercial Property Investment</b>	<b>210</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>210</b>
<b>7,628</b>	<b>12,060</b>	<b>Total Finance, Resources and Corporate Affairs</b>	<b>6,768</b>	<b>5,000</b>	<b>4,700</b>	<b>4,450</b>	<b>20,918</b>



## Highways Maintenance and Sustainable Transport (Cllr Lee Scott)

### Revenue Budget

2021/22	2022/23	2022/23			2023/24	
Actuals	Original Budget	Latest Budget		Gross	Income	Total Net
£000	£000	£000		Expenditure	£000	Expenditure
				£000	£000	£000
1,102	1,008	1,063	<b>Flood Management</b>	1,268	(135)	1,133
30,031	35,080	34,977	<b>Home to School Transport</b>	35,954	(924)	35,030
			<b>Infrastructure</b>			
4			Additional pothole works			-
1,396	1,338	1,488	Bridges	1,865	(38)	1,827
(1,190)	(320)	515	Congestion	9,430	(9,614)	(184)
655	517	516	Highways Asset Management	899		899
(653)	(4,363)	(4,712)	Highways Management and Administration	(4,213)	(950)	(5,163)
1,277	455	1,270	Localism			-
17,425	19,466	19,466	Ongoing Operator Payments for A130 PFI	19,210		19,210
860	817	1,814	Park and Ride	2,449	(737)	1,713
1,496	1,848	1,934	Public Rights Of Way	1,743	(204)	1,539
482	685	684	Road Safety	883	(12)	703
12,298	14,337	14,081	Roads And Footways	14,678	(123)	14,556
6,653	7,538	12,374	Street Lighting	15,399	(1,209)	14,190
(2,837)	(992)	(506)	Traffic Management Act	4,570	(4,982)	(412)
3,384	3,329	3,089	Winter Service	3,450		3,450
28,010	31,590	29,139	<b>Passenger Transport</b>	33,380	(1,474)	30,186
1,737	2,065	2,683	<b>Transport Strategy</b>	2,152		2,152
<b>102,128</b>	<b>114,397</b>	<b>119,875</b>	<b>Total Highways Maintenance and Sustainable Transport</b>	<b>143,119</b>	<b>(20,401)</b>	<b>(1,889)</b>
						<b>120,829</b>

## Highways Maintenance and Sustainable Transport (Cllr Lee Scott)

### Capital Programme

2021/22 Actuals £000	2022/23 Latest Budget £000	2023/24 Budget £000	2024/25 Aspirational £000	2025/26 Aspirational £000	2026/27 Aspirational £000	Four Year Total £000
<b>Highways Maintenance and Sustainable Transport</b>						
<b>Essex Highways Commissioning</b>						
736	8,365	2,281	3,435	-	-	5,716
-	250	200	200	175	175	750
-	5	4	4	12	-	20
9,902	9,646	9,450	9,450	9,450	9,450	37,800
38	242	150	150	150	150	600
-	2	450	300	500	500	1,750
8,271	8,000	8,000	8,000	8,000	8,000	32,000
8,204	5,302	7,000	3,372	-	-	10,372
4,573	4,226	4,800	4,000	4,000	4,000	16,800
39,565	42,799	35,150	35,150	21,512	21,512	113,324
393	400	400	400	400	400	1,600
1,616	1,994	2,000	2,000	2,000	2,000	8,000
2,579	3,791	3,000	3,000	3,000	3,000	12,000
2,413	2,695	2,500	2,500	2,500	2,500	10,000
1,937	2,216	2,000	2,000	2,000	2,000	8,000
1,364	317	-	-	-	-	-
<b>81,590</b>	<b>90,251</b>	<b>77,385</b>	<b>73,961</b>	<b>53,699</b>	<b>53,687</b>	<b>258,732</b>
<b>Sustainable Transport</b>						
-	-	1,000	800	-	-	1,800
-	-	200	300	-	-	500
-	-	<b>1,200</b>	<b>1,100</b>	<b>-</b>	<b>-</b>	<b>2,300</b>
<b>Integrated Passenger Transport Unit</b>						
-	-	2,107	891	-	-	2,998
203	761	850	250	250	250	1,600
-	-	300	-	-	-	300
549	294	-	-	-	-	-
<b>752</b>	<b>1,055</b>	<b>3,257</b>	<b>1,141</b>	<b>250</b>	<b>250</b>	<b>4,898</b>
<b>82,342</b>	<b>91,306</b>	<b>81,842</b>	<b>76,202</b>	<b>53,949</b>	<b>53,937</b>	<b>265,930</b>
2,454	3,500	4,000	4,500	4,500	4,500	17,500
<b>2,454</b>	<b>3,500</b>	<b>4,000</b>	<b>4,500</b>	<b>4,500</b>	<b>4,500</b>	<b>17,500</b>
<b>84,796</b>	<b>94,806</b>	<b>85,842</b>	<b>80,702</b>	<b>58,449</b>	<b>58,437</b>	<b>283,430</b>

## Leader (Cllr Kevin Bentley)

### Revenue Budget

2021/22	2022/23	2022/23			2023/24	
Actuals	Original Budget	Latest Budget		Gross	Income	Total Net
£000	£000	£000		Expenditure	£000	Expenditure
				£000		£000
512	1,162	1,230	Corporate Policy	1,134		1,134
967	1,029	1,029	Democratic Core	1,002		1,002
1,257	205	3,225	Environmental Strategy	223		223
<b>2,736</b>	<b>2,397</b>	<b>5,484</b>	<b>Total Leader</b>	<b>2,359</b>	-	<b>2,359</b>
2,606	1,860	2,103	Communications and Customer Relations	1,970		1,970
<b>2,606</b>	<b>1,860</b>	<b>2,103</b>	<b>Total Leader RSSS</b>	<b>1,970</b>	-	<b>1,970</b>

## Leader (Cllr Kevin Bentley)

### Capital Programme

2021/22	2022/23		2023/24	2024/25	2025/26	2026/27	Four Year
Actuals	Latest		Budget	Aspirational	Aspirational	Aspirational	Total
£000	£000	Leader	£000	£000	£000	£000	£000
936	1,836	Energy projects completing 2022/23 or earlier	-	-	-	-	-
936	1,836	Total Leader	-	-	-	-	-

## Waste Reduction and Recycling (Cllr Malcolm Buckley)

### Revenue Budget

2021/22	2022/23	2022/23			2023/24	
Actuals	Original Budget	Latest Budget			Gross	Total Net
£000	£000	£000			Expenditure	Income Specific Grants Expenditure
					£000	£000 £000 £000
1,135	1,766	960	<b>Management and Support Services</b>		1,012	1,012
			<b>Waste Management</b>			
	27	(185)	Waste Management and Support Services		(104)	(104)
837	1,127	1,335	Waste Strategy		1,363	1,363
24,472	26,094	26,094	Recycling Initiatives		25,534	25,534
13,321	14,646	14,646	Civic Amenity Service		18,120	18,120
42,359	40,425	40,425	Waste Disposal		45,265	45,265
686	3,873	3,873	Courtauld Road Waste Treatment		2,041	2,041
129	98	98	Exceptional Waste		137	137
205	445	445	Landfill Aftercare		620	(49) 571
1,216	2,804	2,804	Tipping Away Payments		2,693	2,693
(2,558)	(3,200)	(3,200)	Trade Waste Income			(2,388) (2,388)
<b>81,802</b>	<b>88,107</b>	<b>87,296</b>	<b>Total Waste Reduction and Recycling</b>		<b>96,682</b>	<b>(2,437) - 94,245</b>

## Waste Reduction and Recycling (Cllr Malcolm Buckley)

### Capital Budget

2021/22	2022/23		2023/24	2024/25	2025/26	2026/27	Four Year
Actuals	Latest		Budget	Aspirational	Aspirational	Aspirational	Total
£000	£000	Waste Reduction and Recycling	£000	£000	£000	£000	£000
124	- Waste Reduction and recycling schemes completing 2022/23 or earlier						
124	- Total Waste Reduction and Recycling						-

## Other Operating costs

The revenue budget in 2023/24 is **£122m**. The expenditure includes the net appropriations to reserves and restricted funds as described in the Reserves section (starting on page 57) of **£54m** and the costs of financing the capital programme of **£71m**.

The movement since 2022/23 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.

2021/22	2022/23	2022/23			2023/24	
Actuals	Original Budget	Latest Budget			Gross	Total Net
£000	£000	£000			Expenditure	Expenditure
					£000	£000
32,288	37,799	37,799	<b>Capital Financing</b>		42,942	42,942
(1,129)	(1,150)	(850)	<b>Dividends Received</b>			-
			<b>Interest Payable</b>			
(1,103)	(511)	(511)	Contributions - Transferred Debt			(430)
20,045	25,349	25,349	External Interest Payable		28,494	28,494
			<b>Interest Receivable</b>			
(1,203)	(1,480)	(1,480)	External Interest Receivable		(250)	(8,083)
139	344	344	Interest Reallocated			4,550
<b>49,038</b>	<b>60,351</b>	<b>60,651</b>			<b>71,186</b>	<b>(3,713)</b>
						<b>-</b>
						<b>67,473</b>

Appendix A Annual Plan 2023/24

2021/22	2022/23	2022/23			2023/24	
Actuals	Original Budget	Latest Budget			Gross	Total Net
£000	£000	£000			Expenditure	Income Specific Grants Expenditure
					£000	£000 £000 £000
<b>Approps To/(From) Reserves and Restricted Use Funds (i)</b>						
(8,267)	(10,308)	(10,308)	A130 PFI Reserve			(10,052) (10,052)
14,221		(1,089)	Adult Social Care Risk			-
(1,013)		(247)	Adults Digital Programme			-
9,218		(4,107)	Adults Transformation Reserve	21,567		21,567
(10,055)	8,800	4,208	Ambition Fund Reserve	4,000		4,000
414		151	Building Schools for the Future			-
(162)			Bursary for Trainee Carers			-
(170)	6,000	6,000	Capital Receipts Pump Priming	1,000		1,000
			Capital Receipts Reserve			-
(114)	(114)	(271)	Carbon Reduction Reserve			(152) (152)
3,472		(18,464)	Carry Forwards Reserve			-
	2,500	2,500	Childrens Risk	5,000		5,000
5,873		(503)	Childrens Transformation Reserve			-
220		(170)	Clacton PFI Reserve			-
3,558	9,497	9,497	Collection Fund Risk Reserve	7,714		7,714
3,075	(170)	(350)	Commercial Investment in Essex Places Reserve			(650) (650)
(25)	350	183	Community Initiatives Fund	350		350
3,273	(1,831)	(11,134)	Covid Equalisation			-
779		(377)	Debden PFI Reserve			-
5,000	9,094	6,506	Emergency	4,000		4,000
261			Equalities Fund			-
(669)		(2,111)	Essex Climate Change Commission			-
47,272	1,000	(2,487)	Everyones Essex			-
13,858		(6,345)	General Risk Reserve	10,338		10,338

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



Appendix A Annual Plan 2023/24

2021/22	2022/23	2022/23			2023/24	
Actuals	Original Budget	Latest Budget			Gross	Total Net
£000	£000	£000			Expenditure	Income Specific Grants Expenditure
					£000	£000 £000 £000
<b>Approps To/(From) Reserves and Restricted Use Funds (i)</b>						
(13,571)		(3,452)	Grant Equalisation Reserves			-
1,844		(7)	Health and Safety Reserve			-
(1,238)			Insurance Reserve			-
27			Newton Bequest Reserve			-
612			Partnership Reserves			-
326			Property Investment			-
74	500	479	Quadrennial Elections Reserve	500		500
(25,377)		(277)	Renewal Fund Reserve			-
5,811	14,674	14,934	Reserve For Future Capital Funding	4,074		4,074
5,611			Schools Reserves			-
2,891	10,000	6,688	Technology and Digitisation	5,000		5,000
			Tendring Public Private Partnership			-
(304)	(304)	(304)	Trading Activities Reserves		(304)	(304)
(6,181)	11,823	13,127	Transformation Reserve	11,820		11,820
(1,981)	(6,209)	(6,209)	Waste Reserve		(9,884)	(9,884)
58,564	55,301	(3,942)		75,363	(21,042)	- 54,321
107,603	115,652	56,708	<b>Total Other Operating Costs</b>	146,549	(24,756)	- 121,794

i 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 2023/24, the Trading Activities have a target operating surplus of **£304,000**

	Revenue reserve 1 April 2023	Income	Expenditure	(Surplus) / deficit	Appropriations		Revenue reserve 31 March 2023
	£000	£000	£000	£000	To County Revenue Account	To Trading Activity reserve	£000
Place Services	(1,252)	(4,202)	3,902	(300)	(300)	-	(1,252)
Music Services Traded	(261)	(4,333)	4,329	(4)	(4)	-	(261)
<b>Total</b>	<b>(1,513)</b>	<b>(8,535)</b>	<b>8,231</b>	<b>(304)</b>	<b>(304)</b>	<b>-</b>	<b>(1,513)</b>

## 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 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 **£7.1m** in 2023/24 from investing our temporary surplus cash balances (of which £4.6m will be applied to reserves and balances and £2.6m will be used to fund services).

**Reserves**

			Budgeted	2023/24		2024/25	2025/26	2026/27
	Balance at 1	Balance at 1	(Contributions)	Assumed	Closing			
	April 2022	April 2023	/ Withdrawals	usage	balance			
	£000	£000	£000	£000	£000	£000	£000	£000
General Balance	(68,096)	(68,096)	-	-	(68,096)	(68,096)	(68,096)	(68,096)
Reserves earmarked for future use								
Adults Digital Programme	(275)	(28)	-	-	(28)	(28)	(28)	(28)
Adult Social Care Risk	(14,221)	(10,334)	-	802	(9,532)	(8,895)	(8,258)	(6,877)
Adults Transformation	(12,718)	(7,233)	(21,567)	25,957	(2,843)	(2,378)	(2,268)	(2,267)
Ambition Fund	(6,523)	(6,403)	(4,000)	3,468	(6,935)	(3,468)	-	-
Bursary for trainee carers	(338)	-	-	-	-	-	-	-
Capital Receipts Pump Priming	(4,034)	(7,534)	(1,000)	2,500	(6,034)	(4,534)	(5,034)	(5,534)
Carbon Reduction and Energy Risk	(982)	(676)	152	-	(524)	(334)	(334)	(334)
Carry Forward	(24,742)	(5,525)	-	5,525	(0)	(0)	(0)	(0)
Childrens Risk	-	-	(5,000)	-	(5,000)	(5,000)	(5,000)	(5,000)
Childrens Transformation	(7,188)	(6,016)	-	2,496	(3,520)	(3,007)	(3,007)	(3,007)
Collection Fund Risk	(7,587)	(17,084)	(7,714)	-	(24,798)	(24,798)	(24,798)	(24,798)
Commercial Investment in Essex Places	(15,658)	(15,162)	650	210	(14,302)	(13,302)	(12,102)	(10,602)
Community Initiatives Fund	(376)	(376)	(350)	350	(376)	(376)	(376)	(376)
EES Pensions	(4,000)	(4,000)	-	-	(4,000)	(4,000)	(4,000)	(4,000)
Emergency	(17,564)	(19,108)	(4,000)	4,000	(19,108)	(19,108)	(19,108)	(19,108)
Emergency Planning	(300)	(300)	-	-	(300)	(300)	(300)	(300)
Equalities Fund Reserve	(261)	(261)	-	-	(261)	(261)	(261)	(261)
Essex Climate Change Commission	(4,331)	(1,798)	-	749	(1,049)	(363)	(191)	(191)
Essex Crime and Police	(73)	(73)	-	-	(73)	(73)	(73)	(73)
Everyones Essex	(47,273)	(31,951)	-	13,714	(18,237)	(5,186)	(592)	0

**Reserves**

			2023/24			2024/25	2025/26	2026/27
	Balance at 1	Balance at 1	Budgeted	Assumed	Closing			
	April 2022	April 2023	(Contributions)	usage	balance			
	£000	£000	/ Withdrawals	£000	£000	£000	£000	£000
Reserves earmarked for future use (cont'd)								
Future Capital Funding	(14,437)	(12,888)	(4,074)	4,074	(12,888)	(12,888)	(12,888)	(12,888)
General Risk Reserve	(13,858)	(9,911)	(10,338)	-	(20,249)	(20,249)	(20,249)	(20,249)
Health and Safety	(4,657)	(4,554)	-	-	(4,554)	(4,554)	(4,554)	(4,554)
Insurance	(6,260)	(6,260)	-	600	(5,660)	(5,660)	(5,660)	(5,660)
Newton Reserve	(149)	(149)	-	-	(149)	(149)	(149)	(149)
Property Investment	(1,303)	(1,043)	-	-	(1,043)	(1,043)	(1,043)	(1,043)
Quadrennial Elections	(999)	(1,456)	(500)	-	(1,956)	(2,456)	(956)	(1,456)
Renewal Fund	(2,523)	(2,246)	-	-	(2,246)	(2,246)	(2,246)	(2,246)
Social Distancing and Hygeine	(900)	(900)	-	-	(900)	(900)	(900)	(900)
Technology and Digitisation	(11,640)	(13,902)	(5,000)	9,388	(9,514)	(8,233)	(7,837)	(7,837)
Transformation	(48,506)	(47,829)	(11,820)	12,500	(47,149)	(46,469)	(45,789)	(43,898)

**Restricted Funds**

			Budgeted	2023/24		2024/25	2025/26	2026/27
	Balance at 1	Balance at 1	(Contributions)	Assumed	Closing			
	April 2022	April 2023	/ Withdrawals	usage	balance			
	£000	£000	£000	£000	£000	£000	£000	£000
Long Term Contractual Commitment								
PFI Reserves								
A130 PFI	(28,181)	(17,873)	10,052	-	(7,820)	(2,800)	0	(1,972)
Building Schools for the Future PFI	(1,237)	(2,316)	-	(798)	(3,114)	(3,912)	(3,912)	(3,912)
Clacton Secondary Schools' PFI	(960)	(371)	-	158	(214)	(131)	(119)	(119)
Debden School PFI	(1,743)	(1,468)	-	33	(1,435)	(1,355)	(1,235)	(1,235)
Waste Reserve	(114,870)	(104,404)	9,884	794	(93,726)	(83,303)	(70,081)	(52,089)
Covid equalisation Reserve	(40,769)	(10,982)	-	10,982	(0)	(0)	(0)	(0)
Grant Equalisation Reserve	(36,839)	(33,637)	-	-	(33,637)	(33,637)	(33,637)	(33,637)
Trading Activities	(1,514)	(1,618)	304	(304)	(1,617)	(1,617)	(1,617)	(1,313)
Partnerships and Third Party	(2,376)	(2,376)	-	-	(2,376)	(2,376)	(2,376)	(2,376)
Schools	(49,212)	(49,212)	-	-	(49,212)	(49,212)	(49,212)	(49,212)

# Annex 2

## Performance

## Introduction

Outlined below are the measures that we will use to assess whether we are meeting our ambitions of Everyone's Essex over the next year. All targets were agreed as part of the Everyone's Essex strategy, with the following exceptions:

- Targets where 2021/22 performance exceeded 2022/23 targets, which have been re-based to reflect this
- A small number of targets which underwent a change control process through formal channels to reflect changed delivery conditions (as a result of good performance, or updated funding streams).

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	2021/22 Outturn	Targets (indicative in 23-24 and 24-25)		
			2022/23	2023/24	2024/25
Number of people benefiting from ECC skills and employability programmes (annual)	N/A	5,324	1720	1720	1720
Jobs created a) directly through ECC programmes; and b) indirectly through ECC investments	a) N/A	745	550	tbc	tbc
	b) N/A	1,694	N/A	N/A	N/A
Investment secured from third parties to fund local regeneration programmes	N/A	£370.4m	£20m	£20m	£20m
Infrastructure investment secured from developers (via S106)	£9.6m	£11.0m	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	0	304	315

## STRATEGIC MEASURES: HIGH QUALITY ENVIRONMENT

Net zero	Transport and built environment	Minimise waste	Levelling Up the environment	Green communities	
Strategic Performance Measures	Baseline	2021/22 (Outturn)	Targets (indicative in 23-24 and 24-25)		
			2022/23	2023/24	2024/25
ECC’s carbon rating (based on Carbon Disclosure Project)	B (2020)	B (Dec -21)	B	A	A
% of ECC electricity a) from renewable sources (GWh) b) from onsite renewable sources	a) -	100% (Dec – 21)	100%	N/A	N/A
	b) -	N/A	N/A	TBC	100%
Retrofit in Low Income Households (annual)	N/A	82 (Sep-21)	547	TBC	TBC
Replacement LED streetlights	N/A	27,131	27,500	27,359	Completed
Sections of coastal path completed	-	2	7	Project completed	
Number of National Flood Management Schemes delivered	-	7	8	TBC	TBC
Number of trees planted by Essex Forest initiative	38,305 (2020/21)	104,444	75,000 (Cumulative)	Current phase of initiative completed	
Total household waste collected per household (kg)	1,070kg (2020/21)	1058kg	1058g	1,020kg	980kg

Strategic Performance Measures	Baseline	2021/22 (Outturn)	Targets (indicative in 23-24 and 24-25)		
			2022/23	2023/24	2024/25
Percentage of household waste sent for reuse, <u>recycling</u> or composting	51.8% (2020/21)	50.7%	50.7%	55%	56%
Percentage of a) A roads where maintenance should be considered	-	N/A	New measure. Targets TBC		
b) B & C roads where maintenance should be considered	-	N/A			

## STRATEGIC MEASURES: HEALTH WELLBEING & INDEPENDENCE FOR ALL AGES

Levelling Up health

Healthy lifestyles

Promoting independence

Place-based working

Carers

Strategic Performance Measures	Baseline	2021/22 (Outturn)	Targets (indicative in 23-24 and 24-25)		
			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)	23,813	46,000 ( <u>subject</u> to covid)	46,000 ( <u>subject</u> to covid)	46,000 ( <u>subject</u> to covid)
% <u>schools</u> in Essex participating in the 'Daily Mile' initiative	62.4% (June 2021)	66.3%	75.0%	71.6%	74.4%
Number Receiving Weight Management Support (YTD)	-	5304	12,000	12,000	25,000
Percentage of residents who report being lonely	-	4.43%	4.0%	3.0%	2.5%
Non re-presentation to treatment within 6 months of successful completion - Opiates/Non-opiates /Alcohol	Opiates 80.5% <u>Non Opiate</u> 96.6% Alcohol 97.2% (Q4)	Opiates 88.6% <u>Non Opiate</u> 95.0% Alcohol 93.9%	Opiates 88.6% <u>Non Opiate</u> 97% Alcohol 97%	Opiates 88.6% <u>Non Opiate</u> 98% Alcohol 97%	Opiates 88.6% <u>Non Opiate</u> 98% Alcohol 97%
Percentage of physically active adults	67.6% (2019/20)	65.2%	68%	70%	72%

Strategic Performance Measures	Baseline	2021/22 (Outturn)	Targets (indicative in 23-24 and 24-25)		
			2022/23	2023/24	2024/25
Percentage of older people (aged 65+) who received reablement/ rehabilitation services after hospital discharge	2.9%	3.4%	4.2%	4.2%	4.2%
Number of adult social care users in receipt of care technology	N/A	3,780	4195	5566	6444
Number of adults with LD known to social services in paid employment	323	451	451	456	537
Number of adults with LD known to social services who secure new employment (annually)	N/A	183	115	144	173
% <u>adults</u> known to secondary mental health services in paid employment	15.6%	13.7%	Increase	Increase	Increase
% <u>of</u> adults with a learning disability that transition into adult social care in residential care	18%	29.0%	Decrease	Decrease	Decrease
The proportion of adults in contact with secondary mental health services living independently, with or without support	72.9%	64.6%	Increase	Increase	Increase
The percentage of adults who are self-caring post reablement on discharge from hospital	48%	47.6%	52.0%	54.0%	52.1%
The proportion of carers who stated they were 'extremely' or 'very' satisfied with social services	34.9%	33.0%	Increase	Increase	Increase

## 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	2021/22 (Outturn)	Stability thresholds		
			2022/23	2023/24	2024/25
% <u>of</u> families with successful intervention (Family Solutions)	84%	83.7%	85%	86%	86%
% <u>of</u> CYP who do not enter the care system following D-Bit intervention	78%	N/A	80%	82%	82%
The number of children known to social care per 10,000	196.9	189.6	190-210		
The number of children subject to Children in Need plans per 10,000	46.5 (1473)	46.9	47.3 - 63.1 (1500- 2000 children)		
The number of children subject to child protection plans per 10,000	21.3 (675)	20.5	17.3 - 20.5 (550-650 children)		
The number of looked after children per 10,000	33.8 (1073)	35.5	34.7 - 39.4 (1100-1250 children)		
Begin to understand the representation of BAME CYP across the statutory social care system	BAME CYP account for 18.7 % of all open to social care; 21.4% of	19.6% 24.7% 10.6%	Understand and appropriately manage the representation of BAME children across social care.		



Strategic Performance Measures	Baseline	2021/22 (Outturn)	Stability thresholds		
			2022/23	2023/24	2024/25
	CIC; and 14.1% of CP Plans				
Percentage of those supported by youth offending services who reoffend within 12 months	32%	-	32%	32%	32%
Average number offences per re-offender in 12 months	3.1	3.53	3.1	3.1	3.1
Percentage of a) eligible 2-year-olds and b) all <u>3 and 4 year olds</u> , accessing funding for childcare in a setting rated at least good by Ofsted	a) 96.6% b) 95.2% (2020/21)	A) 97.2% B) 95.4%	a) 97.2% b) 95.4%	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) 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)	4.1	4.1	4	3.8
Percentage of a) schools and b) settings fully engaged in Trauma Perceptive Practice	N/A	A)50% B) 6.0% (Dec – 21)	a) 42% b) 7%	a) 80% b) 50%	a) 100% b) 75%

## STRATEGIC MEASURES: SERVICE EXCELLENCE

Strategic Performance Measures	Baseline	2021/22 (Outturn)	Targets (indicative in 23-24 and 24-25)		
			2022/23	2023/24	2024/25
Residents who think Essex County Council provides good value?	46% (2020)	-	50%	52%	54%
Collection rate of Council Tax achieved for the year	96% (2020/21)	96.9%	97%	98%	98%
IMPOWER Council Productivity Ranking	7	7	1-10	1-10	1-10
Deliver social value through procurement and practice to increase availability of entry level jobs (annual)	N/A	981 (Dec-21)	50	210	Exceed 210
Percentage of websites that have had full accessibility audit	N/A	4	24	Increase	Increase
Percentage of users rating their online experience as 5/5 (satisfied)	N/A	34.2% (Dec-21)	Increase	Increase	Increase
Total number of websites	91	88 (Sep-21)	87	Decrease	Decrease



## **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 distinct but related 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 incurred by the Council 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	£
<b>General limit</b> (applied where no specific limit is applicable)	<b>10,000</b>
<b>Specific limits:</b>	
▪ Schools' capital projects funded or supported by Formula Capital Grant	<b>2,000</b>
▪ Transport (highways) infrastructure	<b>Nil</b>
▪ Land	<b>Nil</b>

## Governance

The Cabinet Member for Finance, Resources and Corporate Affairs, in conjunction with the Executive Director, Corporate Services, manages the preparation of an annual capital programme, on behalf of the Council, 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 or primary 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 **£275m** for the 2023/24 programme, with an indicative programme for the subsequent three years totalling **£1.009bn**. These planning levels represent a continued major investment in the infrastructure and economy of Essex. Further details are presented elsewhere within the Council's 2023/24 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 2021/22 (*provisional, pending conclusion of the external audits of the Council's Statement of Accounts for 2020/21 and 2021/22*), together with the original and updated plans for 2022/23, proposals for 2023/24 and the indicative guidelines for the subsequent three years, are summarised in **Annex** Error! Reference source not found., 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 2021/22 through to 2026/27 is provided in **Annex** Error! Reference source not found.. The Prudential Indicators for 2021/22 are provisional, pending conclusion of the external audits of the Council's 2020/21 and 2021/22 Statement of Accounts.

Explanatory comments are provided in the following paragraphs.

## Capital Financing Requirement

When the Council decides to finance capital expenditure from borrowing, this actually means that it is electing to incur capital expenditure now that it will need to charge to its revenue budget in annual instalments over a number of years into the future (a process referred to as making annual **Minimum Revenue Provision** or MRP).

The **Capital Financing Requirement** (CFR) provides a measure of the capital expenditure that will need to be charged to the revenue budget in future years.

The actual Capital Financing Requirement (CFR) for 2021/22 is derived from the Council's Balance Sheet for 2021/22. 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.

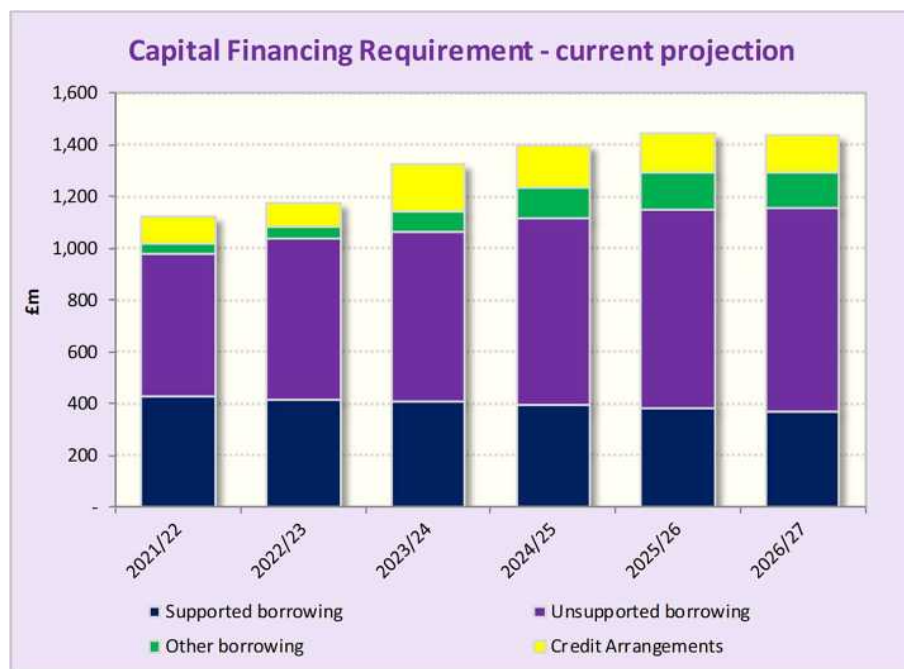
Forward projections of the Capital Financing Requirement incorporate the Council's plans to finance further capital expenditure from borrowing and discount the amounts that will be charged to the revenue budget each year as MRP.

In addition to quantifying the capital expenditure that will need to be charged to the revenue budget in future years, the Capital Financing

Requirement also 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 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 2021/22 and forward projections for the current and forthcoming years are illustrated in the graph below:

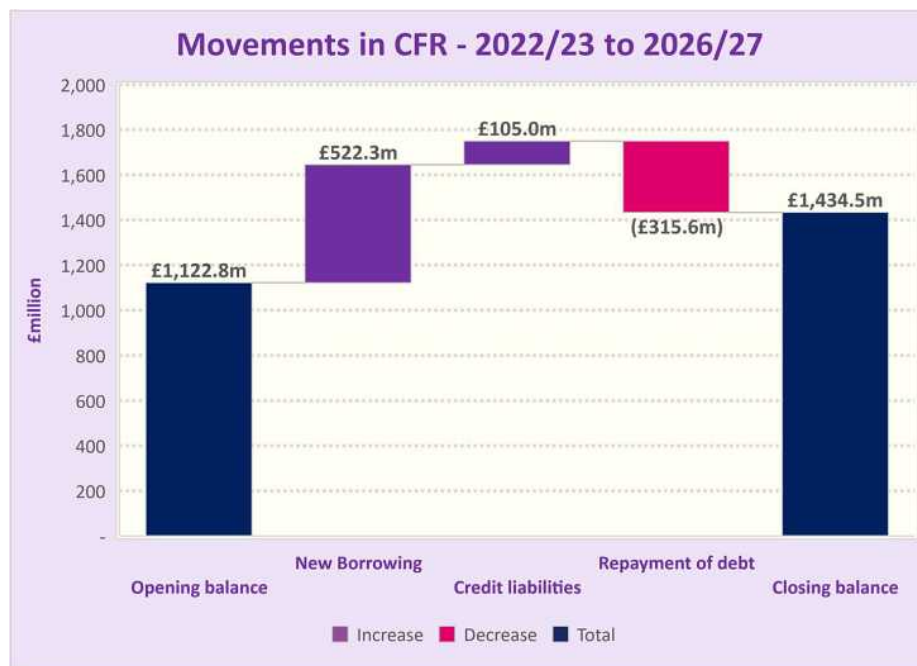


The forward projections of the CFR incorporate the Council's plans to:

- 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 until 2025/26, after which it starts to level off.

The Capital Financing Requirement increases over this period because the amount of capital expenditure that the Council plans to finance from borrowing over the period (at **£522.3m**) exceeds the amount of debt that will be repaid (**£315.6m**) over the same period.



There is also a substantial increase in credit arrangements (**£105m**), largely reflecting the estimated impact of bringing leases currently classified as operating leases onto the Council's Balance Sheet in 2023/24 or 2024/25, 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** Error! Reference source not found..

## Revenue Provision for the repayment of debt policy

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

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

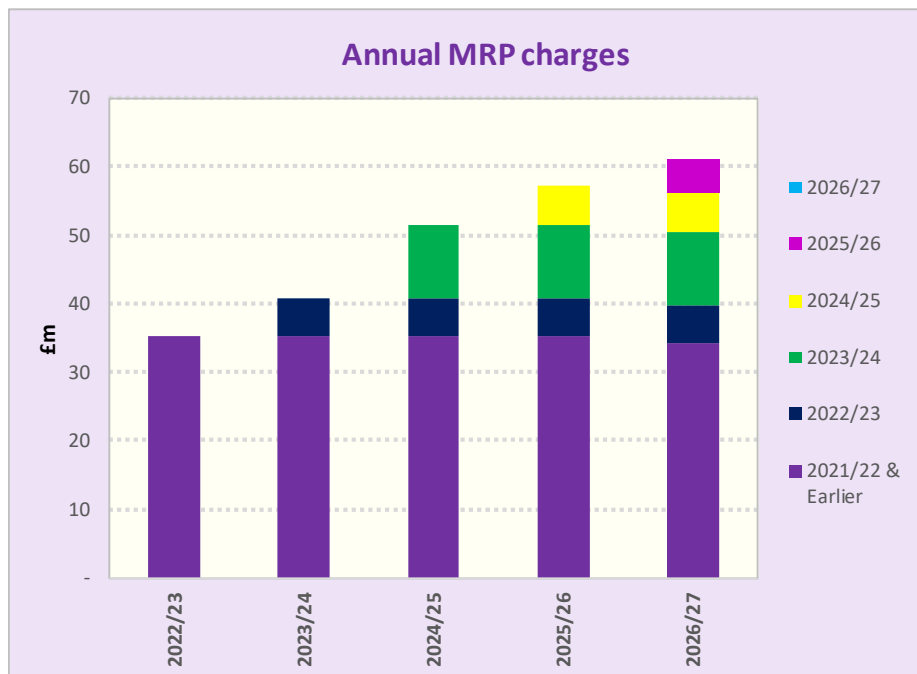
- MRP charges on government **supported** and **pre-April 2008** borrowing should (as a minimum) be made over a period commensurate with the period implicit in the determination of the original grant; and
- MRP charges on **unsupported** borrowing should be made over a period commensurate with the period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

Alternative methods to those listed above are permitted, but only if they result in a prudent basis of repayment.

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 set out in **Annex** Error! Reference source not found..



The 'revenue provision' charges resulting from applying the policies set out in **Annex** Error! Reference source not found. are shown 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

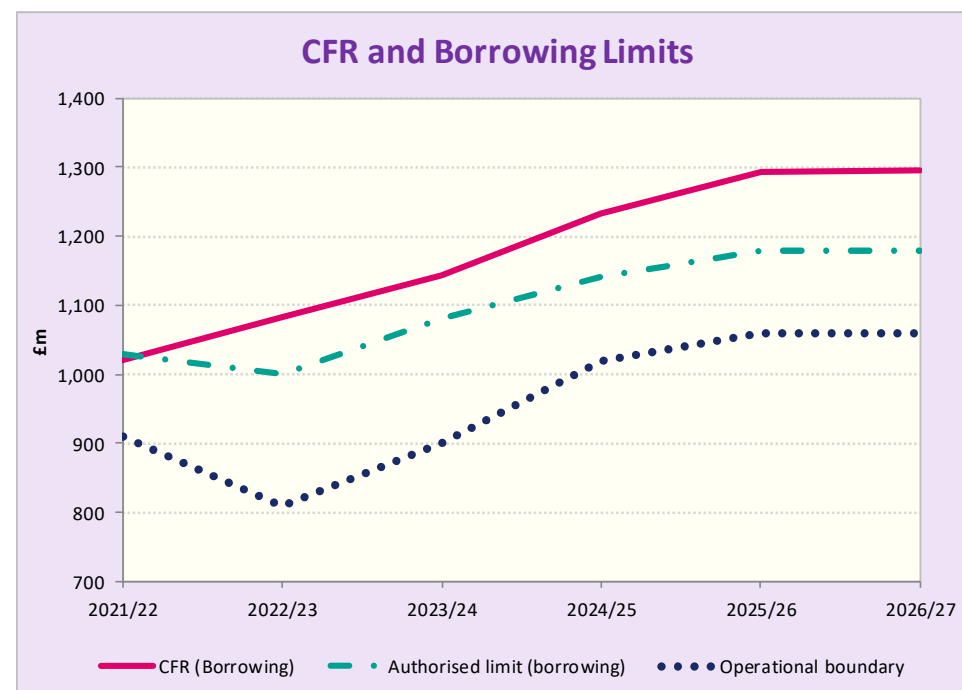
The Council is only permitted to borrow externally (including via credit arrangements) up to the level implied by its Capital Financing Requirement (CFR). However, the Council must not borrow if there is no identified need for it; neither can it borrow to invest for the primary purpose of generating a financial return.

To ensure compliance with these principles, 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** Error! Reference source not found., 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 graph below, the authorised limit and operational boundary related to external borrowing are below the current estimates of the Capital Financing Requirement for borrowing.



## Borrowing Strategy

Whilst the Capital Financing Requirement provides a measure of the Council's need to borrow externally, borrowing up to the level implied by its Capital Financing Requirement would result in the Council borrowing excessively. This is because the Council holds temporary surplus cash balances by virtue of its decisions to hold funds in reserves and balances etc that can be used to offset or defer the need for external borrowing (a treasury management practice referred to as **internal borrowing**).

Consequently, the assessment of the need for external borrowing considers the forward projections of the Capital Financing Requirement, the Council's prevailing cash flow position and the need for a reasonable but not excessive holding of short term investments for liquidity management.

Currently, long-term external borrowing amounts to **£583m** which is equivalent to around **54%** of the estimated CFR for borrowing as at 31 March 2023. It is however possible (and assumed for the purposes of this Strategy) that further external borrowing (up to **£40m**) will be undertaken before 31 March 2023. This would increase external borrowing to **£623m**, which would be equivalent to **57%** of the estimated CFR at that point.

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 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 **£200m** on a sustained basis.

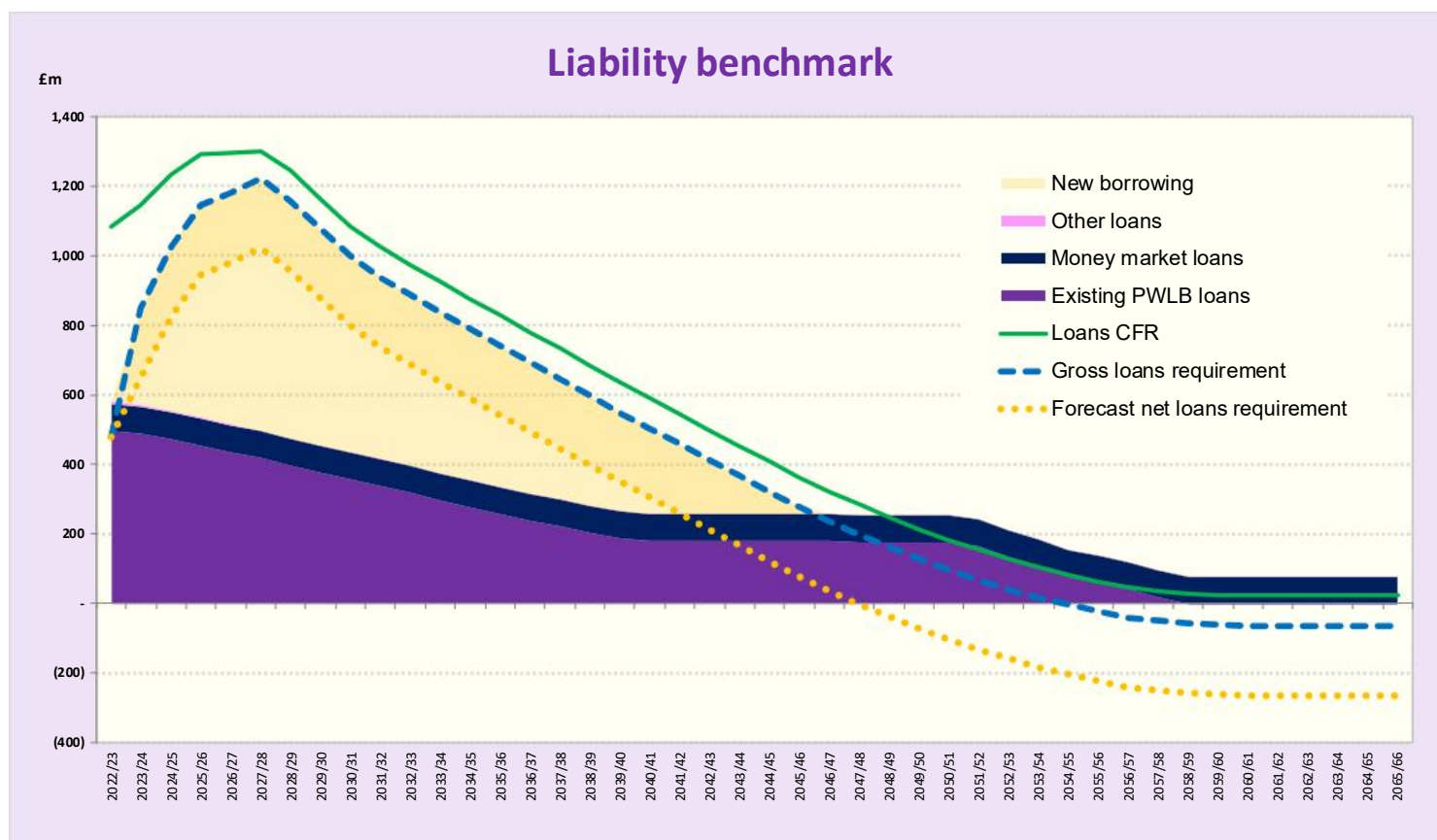
A **liability benchmark** is used to inform the assessment of the amount of loan debt that the Council needs each year into the future to fund its existing debt liabilities, planned prudential borrowing and other cash flows.

The purpose of the liability benchmark is to compare the Council's existing loans against its future need for loan debt.

The liability benchmark is presented graphically, and comprises long term forecasts for each of the following:

- **Existing loan debt outstanding.**
- **Loans Capital Financing Requirement** (Capital Financing Requirement excluding any part related to credit arrangements).
- **Net loans requirement** (forecast of the Council's loan debt, net of investments).
- **Gross loan debt** (forecast of the gross debt required in accordance with the Council's budget plans).

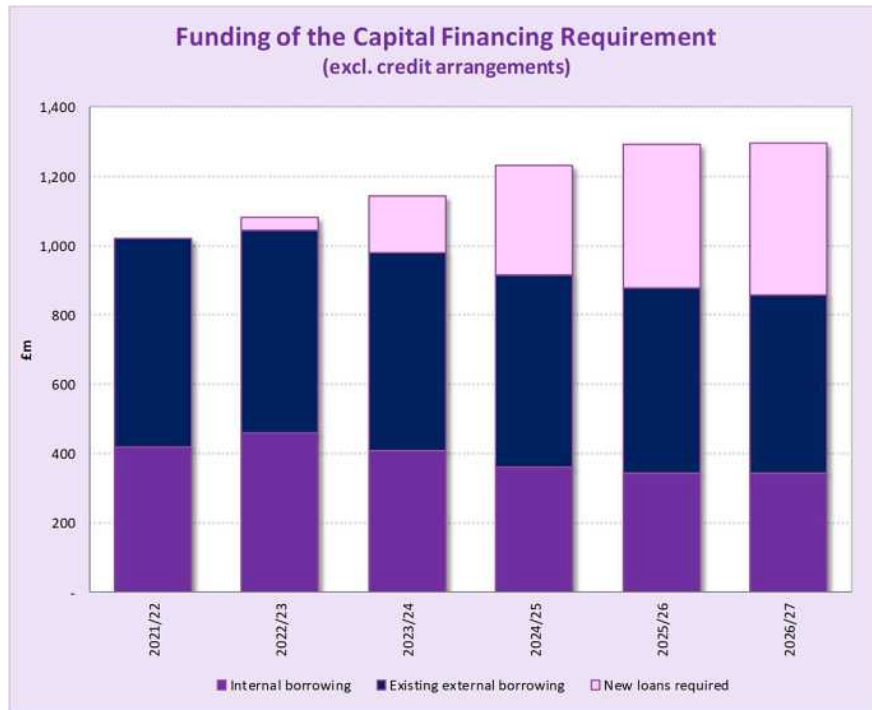
The need for further external borrowing is represented by the gap between the existing loan debt outstanding and the Council's future need for borrowing (as represented by the forecasts for gross loan debt).



The liability benchmark also shows how closely the existing loans book fits the future needs of the Council, and the maturities needed for new borrowing in order to match liabilities.

Whilst the projections show that the Council has existing commitments that exceed the forecast of gross loan debt in the future, there is no requirement for these loans to be repaid in order to meet the benchmark. However, the liability benchmark does act as a mechanism for preventing future over-borrowing.

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				
	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
Existing external loans	583	571	554	535	514
<b>Requirement for further borrowing</b>					
2022/23	40	40	40	40	40
2023/24	-	123	123	123	123
2024/25	-	-	156	156	156
2025/26	-	-	-	95	95
2026/27	-	-	-	-	25
New external borrowing	40	163	319	414	319
<b>Total external borrowing</b>	<b>623</b>	<b>734</b>	<b>873</b>	<b>949</b>	<b>953</b>
Internal borrowing	460	410	360	343	343
<b>Total borrowing</b>	<b>1,083</b>	<b>1,144</b>	<b>1,233</b>	<b>1,292</b>	<b>1,296</b>

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 Error! Reference source not found.**).

## Prospects for interest rates

The Council predominantly expects to satisfy its borrowing requirement from the **Public Works Loan Board** (PWLB) although other sources of loan funding will be considered if the lending terms are comparable to those offered by the PWLB.

PWLB interest rates are set with reference to gilt rates. There was a lot of volatility in gilt yields, and hence in PWLB rates, during the first half 2022/23. Yields are now starting to settle, but the outlook for rates over the medium term will depend upon how successful the Bank of England is at managing inflationary pressure.

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the Council's current financial planning horizon, as shown in **Annex** Error! Reference source not found.. However, there are a number of risks to the current forecasts including:

- Labour and supply shortages, which may depress economic activity.
- UK economic growth being weaker than currently anticipated.
- Inflationary pressures building up too strongly and for a longer period.
- The Government acting too quickly to cut taxes and increase spending.
- A weakening of the Pound.

## Maturity structure of borrowing

Limits are proposed, in **Annex** Error! Reference source not found., 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.

## Interest rate exposure

In order to manage and minimise the impact of movements in interest rates, limits are proposed within **Annex** Error! Reference source not found. 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 **35%** 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 from other financial institutions and other institutional investors.

## Ratio of financing costs to net revenue streams

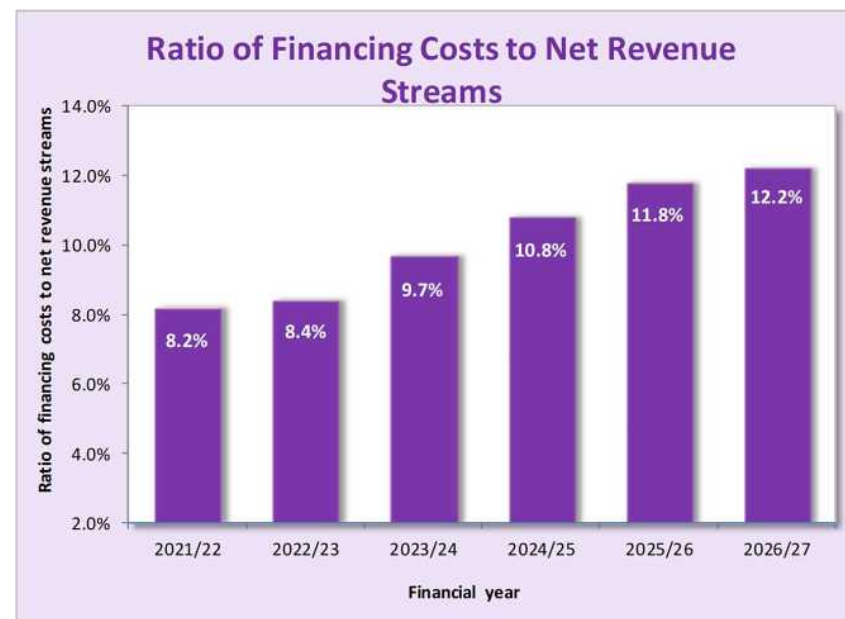
The trend in the 'cost of capital' is provided by the **ratio of financing costs to net revenue streams**.

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 2021/22 and the latest estimates for 2022/23 and the forthcoming four years, are provided in **Annex Error!** Reference source not found..

The trend in this ratio over this period is illustrated in the adjacent graph. This shows that the proportion of the revenue budget that is

required to fund borrowing costs is expected to increase from **8.2%** in 2021/22 to **12.2%** by 2026/27.

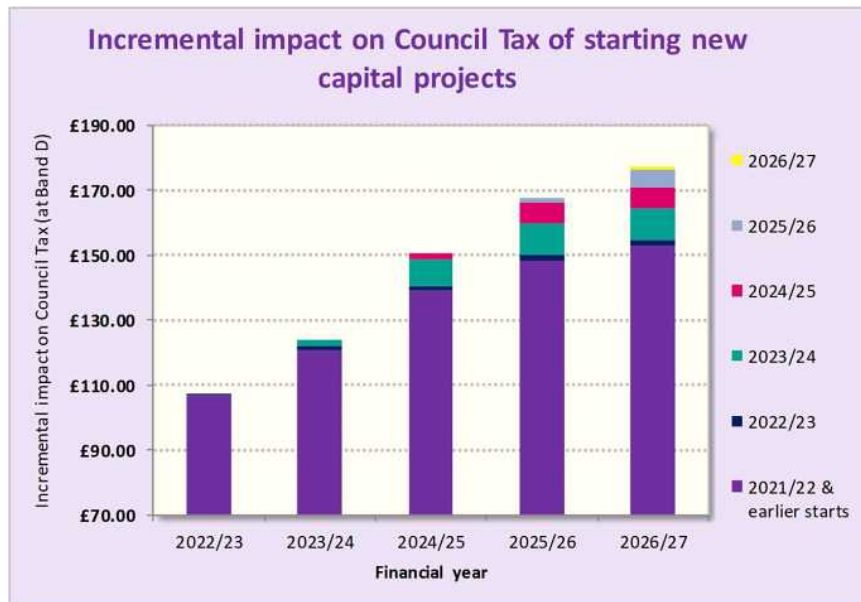


## Incremental impact upon Council Tax

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, 2021/22 and the additional amounts that result from commencing new capital projects in 2022/23 and the subsequent four years is illustrated in

the graph below and set out in **Annex** Error! Reference source not found..



The above 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 2021/22 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** Error! Reference source not found. 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 firstly to security and liquidity, and then to yield.

## Outlook for interest rates

At the time of writing, the Bank of England's Monetary Policy Committee (MPC) had increased the Bank Rate six times during 2022/23, from **0.75%** in April 2022 to **3.5%** in December 2022.

Current market expectations are for the Bank Rate to peak at between **4.5%** and **4.75%** by mid-2023. It is currently anticipated that rates will remain at this level until early 2024, although it is possible that the MPC could leave rates at this elevated level for longer.

The MPC is likely to want to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

## 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 **£477m** for the duration of the current financial planning horizon (as set out in **Annex Error!** Reference source not found.).

## 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 Error! Reference source not found.) to be invested for periods of in excess of one year.

A lending list will be compiled by the Executive Director, Corporate Services to include counterparties satisfying the criteria set out within **Annex** Error! Reference source not found.. The lending limits that will be applied to counterparties satisfying these criteria are also set out within **Annex** Error! Reference source not found.. 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** Error! Reference source not found.) 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** Error! Reference source not found. 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** Error! Reference source not found. 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.

## **Environmental, Social and Governance issues**

The Council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council's values. This would include, inter alia, avoiding direct investment in institutions with material links to:

- Human rights abuse (e.g. child labour, political oppression)
- Environmentally harmful activities (e.g. pollutants, destruction of habitat, fossil fuels)
- Socially harmful activities (e.g. tobacco, gambling)

## **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.

### **Longer term treasury management investments**

Treasury management investments normally arise from a cash flow surplus. The cash will be needed in due course to meet the service delivery needs of the Council, and that determines how long the cash should be invested for. Because the Council has a net borrowing requirement, any investments that are of a longer term nature are unlikely to be considered as investments for treasury management purposes.

# OTHER INVESTMENTS

---

## Introduction

Other investments are those made or held:

- For longer term treasury management purposes.
- 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.
- Primarily to generate a financial return and are neither linked to treasury management activities or directly part of delivering services.

Whilst investments for service purposes and any which are primarily to generate a financial return invariably constitute capital expenditure, the latter category of investment cannot be financed from borrowing. Indeed, the Council is unable to secure any loans from the PWLB for any purpose if it has any schemes within its capital programme that are primarily to generate a financial return.

The following paragraphs provide an overview of the Council's current 'other' investments and those included within the proposed 2023/24 capital programme or in the indicative programme for the subsequent three years.

## Longer term treasury management investments

The Council has one long term investment of **£10m** in the CCLA Property Fund, made in two instalments in **2013** and **2016**. When the funds were placed in this Fund, they were deemed to be treasury management investments. However, as there is no fixed maturity date for the sums invested, it is categorised as a long term investment.

Because the Council has a net borrowing requirement and is unlikely to have a surplus cash balance long enough to justify a long term investment, the CCLA property fund investment is now considered to be a commercial, rather than treasury management, investment.

From an accounting perspective, the investment in the CCLA Property Fund is classified as 'fair value through profit and loss (FVPL)'. Any movements in the fair value of investments categorised as FVPL (i.e. valuation gains and losses) are usually recognised in the Revenue Account. However, statutory regulations currently allow revaluation gains and losses on investments to be held in an unusable reserve instead. The statutory regulations are currently only valid until **31 March 2023**,

although the Government has recently consulted on an extension to the statutory regulations.

The investment in the CCLA Property Fund will be kept under review.

### **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 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 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:

Essex University – Centre for Advanced engineering	Year to be repaid	Loan amount (£)	Interest rate %
Instalment one	2025/26	1,000	0%
Instalment two	2026/27	1,000	0%
<b>Total</b>		<b>2,000</b>	

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

### Loans to subsidiaries of the Council

As noted in the Treasury Management Investments section, the Council provides treasury management support to its subsidiary entities, **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) capital loans to the Essex Housing Development LLP, to facilitate approved housing development projects.

The Council advanced loans totalling **£4.3m** to the LLP in 2021/22 and, based on the current capital programme proposals, could advance further loans totalling **£135.6m** to the LLP over the period 2022/23 to 2026/27. However, each housing project will be subject to Cabinet approval, following submission of robust business cases and delivery plans.

# TREASURY MANAGEMENT POLICY STATEMENT AND TREASURY MANAGEMENT PRACTICES

---

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

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*) are presented for information in the following annexes:

- **Annex Error! Reference source not found.** – Treasury Management Policy Statement

- **Annex Error! Reference source not found.** – 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		2021/22 Actual	2022/23		2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
			Original Estimate	Updated Estimate				
<b>Capital expenditure &amp; financing</b>								
Capital Expenditure	£m	221	284	240	275	410	403	196
Capital Financing								
Borrowing	£m	62	131	100	101	140	117	65
Grants and contributions	£m	151	142	129	161	263	282	127
Capital receipts and earmarked reserves	£m	8	11	11	13	7	4	4
Total capital financing	£m	221	284	240	275	410	403	196
<b>Capital financing requirement</b>								
Capital financing requirement (CFR)								
Opening CFR	£m	1,106	1,145	1,123	1,178	1,324	1,397	1,442
Add								
Additional borrowing	£m	62	131	100	101	140	117	65
Additional credit liabilities (PFI / Finance leases)	£m	4	100	5	100	-	-	-
		1,172	1,376	1,228	1,379	1,464	1,514	1,507
Less								
Revenue provision for debt repayment	£m	(45)	(53)	(50)	(55)	(67)	(72)	(72)
Capital receipts applied to repay debt	£m	(4)	-	-	-	-	-	-
Capital Financing Requirement	£m	1,123	1,323	1,178	1,324	1,397	1,442	1,435

Summary of prudential indicators		2021/22 Actual	2022/23		2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
			Original Estimate	Updated Estimate				
<b>Analysis of the Capital Financing Requirement</b>								
Supported borrowing and pre 2008/09 unsupported borrowing	£m	430	418	418	406	394	382	370
Unsupported borrowing								
General	£m	575	664	640	680	745	792	810
Deferred (loans, housing and investment properties)	£m	15	52	25	58	94	118	116
<b>Sub total - borrowing</b>	£m	<b>1,020</b>	<b>1,134</b>	<b>1,083</b>	<b>1,144</b>	<b>1,233</b>	<b>1,292</b>	<b>1,296</b>
Credit arrangements (PFI / Finance leases)	£m	103	189	95	180	164	150	139
<b>Total</b>	£m	<b>1,123</b>	<b>1,323</b>	<b>1,178</b>	<b>1,324</b>	<b>1,397</b>	<b>1,442</b>	<b>1,435</b>
<b>Gross borrowing and the CFR</b>								
Medium term forecast of CFR	£m	1,324	1,548	1,397	1,442	1,435	1,426	1,361
Forecast external debt (long term) and credit arrangements	£m	703	764	583	571	554	535	514
<b>Headroom</b>	£m	<b>621</b>	<b>784</b>	<b>814</b>	<b>871</b>	<b>881</b>	<b>891</b>	<b>847</b>
<b>External debt</b>								
<b>Authorised limit</b>								
Borrowing	£m	620	1,060	1,000	1,080	1,140	1,180	1,180
Other long term liabilities	£m	284	189	95	180	163	150	139
<b>Total authorised limit</b>	£m	<b>904</b>	<b>1,249</b>	<b>1,095</b>	<b>1,260</b>	<b>1,303</b>	<b>1,330</b>	<b>1,319</b>
<b>Operational boundary</b>								
Borrowing	£m	520	890	810	900	1,020	1,060	1,060
Other long term liabilities	£m	265	184	90	175	159	145	134
<b>Total operational boundary</b>	£m	<b>785</b>	<b>1,074</b>	<b>900</b>	<b>1,075</b>	<b>1,179</b>	<b>1,205</b>	<b>1,194</b>
<b>Actual external debt (incl. credit arrangements)</b>	£m	<b>737</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

Summary of prudential indicators		2021/22 Actual	2022/23		2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
			Original Estimate	Updated Estimate				
<b>Financing to net revenue streams</b>								
Financing to Net Revenue Streams	%	8.20%	8.60%	8.40%	<b>9.70%</b>	10.80%	11.80%	12.20%
<b>Incremental impact on Council Tax</b>								
Effect of capital schemes starting in:								
2021/22 and earlier years	£	100.46	104.87	106.85	<b>120.60</b>	138.90	148.31	152.81
2022/23	£	-	2.50	0.39	<b>1.36</b>	1.58	1.67	1.74
2023/24	£	-	-	-	<b>2.03</b>	8.40	9.59	9.99
2024/25	£	-	-	-	-	1.80	6.44	6.38
2025/26	£	-	-	-	-	-	1.36	5.20
2026/27	£	-	-	-	-	-	-	1.09
Total	£	<b>100.46</b>	<b>107.37</b>	<b>107.24</b>	<b>123.99</b>	<b>150.68</b>	<b>167.37</b>	<b>177.21</b>

## ANNEX 3B - TREASURY MANAGEMENT SUMMARY

Treasury Management Summary		2021-22 Actual	2022-23		2023-24 Estimate	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
			Original Estimate	Latest Estimate				
<b>Estimated debt and investments</b>								
Investments (estimated balance at each 31st March)	£m	555	445	409	477	477	477	477
External debt (operational boundary for borrowing)	£m	520	890	810	900	1,020	1,060	1,060
<b>Expected movement in interest rates</b>								
Bank Rate (at each 31st March)	%	0.10%	0.75%	3.50%	4.50%	3.50%	2.75%	2.50%
<b>PWLB (borrowing) rates</b>								
5 year	%	2.45%	1.70%	4.20%	4.10%	3.60%	3.20%	3.20%
10 year	%	2.64%	1.90%	4.30%	4.30%	3.80%	3.30%	3.30%
25 year	%	2.82%	2.20%	4.60%	4.50%	4.00%	3.50%	3.50%
50 year	%	2.57%	2.00%	4.30%	4.20%	3.70%	3.20%	3.20%
Source: Link Asset Services (Treasury Solutions) (December 2022)								
<b>Effect of 1% increase in interest rates</b>								
Interest on borrowing	£000	N/A	1,265	200	1,015	2,410	3,665	4,265
Interest on investments	£000	N/A	(4,542)	(4,180)	(3,060)	(3,430)	(3,700)	(3,740)
Interest attributed to reserves & balances	£000	N/A	2,052	2,397	2,397	2,397	2,397	2,397
Interest attributed to other bodies	£000	N/A	61	98	98	98	98	98
Net total	£000	N/A	(1,164)	(1,485)	450	1,475	2,460	3,020
<b>Borrowing requirement (external borrowing)</b>	£m	5	189	40	123	156	95	25

Treasury Management Summary		2021-22 Actual	2022-23		2023-24 Estimate	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
			Original Estimate	Latest Estimate				
<b>Interest rate exposures</b>								
<b>Upper limits for exposure to fixed rates</b>								
Net exposure	£m	620	1,060	1,000	1,080	1,140	1,180	1,180
Debt	%	100%	100%	100%	100%	100%	100%	100%
Investments	%	100%	100%	100%	100%	100%	100%	100%
<b>Upper limits for exposure to variable rates</b>								
Net exposure	£m	186	318	350	380	400	410	410
Debt	%	30%	30%	35%	35%	35%	35%	35%
Investments	%	100%	100%	100%	100%	100%	100%	100%
<b>Maturity structure of borrowing (upper limit)</b>								
Under 12 months	%	2%	40%	40%	30%	30%	30%	30%
12 months and within 24 months	%	2%	40%	40%	30%	30%	30%	30%
24 months and within 5 years	%	8%	40%	40%	30%	30%	30%	30%
5 years and within 10 years	%	17%	40%	40%	40%	40%	40%	40%
10 years and within 25 years	%	29%	75%	75%	85%	80%	80%	80%
25 years and within 40 years	%	30%	40%	40%	40%	40%	40%	40%
40 years and within 50 years	%	0%	20%	20%	20%	20%	20%	20%
50 years and above	%	13%	20%	20%	20%	20%	20%	20%
<b>Maturity structure of borrowing (lower limit)</b>								
All maturity periods	%	0%	0%	0%	0%	0%	0%	0%
<b>Total sums invested for more than 364 days</b>								
Upper limit for sums invested for more than 364 days	£m	13	30	30	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' or Minimum Revenue Provision (MRP), 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
<b>Pre 1<sup>st</sup> April 2008 debt</b>	This element of the Capital Financing Requirement is being repaid on a 50-year ' <b>Equal instalments</b> ' basis, with commencement of the 50-year term in 2007/08.
<b>Government supported debt</b> (2008/09 onwards)	This element of the Capital Financing Requirement is being repaid on a 50-year ' <b>Equal Instalments</b> ' basis, with commencement of the 50-year term in the financial year following the capital expenditure.
<b>Unsupported borrowing</b> (General)	This element of the Capital Financing Requirement is being repaid using the <b>Asset Life</b> method. This spreads the unsupported borrowing in equal instalments over the useful life estimated at the start of the relevant asset lives (or over a shorter period where use of the

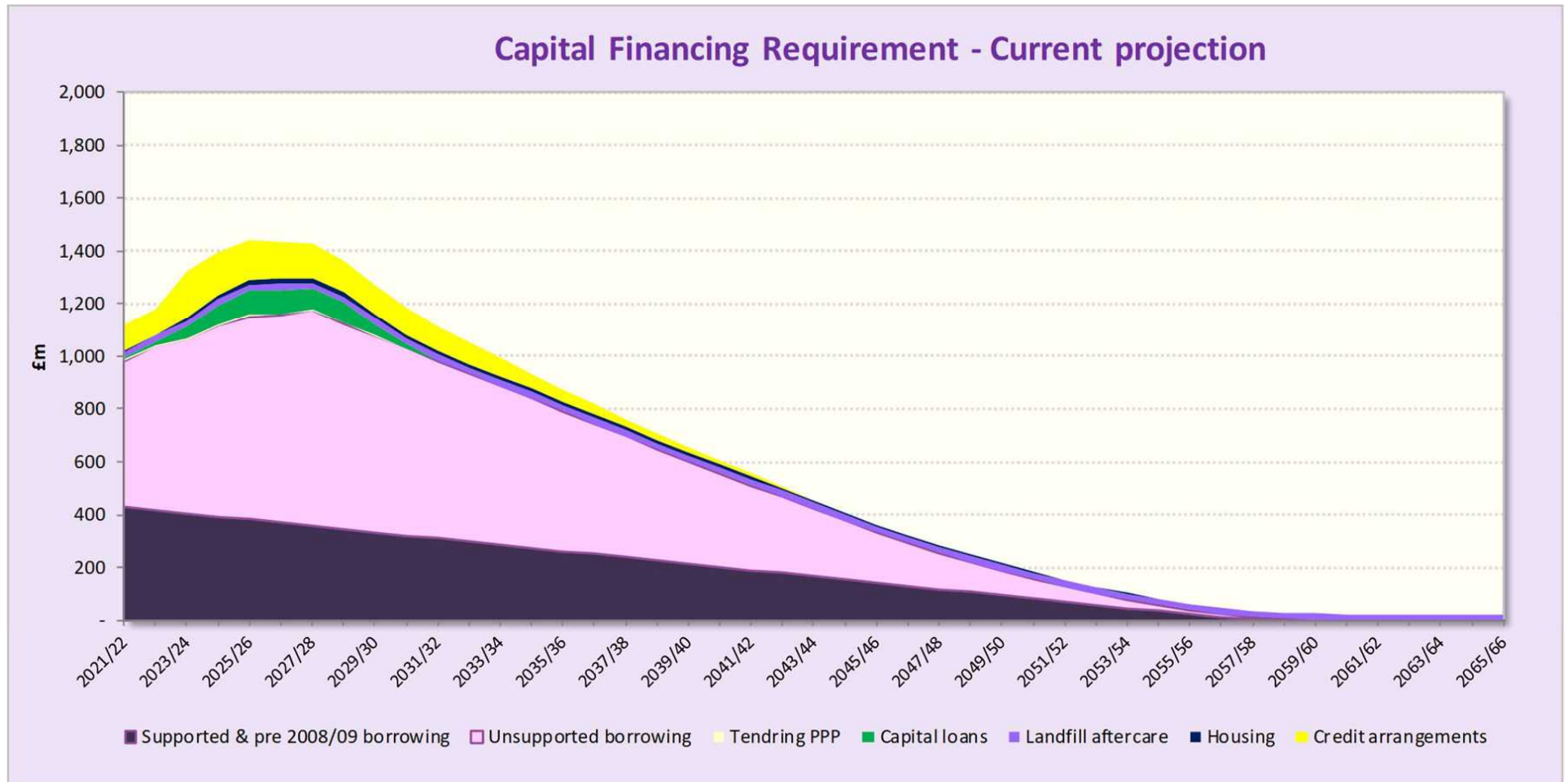
Borrowing	MRP repayment basis
	standard useful life would not be supportable as prudent).
<b>Unsupported borrowing</b> (Loans awarded for capital purposes)	<p>This element of the Capital Financing Requirement is being repaid using the <b>Asset Life</b> method, which spreads the unsupported borrowing over the estimated useful life of the assets for which the loans are awarded or, if shorter, over the term of the loans.</p> <p>Where the Council receives the repayment of an amount loaned, the income is classified as a capital receipt. If there is any element of the related Capital Financing Requirement outstanding when the loans are repaid, the capital receipts are applied to repay the residual debt outstanding.</p>
<b>Credit arrangements</b>	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	<b>F1</b>	<b>A-1</b>	<b>P-1</b>
Long term	<b>A</b>	<b>A</b>	<b>A2</b>

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

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

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

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

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

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

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

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

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

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

### **4. Money Market Funds**

Money Market Funds (MMFs) are short term, pooled investments that are placed, by a manager, in a wide range of

money market instruments. The size of the investment pool of a MMF enables the manager to not only offer the flexibility of overnight and call money, but also the stability and returns of longer dated deposits.

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

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

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

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

### **5. UK Government**

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

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

## **6. Other local authorities**

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

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

## **7. Property Funds**

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

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

## **8. Time and monetary limits applying to investments**

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

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

## Time and monetary limits

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

### Notes:

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

## ANNEX 3E – TREASURY MANAGEMENT POLICY STATEMENT

---

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

1. The Council defines its treasury management activities as:
  - The management of its investments and cash flows, its banking, money market and capital market transactions.
  - The effective control of the risks associated with those activities.
  - The pursuit of optimum performance consistent with those risks.
2. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.
3. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives.

It is therefore committed to the principles of achieving value for money in treasury management, 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 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 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 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 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, in order to demonstrate 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 the responsibilities for each post engaged in treasury management are understood and adhered to.

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 Section 151 Officer will exercise effective controls over this budget and will report upon and recommend any changes required

in accordance with TMP 6 Reporting requirements and management information arrangements.

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

### **TMP 8 - Cash and cash flow management**

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

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

### **TMP 9 - Money laundering**

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

reports should be made, are detailed in the Council's Anti-Money Laundering Policy.

### **TMP 10 - Training and qualifications**

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

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

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

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

### **TMP 11 - Use of external service providers**

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

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

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

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

### **TMP 12 - Corporate governance**

The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

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

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

---

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

New investments will only be undertaken following the Council's business case and governance framework for decision making, and will require a decision in accordance with the constitution, with an investment of over £500,000 normally requiring a published decision.

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 – Equalities Comprehensive Impact Assessment (Annual Plan and Budget)**

### **1. Overview**

- 1.1 This appendix describes the most significant equality pressures confronting each main service area, informed by an equality analysis. It highlights the effect of policy and governance changes; an overview of potential impacts; and a service impact overview. These outcomes are based upon changes resulting from the 2023/24 budget. The analysis also highlights a number of cumulative impacts that may arise resulting from the 2023/24 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 2023/24 budget. These will be subject to specific and more detailed equality impact assessments in line with the Council's Equalities Comprehensive Impact Assessment (ECIA) 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 Equalities Comprehensive 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 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 **Equalities Comprehensive Impact Assessments:** As the budget proposals are developed, individual Equalities Comprehensive 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.
- 3.4 Where no mitigating factors can be identified to a change to a policy, process or practice, which may affect one or more protected characteristics adversely, ECIA authors must provide Cabinet Members with clear options by which to base their political decision making on.
- 3.5 In addition to considering the nine protected characteristics when completing an Equalities Comprehensive Impact Assessment, consideration of the following areas is also required in terms of impact and mitigation:
  - Digital accessibility
  - Levelling up (priority cohorts and places)
  - Inclusion health groups and other priority groups
  - Geographical areas
  - Families
  - Climate

Equalities Comprehensive Impact Assessments are reviewed to provide an assessment of the cumulative impact of the budget decisions.

- 3.6 **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.
- 3.7 **Gaps in monitoring:** Where gaps in monitoring have been identified during the Equalities Comprehensive 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 2023/24 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 council tax increase 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 element of the



increase relating to the specific social care precept 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. Our budget proposes an increase in the investment into collection and hardship for 2023/24.

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 heightened inflation and the lasting impacts of the Covid-19 pandemic.

## **6. Portfolio Impacts Overview**

### Adult Social Care and Health

6.1 The priority is to operate in a manner that is fiscally sustainable while fully meeting our obligations, and in this context, we remain committed to ensuring that we do what is required to keep adults safe. We will 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 at any point in time supports around 16,000 adults in long term care, of which about 9,000 are older people, 4,000 are people with learning disabilities and autism, over 2,000 are people with physical or sensory impairments and around 700 are people with mental health needs. In addition to those adults, we impact the lives of many other people on a short-term or regular basis. This includes people carers, people in reablement, people in receipt of care tech, and people supported into employment, safeguarding activity to keep people safe, as well as support through information and guidance.

- 6.2 Operational conditions remain exceptionally challenging with the combined impact of the significant demand pressures, labour shortages and market fragility being felt across the system, while at the same time seeking to implement significant reform and prepare for the new CQC inspection regime.
- 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 several urgent decisions that have allowed us to implement a range of measures to support the market and promote continuity and adequacy of supply. It is anticipated that further measures of this sort will be required in 2023/24.
- 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. It is not enough to address the needs of today; we must ensure we can meet those of the coming decade.
- 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 **£506.4m** (total gross budget is **£809.8m**) are budget savings proposals of **£15.5m** (3% of the net budget or 2% of the gross budget) that will aid achievement of our financial sustainability goals.
- 6.7 The main areas that will see changes because of our budget proposals are set out in the following paragraphs.

(a) **Disabilities (Learning, Physical and Sensory)** – 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 third 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 met in a person centred manner that promote better and more sustainable long-term outcomes and in so doing promotes a more efficient use of

resource. We anticipate that this will generate **£4.5m** in efficiencies, while ensuring we meet the eligible needs of the adult. The detailed Equalities Comprehensive 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, physical and sensory impairments, this approach is expected to have a high positive impact on these equality groups.

There will also be a review of transport provision with an anticipated saving of **£129,000** through contract efficiencies.

- (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, 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 will reduce the length of stay in hospital or other setting, and have the supported living available, with an active plan to enable the move on to independence. We are also enhancing provision so that there is a wider range – from intensive support to lower intensity support. This promotes independence for the adults and means that more people will be supported in lower cost accommodation suitable to their needs.

It is anticipated that this review will generate efficiencies of some **£500,000** in 2023/24 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 at the time of presentation and as their recovery progresses and they regain more independence.

(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 expanding the service into Working Age Adults and increasing the referrals in Older People we expect to generate efficiency savings of **£400,000** in 2023/24. The cost avoidance will appropriately meet the needs through technology solutions provided.

- (d) **Older People** – Through our “Connect” programme we are undertaking a full review, addressing 5 key areas that were identified from a 2019 diagnostic exercise. Three 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, the person is supported home as soon as appropriate. This approach will also be supported with work on an Extra Care offer which effectively utilises the capacity available to us, including the development of ‘Stepping Stone’ flats which can help people who require a stay in an independent living setting as they recover from a hospital stay, savings of **£67,000** are included in the budget in relation to extra care schemes.

It is anticipated that this approach will enable us to both fully meet the needs of adults and generate some **£4.3m** in efficiencies in 2023/24 as we progress towards 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 capture Lived Experience and will be used in local and countywide improvement cycles to ensure we mitigate any negative impacts on adults who use services.

Further efficiencies will be achieved through a review of older people's day services, contractual savings of **£1m** are included within the budget. A **£100,000** equipment saving is included and will be delivered by driving more effective prescribing practices for equipment provision.

(e) **All care groups** - In addition to the work set out above we will continue to work with our market to develop new models for meeting need. For example through the development of micro-providers to enable adults with Direct Payments to have more choice over how they use them. In parallel we will develop the infrastructure required to support this new approach. We anticipate that as this model develops it should generate **£50,000** in efficiencies in 2023/24. A **£1m** improved income collection target is included within the budget and will be achieved through increased resources in the Finance Transactional Services team as well as a review of the bad debt provision balance.

(f) A substantial amount of investment within this budget is set for inflation requirements in the market. Some changes to the modelling of this were made which released **£2.9m** of budget when compared to prior modelling. There is still commitment to support inflation pressures across the market within the affordability of this budget.

6.8 To ensure that the Council pays due regard to the PSED, individual Equalities Comprehensive Impact Assessments will be undertaken to ensure there are mitigating actions, where possible, to minimise any adverse impact on citizens accessing Adult Services. Where there are no mitigating factors, policy authors will need to set out the options based on the adverse impacts for political decision making to take place.

#### 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 **£1.8m** for 2023/24 (1% of net budget).

- 6.12 £900,000 relates to reviewing the provision of services to young people to ensure that demand is met internally and externally in the most appropriate way. Separately we will work with the market so that care placements are procured in the most efficient way maximising value for money for Essex residents.
- 6.13 Under our Placement Strategy we are seeking to place children in care within a family setting as evidenced through our Essex fostering programme. This will therefore reduce the reliance on the independent market realising a £510,000 saving in 2023/24
- 6.14 £350,000 of budget proposals relate to our workforce structure and through working more efficiently. Service users will be unaffected by these changes.
- 6.15 In order to ensure that the Council pays due regard to the PSED, individual Equalities Comprehensive 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. Where there are no mitigating factors, policy authors will need to set out the options based on the adverse impacts in order for political decision making to take place.

#### Community, Equality, Partnerships and Performance

- 6.16 The portfolio has identified budget savings proposals of **£1m** in 2023/24 (3% of net budget).
- 6.17 The Youth Service have identified savings of £188,000 being delivered as follows
- £150,000 due to increasing income budgets to match the income being generated within the service.
  - £17,000 relates to a removal of a post. The duties will be carried out by 5 current employees who will receive a salary uplift. The £17,000 is therefore the net saving after the additional cost of salary uplifts.
  - £21,000 relates to a redesign of the Duke of Edinburgh Award scheme where schools will be charged for the delivery of their Duke of Edinburgh programmes.
- 6.18 £300,000 relates to a review and redesign of the staffing structure within the Libraries service to reflect the staffing requirements to deliver the Everyone's Essex Library Plan. Some funding will also come from the Levelling Up reserve to fund projects and resources.
- 6.19 £130,000 of the savings are due to additional planned income, largely from increasing the Deputyships Service and Legal Service income budgets to match to the income being generated.

6.20 £259,000 relates to the deletion of a number of vacant posts and other staff savings, with the remaining £37,000 linked to realising efficiencies across the Chief Executive's Office function.

6.21 These changes are not expected to impact on the level of service provided to residents. Individual Equalities Comprehensive Impact Assessments will be undertaken where necessary. Where there are no mitigating factors, policy authors will need to set out the options based on the adverse impacts in order for political decision making to take place.

#### Devolution, the Arts, Heritage and Culture

6.22 The portfolio has identified budget savings proposals of **£150,000** for 2023/24 (3% of net budget).

6.23 £100,000 of which relates to a change in operating model for car parking and enforcement, delegating ECC powers to Chelmsford and Colchester City Councils, which is expected to result in an 8.5% increase in car parking income. The remaining £50,000 relates to service improvements for food, beverage and retail, including the introduction of an electronic point of sale system to improve stock control, sales analysis and profitability, and the growth in retail provision in ECC managed visitor centres.

6.24 There are not expected to be any impacts to protected groups at this stage but an Equalities Comprehensive Impact Assessment will be completed as part of the governance and decision making for each individual project. Where there are no mitigating factors, policy authors will need to set out the options based on the adverse impacts in order for political decision making to take place.

#### Economic Renewal, Infrastructure and Planning

6.25 The portfolio has identified budget savings proposals of **£2m** in 2023/24 (20% of net budget).

6.26 £2m relates to a one off draw down of development management reserves and £28,000 relates to reducing partnership contributions.

6.27 There are not expected to be any impacts to protected groups at this stage but an Equalities Comprehensive Impact Assessment will be undertaken as necessary. Where there are no mitigating factors, policy authors will need to set out the options based on the adverse impacts in order for political decision making to take place.

## Education, Excellence, Lifelong Learning and Employability

- 6.28 The portfolio has identified budget savings proposals of **£654,000** for 2023/24 (3% of net budget).
- 6.29 £100,000 relates to a managed vacancy factor within school crossing patrols. No impact on service users is anticipated.
- 6.30 £10,000 relates to income generation from a new school improvement offer to schools to be implemented from September 2023. No impact on service users is anticipated.
- 6.31 Adult Community Learning has identified savings of £487,000 of which £187,000 will be achieved through property rationalisation, removal of nursery provision £139,000, and repurposing a vacant role to generate additional apprenticeship income £161,000. While the removal of nursery provision may impact on working families who use these services, the potential for alternative support for ACL learners will be explored.
- 6.32 Skills will deliver savings of £57,000 through income generation and to fund one off costs for the careers magazine through an already approved reserve, thus removing the expenditure from the core budget. No impact on service users is anticipated.
- 6.33 In order to ensure that the Council pays due regard to the PSED, individual Equalities Comprehensive Impact Assessments will be undertaken in order to ensure there are mitigating actions, where possible, to minimise any adverse impacts. Where there are no mitigating factors, policy authors will need to set out the options based on the adverse impacts in order for political decision making to take place.

## Finance, Resources and Corporate Affairs

- 6.34 The portfolio has identified budget savings proposals of **£9.7m** in 2023/24 (9% of net budget).
- 6.35 £1.4m relates to Property, of which £845,000 is due to property rationalisation within the operational estate. £430,000 is a result of a managed fund reduction and efficiencies within contracts and other smaller savings totalling £80,000 relate to car parking revenue generation and off site storage savings. These changes are not expected to impact the level of service provided to residents.
- 6.36 £1.9m relates to reductions in staff budgets across support services, many due to the deletion of vacant positions. These savings are not expected to impact on the level of service provided to residents.
- 6.37 £5m relates to a staffing review that will be undertaken across the organisation. Once the review is completed, the saving will be allocated across portfolios in-line with the decisions that will be taken to how the saving will be delivered.



- 6.38 £1m saving will be realised following the renewal of the Council Tax Sharing Agreement between Districts and the County Council. The new arrangements will enable greater targeted support to districts with higher levels of deprivation, more money distributed through fixed investments that ensure sufficient resources are in place within each district's collection and compliance teams, whilst still providing a financial incentive for districts to maximise the collection of council tax.
- 6.39 An £80,000 saving will be delivered as a result of commencing transformation of the Engagement Hub. Through improved use of technology and workforce management the Contact Centre will benefit from staffing efficiencies. The transformation process will positively impact the customer journey and upskill Contact Centre agents.
- 6.40 A £50,000 staff saving in the Customer Services Compliance and Complaints team will be realised. This is a right-sizing of the budget and reflects the existing lean operation. There will be no impact on the service received by residents.
- 6.41 At this stage it is not considered that the savings proposals will have an adverse impact on persons who share any relevant protected characteristic. However, an Equalities Comprehensive Impact Assessment will be completed as part of the governance and decision making for each individual proposal. Where there are no mitigating factors, policy authors will need to set out the options based on the adverse impacts in order for political decision making to take place.

#### Highways Maintenance and Sustainable Transport

- 6.42 Budget proposals of **£3.6m** have been identified for the 2023/24 financial year (3% of net budget). These are categorised into the main areas outlined below:
- Reducing the hours of operation of some of our streetlights and rolling out our LED conversion programme totalling **£1.3m**
  - Increased income from enforcement of road traffic order contraventions, expanding our on-street parking offer and use of our assets for advertising totalling **£624,000**
  - Removal of ad hoc survey work **£459,000**
  - Removal of surplus passenger transport budget through efficiency savings associated with concessionary fares totalling **£1.2m**
- 6.43 For the majority of these proposals it is not considered that they will have a disproportionate impact on people who share any relevant protected characteristic. Individual Equalities Comprehensive Impact Assessments will be undertaken where necessary as detailed implementation plans are worked up. Where there are no mitigating factors, policy authors will need to set out the options based on the adverse impacts in order for political decision making to take place.

#### Leader

- 6.44 The portfolio has identified budget savings proposals of **£180,000** in 2023/24 (4% of net budget), the majority of which relate to efficiencies through support services.
- 6.45 These changes are not expected to impact on the level of service provided to residents.
- 6.46 Individual Equalities Comprehensive Impact Assessments will be undertaken where necessary. Where there are no mitigating factors, policy authors will need to set out the options based on the adverse impacts in order for political decision making to take place.

#### Waste Reduction and Recycling

- 6.47 The portfolio has identified budget proposals of **£876,000** for 2023/24 (1% of net budget).
- 6.48 £151,000 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.
- 6.49 The remaining £225,000 is 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. Additional supports in place for residents who cannot access online services.
- 6.50 £500,000 is on hold pending the government guidance on charging for construction and demolition waste.
- 6.51 There are not expected to be any impacts to protected groups at this stage but an Equalities Comprehensive Impact Assessment will be completed as part of the governance and decision making for each individual project. Where there are no mitigating factors, policy authors will need to set out the options based on the adverse impacts in order for political decision making to take place.

## Appendix C

### Essex County Council Pay Policy Statement 2023/24

#### 1. Introduction

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

The Council seeks to be able to recruit and retain employees in a way which is externally competitive and internally fair.

#### 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:

- Chief Executive
- 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 Korn Ferry HAY job evaluation methodology, which provides the basis for grade determination based upon a range of established factors.

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

#### 3. Salary

The Council operates a locally determined pay structure known as 'Essex Pay'. This consists of grades A to J for the majority of the workforce and grades SCC to SCI for specialist social care roles. 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 Chief Executive is subject to nationally negotiated terms and conditions of employment (JNC for Chief Executives of Local Authorities). Although the Council will initially determine the salary of the Chief Executive – thereafter, annual increases will be subject to national pay bargaining as and when agreed.

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 progression 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, an 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 amount.

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

Designated Chief Officers are listed in the table below. The table below shows the Chief Officers and their statutory role (if applicable):

Officer	Statutory Roles
Chief Executive	Head of Paid Services
Executive Director – Children and Families	Director of Children's Services
Executive Director – Corporate Services	Section 151 Officer
Executive Director – Climate, Environment and Customer Services	
Executive Director – Economy, Investment and Public Health	
Executive Director – Adult Social Care	Director of Adult Social Services
Executive Director – People and Transformation	
Director of Wellbeing, Public Health and Communities	Director of Public Health

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

Deputy Chief Officers are Officers who report into a Chief Officer who reports into the Chief Executive. The appointment of Deputy Chief Officers is also the subject of a vote by the Senior Managers Employment Committee (SMEC), which is a committee of elected councillors.

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

#### 6. Pay Progression for Chief Officers and Deputy Chief Officers

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

The pay of Chief Officers does not currently include a performance related element. Any change to this would result in a change to the pay policy statement. Where a Chief Officer has been appointed to a role at the minimum salary for grade, accelerated base pay towards mid-point may take place in accordance with a progression plan. Any pay increase for a Chief Officer or any pay increase for beyond the mid-point for a Deputy Chief Officer requires the approval of SMEC and will be considered on exceptional circumstances for example where performance, retention or specific market pressures may exist.

## 7. Other Allowances/Payments

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

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

## 8. Definition of Lowest and Highest Paid Employees

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

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

## 9. Pay Ratios

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

The ratio as of 1 January 2023 is 1:6.7. This is a reduction in the differential from last year, driven by higher increases in pay to the wider workforce compared to the increase to the Chief Executive. This ratio may change slightly during the year due to changes in pay rates and the demographics of the organisation.

## 10. Publication of Pay Data

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

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

## 11. Governance

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

Under the Council’s Constitution, the Chief Executive is the Head of the Paid

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

Full Council appoints Members to a politically balanced committee called the Senior Management Employment Committee (SMEC). This committee has authority to:

- recommend to Full Council the appointment of the Head of the Paid Service
- 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
- 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
- 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.

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.





# Budget Consultation report 2023/24

Chief Executive's Office

---

December 2022

# Contents

**Introduction**

**Interpreting the data within the consultation**

**Key conclusions**

**Executive summary**

**Who gave their views?**

**Detailed findings**

**Appendix**

**Quality Assurance**

# Introduction

In 2023/24, Essex County Council (ECC) will spend over £2bn. This will include funding for essential services and investment in our county's infrastructure and future growth. This is a substantial amount of money, but it doesn't go as far as we would like. Just like households across Essex, we have to make difficult choices about where we spend, and where to make savings.

The financial outlook for ECC – and for local authorities in general – is highly uncertain. We still have the ongoing effects of the Covid-19 pandemic, and we now face the significant impacts of inflation at a 40-year high and the cost-of-living situation, while still waiting for a multi-year funding settlement from government. We do not yet know how much funding ECC will receive from government or what ministers might expect regarding council tax increases. The lasting impact of the pandemic and the economic recession on council spending and income also remains unclear. This makes forecasting future years' spending and income levels particularly challenging.

Fortunately, ECC has a track record of strong financial management. The council has already secured £258m in savings over the past five years.

Despite this ECC has, like other councils, faced financial pressure for a number of years because:

- more people need our services and support each year; and
- the costs of providing services have increased – partly due to inflation, and partly as a result of changes in the law.

As we think about the future, ECC want to ensure we understand our residents' aspirations, anxieties and are keen to understand how the financial situation has changed people's priorities for themselves, their families, and their communities.

For this reason, Essex launched a public consultation, inviting views on the challenges Essex face as a county and on priorities for the future of Essex County Council.

The consultation was divided into two parts. Part one focused on priorities for recovery across Essex and the challenges we face as a county. Part two focused on the financial pressures facing the county council itself and invited views and comments on how we should allocate resources to meet the needs of the residents.

The results of this consultation will inform our plans for the next eighteen months, the budgets set for the next financial year (2023/24) and our longer-term strategies.

This report shows the findings from this consultation. Respondents were given a list of proposals and options for services across the county and the analysis has been reported as an overall county wide view.

Demographic information was captured to understand who has responded to the consultation and understand the impact it has on the residents of Essex.

## Interpreting the data within the consultation

This report contains several tables and charts that present the consultation findings. In some instances, responses may not add up to 100%. There are several reasons why this might happen:

- The question may have allowed each respondent to give more than one answer
- A response of between 0% - 0.5% will be shown as <1%.
- Percentages have been rounded up to 2 decimal places when applicable
- As the questionnaire was completed by respondents themselves (self-completion), not all respondents have answered all the questions. Therefore, the base size (the number of people answering a question) varies by question.
- To ensure inclusivity, the questionnaire was open for anyone to take part and was available online and in paper format.
- For the analysis of free text comments, all have been read through and a coding frame was developed on a theme-by-theme basis and quantified thereafter.

# Key Conclusions

- **The most important issue that residents feel Essex faces today is the pressure on National Health Service and health care services.**
- **Nearly 77% of respondents believe ECC should prioritise spending to protect the most vulnerable and those without choice.**
- **Nearly all of respondents believe inflation and current cost of living situation will have an impact on ECC finances over the next years (96%)**
- **Over half of the respondents would understand if there was an increase in council taxes and the biggest proportion of respondents would be willing to increase council tax to protect services for the most vulnerable or those without choice (70%).**
- **Residents are most concerned about condition of roads and pavements within Essex with over half of the respondents stating this (53%)**
- **The three areas of which respondents would most like to see prioritised spending would be; Developing Essex infrastructure, Supporting those who care for the sick or vulnerable people and Securing high standards in education.**

## Executive summary

- Half of respondents listed National Health Service/Healthcare as the most important issue facing Essex today (50%) and nearly a 3/10 of respondents believed that Social Care provision as the most important issue (29%).
- When looking at what ECC could do in relation to budget priorities, The following priorities had a high percentage of respondents agreeing –
  - Prioritise spending to protect services for the most vulnerable and those without choice (76% = Agree strongly or Agree slightly) (75% - 2021 response)
  - Help people to help themselves more so they have less reliance on publicly funded services (75% = Agree strongly or Agree slightly) (77% - 2021 response)
  - Streamline services so that we can deliver the same outcomes (68% = Agree strongly or Agree slightly) (66% - 2021 response)
  - Use / partner with other organisational bodies to provide services (65% = Agree strongly or Agree slightly) (63% - 2021 response)
  - Encourage local people and communities to deliver certain services (57% = Agree strongly or Agree slightly) (59% - 2021 response)
  - Introduce charges for some services which are currently free/subsidised (40% = Agree strongly or Agree slightly) (37% - 2021 response)
  - Reduce or stop delivering some services to protect others (29% = Agree strongly or Agree slightly) (26%-2021 response)
- When respondents were asked *ECC should consider increase in council tax*. The following responses were in level of agreement for the following statement
  - To protect services for the most vulnerable and those without choice (70% = Agree strongly or Agree slightly) (71%-2021 response)
  - Only when opportunities to streamline services have been exhausted (64% = Agree strongly or Agree slightly) (63%-2021 response)
  - When the only alternative is to stop delivering some services (60% = Agree strongly or Agree slightly) (64%-2021 response)
  - As an alternative to imposing/ increasing fees and charges for services) (40% = Agree strongly or Agree slightly) (44%-2021 response)
- Just 3 out of 10 respondents (30%) disagree strongly or disagree slightly with increasing council tax under no circumstances. This also had the highest level of disagreement in 2021 response with 49% of respondents stating this. This movement may suggested that members of the public maybe more receptive to an increase in council tax within these financial circumstances.

- The top five services that respondents felt should be prioritised when budget setting were: Developing Essex infrastructure = 42% (41%-2021), Supporting those who care for the sick or vulnerable people = 36% (39%-2021), Securing high standard of education = 29% (31%-2021), Providing support to struggling families = 27% (24% - 2021) and Protecting vulnerable children = 26% (32%-2021).
- There was a high number of free-text comments which made comments about other budget issues which were not related to the actual proposals which are subject to the consultation (General Comments in Detailed Findings).

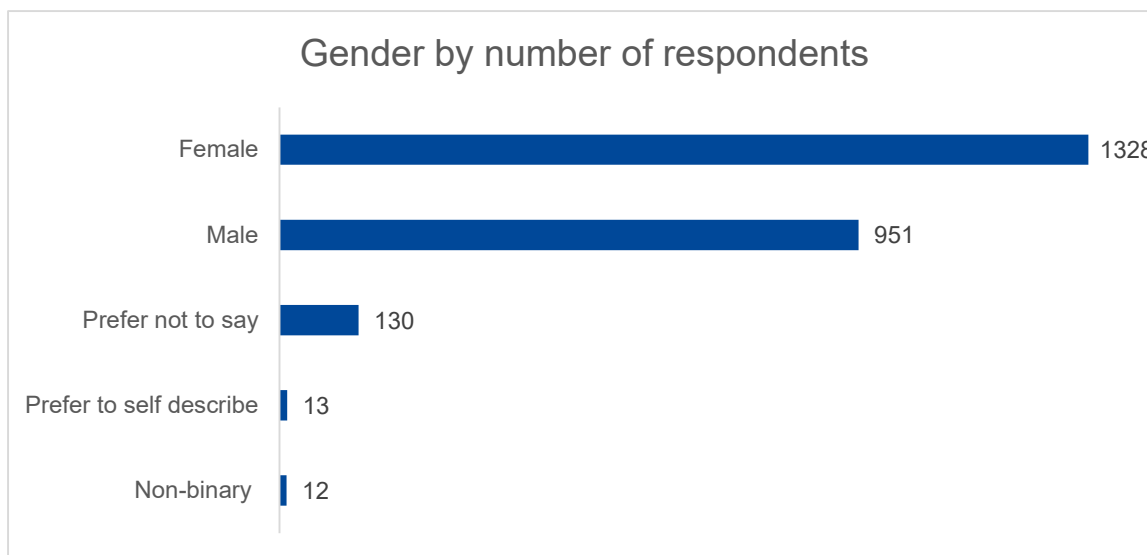
More detailed analysis can be found in the detailed section below.

# Who gave their views

**2434** responses to the online consultation. **93.2%** of respondents answered as residents (n=2268), **4.89%** answered as Resident and business owners (n=119), **1.40%** answered as Other (n=13) and **0.53%** as business owners only (n=13).

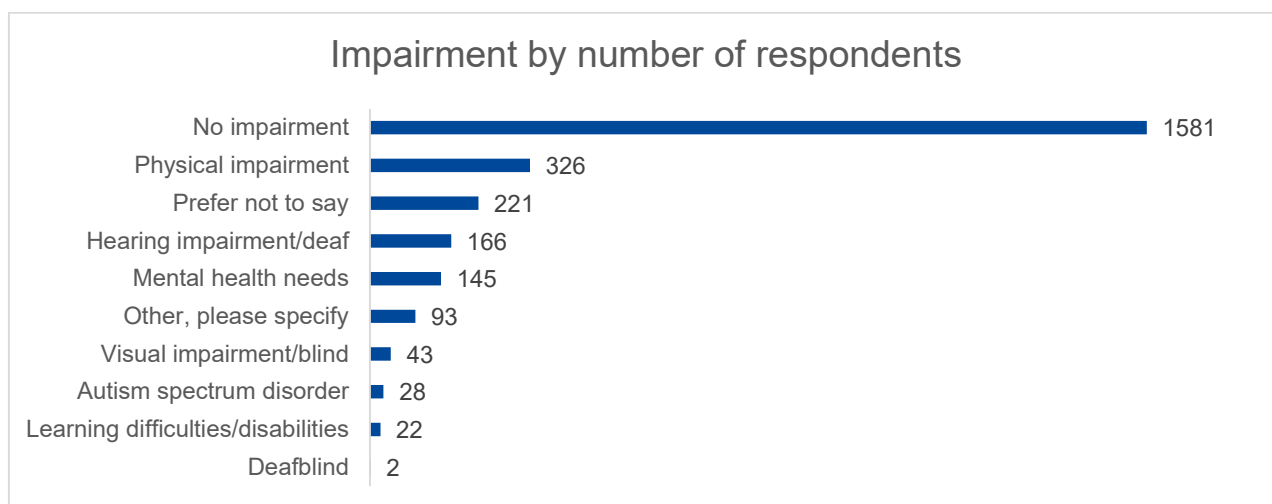
The business owner findings will be reported on in a section later in the report.

Of the respondents that declared their gender **54.56%** of respondents were **Female**, **39.07%** were **Male**, **5.34%** preferred not to say, **<1%** Preferred to self-describe and **<1%** were Non-binary.

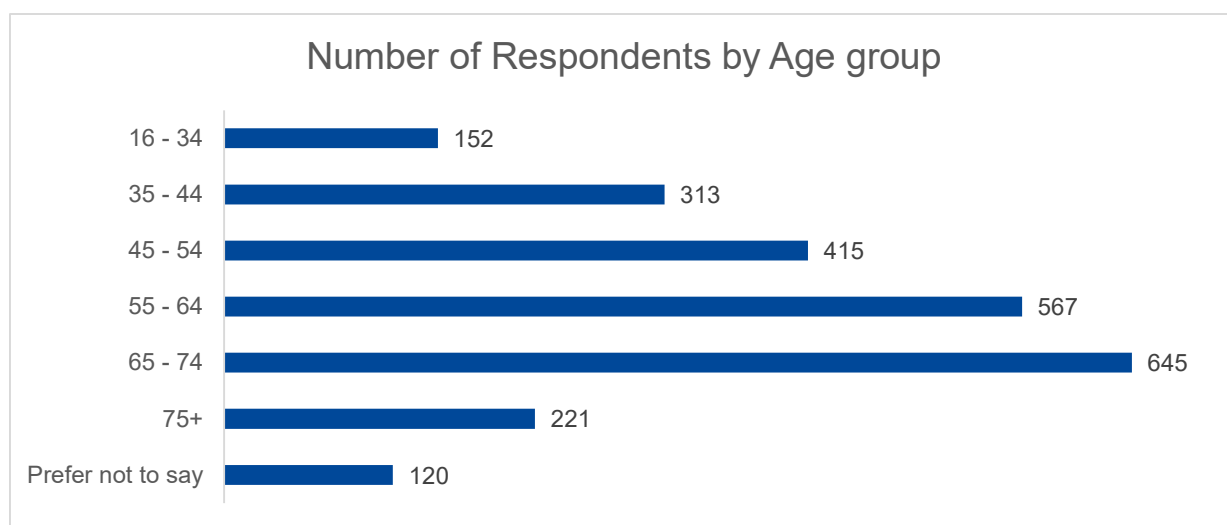


**60.18%** stated they had **no impairment**, **12.41%** of respondents said that they have a **physical impairment**, **8.41%** **prefer not to say**, **6.32%** have a **Hearing impairment/deaf**, **5.52%** have a **mental health need**, **3.54%** stated **other**, **1.64%** have a **Visual impairment/blind**, **1.07%** **autism spectrum disorder** and **0.84%** have a **Learning Difficulty or Disabilities** with **<1%** stated **Deafblind**.

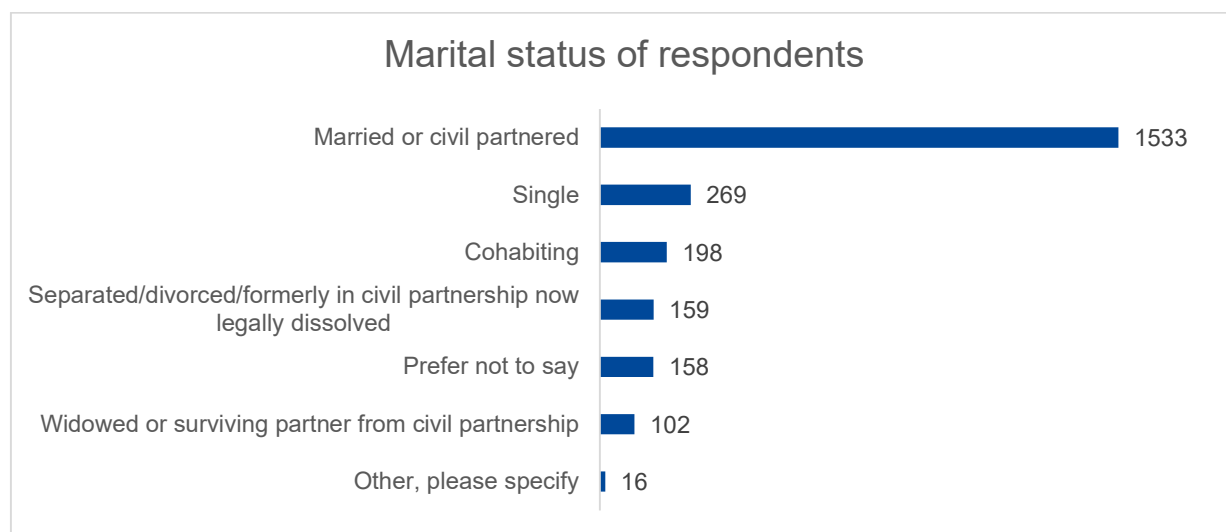




**26.51%** were aged between **65 – 74**, **23.30%** of respondents were aged **55 - 64**, **17.06%** were aged between **45 – 54**, **12.86%** were aged **35 - 44**, **9.08%** were aged **75+**, **6.25%** were aged **16 - 34** years old and **4.93%** of respondents **preferred not to say**. The rest of the respondents did not answer this question



**62.96%** of respondents were **Married**, **11.05%** were **Single**, **8.13%** were **Cohabiting**, **6.53%** were **Separated/divorced** and **6.49%** of respondents **preferred not to say**. **4.19%** are **widowed** and of respondents stated **Other, please state** there was **0.66%**, The rest of the respondents did not answer this question



**85.05%** of respondents stated they were **White British**, **7.19%** of respondents **preferred not to say**, **2.63%** respondents said they were **White other**, and **1.15%** stated **Irish**, **0.66%** respondents said they were **White and black Caribbean**, **0.62%** were **African**, **0.62%** were **Indian** and **0.57%** were **white and Asian**. All other stated ethnicities were below **0.5%** responses

<i><b>Ethnicity</b></i>	<i><b>Count</b></i>
English/Welsh/Scottish/Northern Irish/British	2071
Prefer not to say	175
Any other white background, please describe	64
Irish	28
White and Black Caribbean	16
African	15
Indian	14
White and Asian	11
Any other Asian background, please describe	8
Any other Mixed/Multiple ethnic background, please describe	7
Any other ethnic group, please describe	6
Bangladeshi	4
Caribbean	4
Pakistani	3
White and Black African	2
Chinese	2
Any other Black/African/Caribbean background, please describe	2
Arab	2
Gypsy/Irish Traveller	1

The district breakdown number of respondents completing is shown in the table below

<b><i>District</i></b>	<b><i>Count</i></b>
Braintree	244
Chelmsford	176
Basildon	150
Epping Forest	126
Tendring	124
Colchester	122
Rochford	106
Brentwood	61
Maldon	60
Castle Point	57
Uttlesford	35
Harlow	14
Other, Please state	24

\*Please note, respondents who had stated other are classified because they gave answers covering multiple districts or self-described. The remaining respondents did not complete the answer



# Detailed findings - Residents



# Detailed findings - Residents

**Views on challenges and priorities for budget setting of Essex County Council.**

**The consultation asked respondents about the most important issue facing Essex today.**

*The question asked for respondents to select their top 3 issues*

*Out of the 2265 respondents to this question, the following issues were selected*

<b>Option</b>	<b>Total</b>	<b>Percentage</b>
National Health Service/Healthcare	1,153	50.91%
Social Care provision	668	29.49%
Crime/Community safety	593	26.18%
Inflation/prices	477	21.06%
Environment/climate change	456	20.13%
Economy/economic situation	445	19.65%
Population levels/over-population	441	19.47%
Education/Schools	380	16.78%
Housing	360	15.89%
Poverty/inequality	314	13.86%
Aging population	287	12.67%
Immigration	257	11.35%
Other, please specify	171	7.55%
Low pay/ wages	153	6.75%
Morality & individual behaviours	148	6.53%
Brexit impacts	140	6.18%
Personal finances	115	5.08%
Unemployment	33	1.46%
Race relations	15	0.66%
Coronavirus/ pandemic diseases	6	0.26%
Don't know	3	0.13%

***In regard to the free text comments box for other, please specify, (n=171) these have been themed, coded and quantified below:***

<b><i>Option</i></b>	<b><i>Total</i></b>	<b><i>Percentage</i></b>
Roads/traffic	79	46.20%
Infrastructure	28	16.37%
Public transport	22	12.87%
Pressure from housing developments	20	11.70%
National Health Service/Healthcare	4	2.34%
Environment/climate change	3	1.75%
All are priorities	3	1.75%
Education/Schools	2	1.17%
Inflation/prices	2	1.17%
Poverty/inequality	1	0.58%
Population levels/over-population	1	0.58%
Immigration	1	0.58%
Crime/Community safety	1	0.58%
Mental health	1	0.58%
Library provision	1	0.58%
SEND/support for people with disabilities	1	0.58%
Other	34	19.88%

**The consultation asked respondents about thinking about their own situation what were they most concerned about.**

*The question asked for respondents to select their top 3 situations.*

*Out of the 2268 respondents to this question, the following situations were selected:*

<b><i>Option</i></b>	<b><i>Total</i></b>	<b><i>Percentage</i></b>
Condition of roads and pavements	1,213	53.48%
Levels of crime in my town/neighbourhood	543	23.94%
Climate change	530	23.37%
The local environment/ pollution	510	22.49%
Paying bills	494	21.78%
Anti-social behaviour in my community	482	21.25%
Public transport	479	21.12%
Housing affordability	410	18.08%

Cleanliness of street and local area	344	15.17%
Educational provision	318	14.02%
My physical health and fitness	317	13.98%
My mental health and wellbeing	215	9.48%
Raising children	173	7.63%
Other, please specify	132	5.82%
Employment security	92	4.06%
Housing security	77	3.40%
Future job prospects	69	3.04%
Community relations	68	3.00%
Being lonely	63	2.78%
None of these	10	0.44%

***In regard to the Other, please specify free text comments box relating to responses from respondents describing issues that respondents are most concerned about, these have been themed, coded and quantified below.***

<b>Theme</b>	<b>Total</b>	<b>Percentage</b>
Availability of GPs/ healthcare	22	16.67%
Traffic levels/ road safety	14	10.61%
Social care provision for older people	13	9.85%
Pressure from housing developments	13	9.85%
Population levels/over-population/immigration	11	8.33%
Condition of roads and pavements	9	6.82%
Infrastructure	9	6.82%
Levels of crime in my town/neighbourhood	4	3.03%
My physical health and fitness	4	3.03%
Educational provision	3	2.27%
Public transport	3	2.27%
Housing security	2	1.52%
The local environment/ pollution	2	1.52%
Library provision	2	1.52%
SEND/support for people with disabilities	2	1.52%
Support for active travel	2	1.52%
My mental health and wellbeing	1	0.76%
Paying bills	1	0.76%
Anti-social behaviour in my community	1	0.76%
Protecting women and girls	1	0.76%
Other comment non-related to the consultation	32	24.24%

The consultation asked respondents to choose up to 4 commitments as possible that they felt the council should prioritise for immediate action from the following.

The options were listed under the council's 16 commitments.

The statistical breakdown of the responses has been combined together to show the most common responses on a commitment basis.

*Out of the 2253 respondents to this question, the following commitments were selected:*

<b>Option</b>	<b>Total</b>	<b>Percentage</b>
Developing Essex's infrastructure	941	41.77%
Supporting those who care for sick or vulnerable people	834	37.02%
Securing high standards in education	636	28.23%
Providing support to struggling families	624	27.70%
Protecting vulnerable children	580	25.74%
Enabling more 'sustainable' and active travel	501	22.24%
Minimising the amount of waste generated in Essex	496	22.02%
Attracting new investment for businesses	479	21.26%
Good local jobs	455	20.20%
Growing the 'green' economy in Essex	402	17.84%
Helping vulnerable people to live independently	378	16.78%
Supporting communities to tackle climate change	363	16.11%
Enabling healthier lifestyles	329	14.60%
Tackling inequalities	324	14.38%
Reducing greenhouse gas emissions	318	14.11%
Helping vulnerable children to close the gap on their peers	279	12.38%



**In regard to the free text comments box relating to responses from respondents describing why they felt that these services should be prioritised, *these have been themed, coded and quantified below.***

<b>Theme</b>	<b>Total</b>	<b>Percentage</b>
Climate changes	190	12.39%
For the future/ future generations	176	11.47%
Will have knock on effect to improve other areas	173	11.28%
Support for the most vulnerable	169	11.02%
Improve infrastructure (general)	167	10.89%
Support for children and young people	143	9.32%
More effective employment / local employment	142	9.26%
Too many new houses/ overpopulated	140	9.13%
Road improvements needed	122	7.95%
Education is foundation for a good future	108	7.04%
Biggest impact on a number of people	91	5.93%
Supporting businesses / attracting businesses to area	91	5.93%
Improve healthcare/ availability of healthcare	85	5.54%
Improving public transport	81	5.28%
Help economic growth	79	5.15%
Environment	78	5.08%
Help for carers	76	4.95%
Most important improvements	76	4.95%
Not currently being addressed / under funded	75	4.89%
Poor education standards currently / education underfunded / not enough schools	74	4.82%
Address inequalities	66	4.30%
Social care provision	56	3.65%
Health is key	49	3.19%
Better standards of living	48	3.13%
Waste management/recycling	48	3.13%
Help people to help themselves/be independent	46	3.00%
Encourage/accommodate alternative travel	44	2.87%
Council waste too much on wrong things / woke agenda / don't spend on the important things	41	2.67%
Aging population	38	2.48%
Long term impact	38	2.48%
Community pride	35	2.28%
Affordable housing	32	2.09%
Improve policing / reduce crime	31	2.02%
Green spaces vital	25	1.63%
SEND	24	1.56%
Sign of a civilised society / basic requirement	24	1.56%
People matter / should care about people	24	1.56%
Directly affect me	22	1.43%

Education	16	1.04%
Mental health important	16	1.04%
Safety in the community	16	1.04%
Transport infrastructure	16	1.04%
All areas should be prioritised	13	0.85%
Rail service improvements	11	0.72%
Common sense / obvious / the right thing to do	11	0.72%
Don't know / no answer	11	0.72%
Achievable improvements	10	0.65%
Economic stability	10	0.65%
Need to be addressed following the pandemic	10	0.65%
Recycling collection review	8	0.52%
My opinion	7	0.46%
Flooding concerns	6	0.39%
Mental health services in high demand	6	0.39%
Skills investment	6	0.39%
More leisure and fitness choices needed	5	0.33%
Funding in early years	4	0.26%
Physical health	4	0.26%
Biodiversity measures	3	0.20%
Brexit	3	0.20%
Invest in local communities	3	0.20%
More support needed from national government	3	0.20%
Secondary schools historically underfunded	3	0.20%
Cheaper Health Checks to aid early diagnostics	1	0.07%
Coast protection measures	1	0.07%
Lack of infrastructure for expanding community	1	0.07%
Protection for everyone	1	0.07%
Reduced crime from Alcohol/drug schemes	1	0.07%
Would be willing to pay more council tax to keep all services	1	0.07%
Access to libraries	1	0.07%
Other comment not related to the consultation	230	14.99%

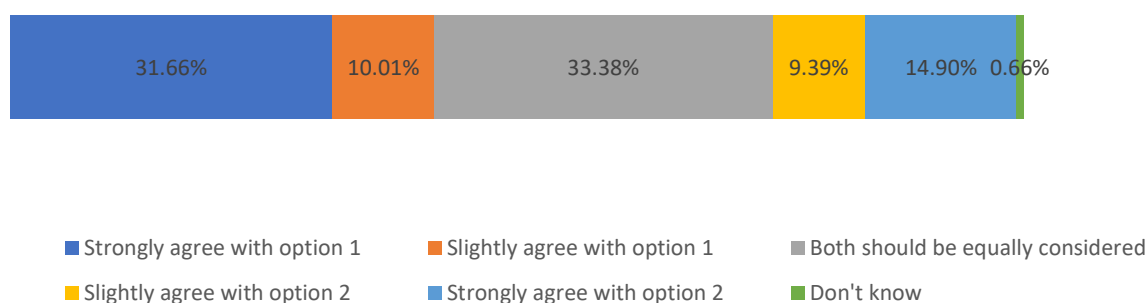
## Views on how Essex County Council should allocate resources

*The consultation asked respondents how strongly they agree, disagree or both should be equally considered for the pairs of the following services:*

*First paired statement ...ECC should prioritise services that benefit the majority of residents and taxpayer's vs ...ECC should prioritise services that focus on those with the greatest needs.*

*Out of the 2268 respondents to this question, 31.66% (n=718) Agreed strongly that ECC should prioritise services that benefit the majority of residents and taxpayer's, 10.01% slightly agreed (n=227), 33.38% (n=757) believed both should be equally considered, 9.39% (n=213) slightly agreed that ECC should prioritise services that focus on those with the greatest needs, 14.90% (n=338) Strongly Agree and 0.66% (n=15) Don't know.*

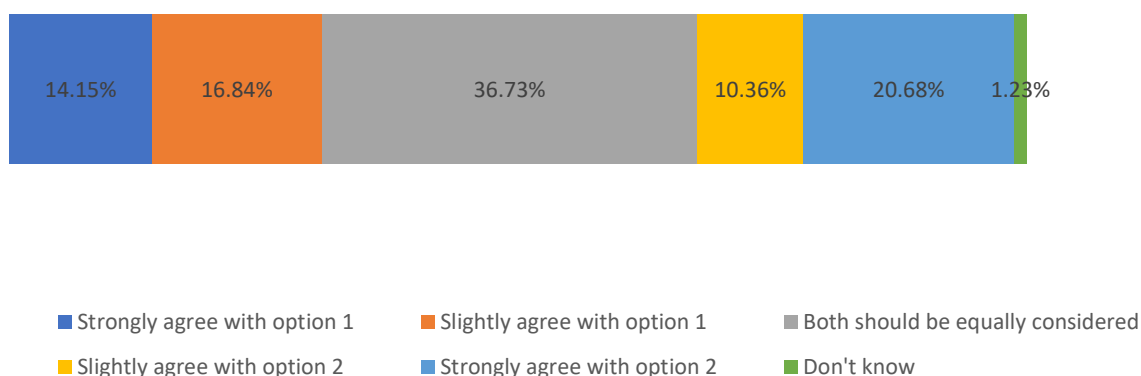
*...ECC should prioritise services that benefit the majority of residents and taxpayer's vs ...ECC should prioritise services that focus on those with the greatest needs.*



*.....ECC should target services towards struggling neighbourhoods, towns or cities vs ...ECC should provide services that are available in all communities in Essex.*

*Out of the 2268 respondents to this question, 14.15% (n=321) Agreed strongly that ECC should target services towards struggling neighbourhoods, towns or cities, Slightly agreed 16.84% (n=382), 36.73% (n=833) believed both should be equally considered, 10.36% (n=235) slightly agreed that ECC should provide services that are available in all communities in Essex, 20.68% (n=469) Strongly Agreed and 1.23% (n=28) Don't know.*

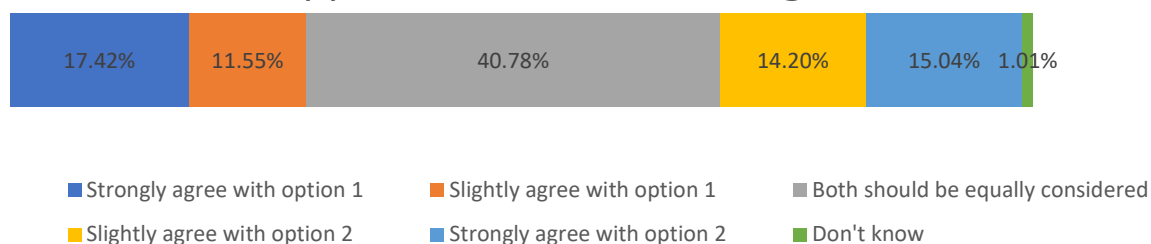
*.....ECC should target services towards struggling neighbourhoods, towns or cities vs ...ECC should provide services that are available in all communities in Essex.*



***...ECC should prioritise spending on meeting the needs of the people today VS ...ECC should prioritise spending on projects that will increase opportunities over the long term.***

Out of the 2268 respondents to this question, **17.42% (n=395) Agreed strongly that ECC should prioritise spending on meeting the needs of the people today, 11.55% (n=262) slightly agreed, 40.78% (n=925) believed both should be equally considered, 14.20% (n=322) slightly agreed that ECC should prioritise spending on projects that will increase opportunities over the long term, 15.04% (n=341) Strongly Agree and 1.01% (n=23) Don't know.**

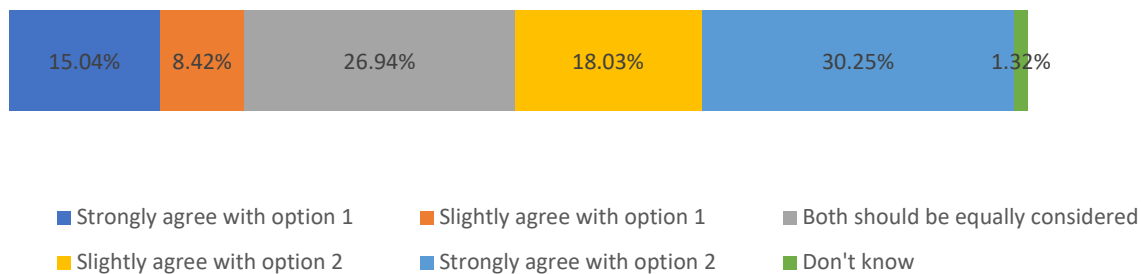
*ECC should prioritise spending on meeting the needs of the people today vs ...ECC should prioritise spending on projects that will increase opportunities over the long term.*



***...Decisions on how to spend money in Essex should consider the county as a whole VS ...Decisions on how to spend money should be taken as close to local communities as possible.***

Out of the 2268 respondents to this question, **15.04% (n=341) Agreed strongly that Decisions on how to spend money in Essex should consider the county as a whole, 8.42% (n=191) slightly agreed, 26.94% (n=611) believed both should be equally considered, 18.03% (n=409) slightly agreed that Decisions on how to spend money should be taken as close to local communities as possible, 30.25% (n=686) Strongly Agree and 1.32% (n=30) Don't know.**

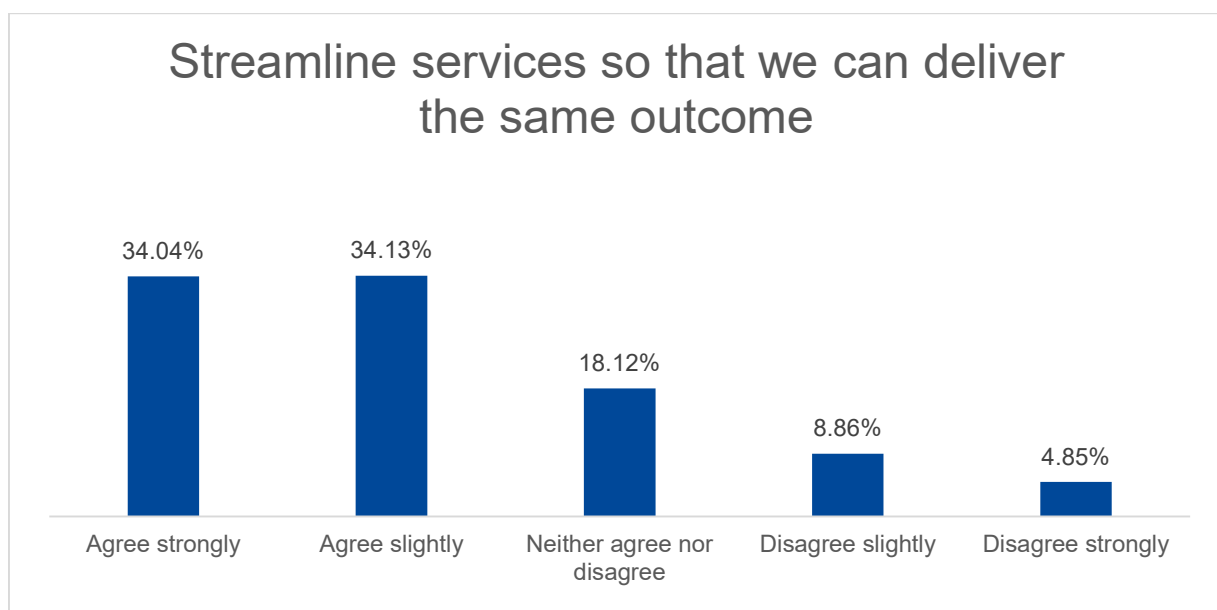
*...Decisions on how to spend money in Essex should consider the county as a whole vs ...Decisions on how to spend money should be taken as close to local communities as possible*



The consultation asked respondents how strongly do you agree or disagree that Essex County Council should do each of the following when faced with financial pressures?

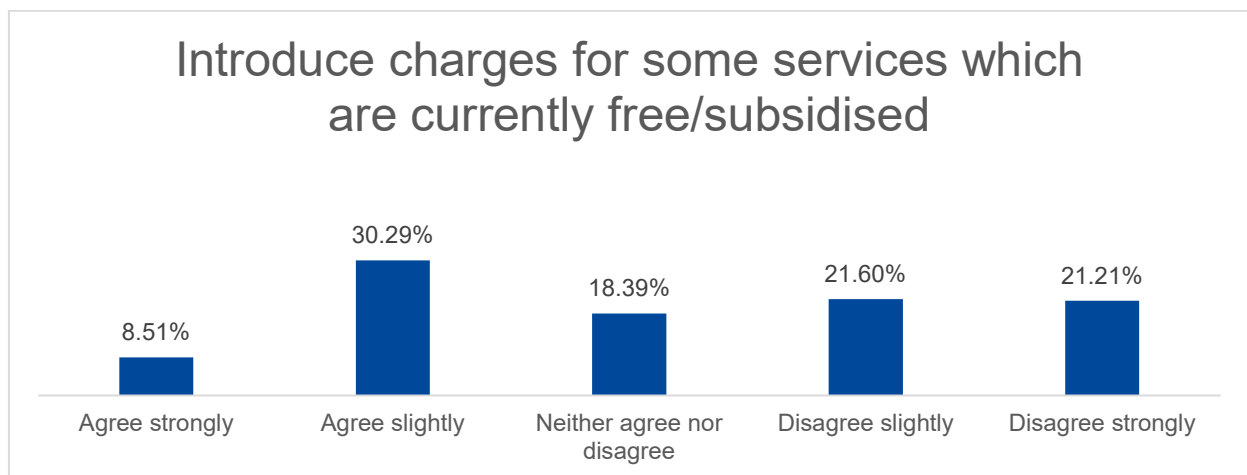
**Financial pressure - Streamline services so that we can deliver the same outcomes**

Out of the 2268 respondents to this question, **34.04% (n=772) Agreed Strongly, 34.13% (n=774) Agreed Slightly, 18.12% (n=411) Neither Agreed nor Disagreed, 8.86% (n=201) Disagreed slightly and 4.85% Disagreed strongly (n=110).**



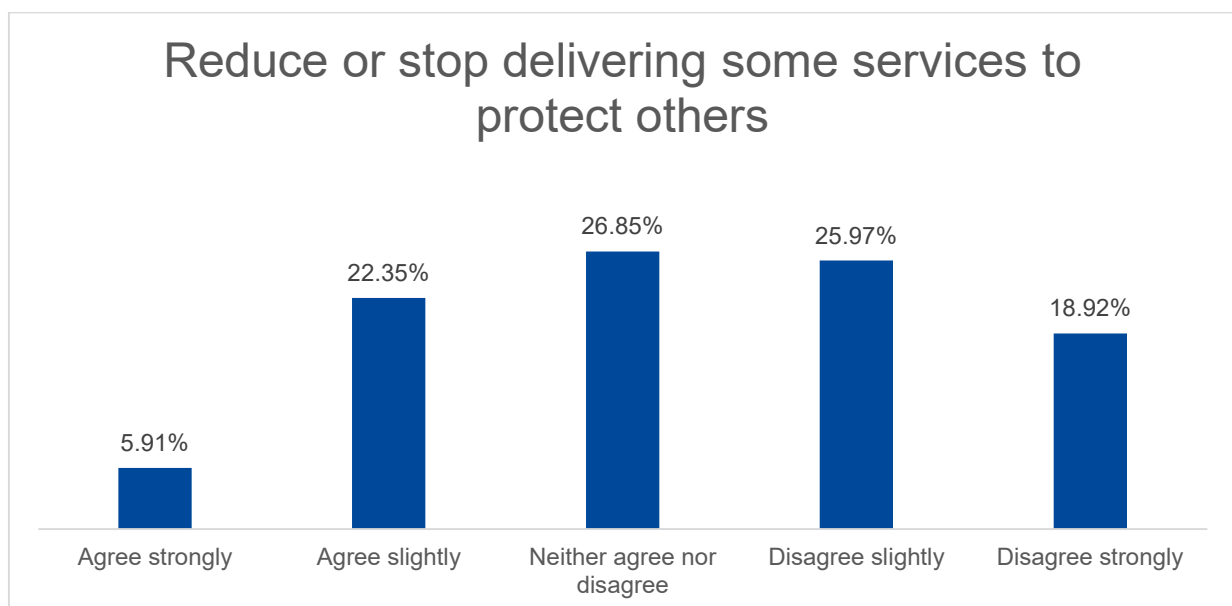
**Financial pressure - Introduce charges for some services which are currently free/subsidised**

Out of the 2268 respondents to this question, **8.51% (n=193) Agreed Strongly, 30.29% (n=687) Agreed Slightly, 18.39% (n=417) Neither Agreed nor Disagreed, 21.60% (n=490) Disagreed slightly and 21.21% Disagreed strongly (n=481).**



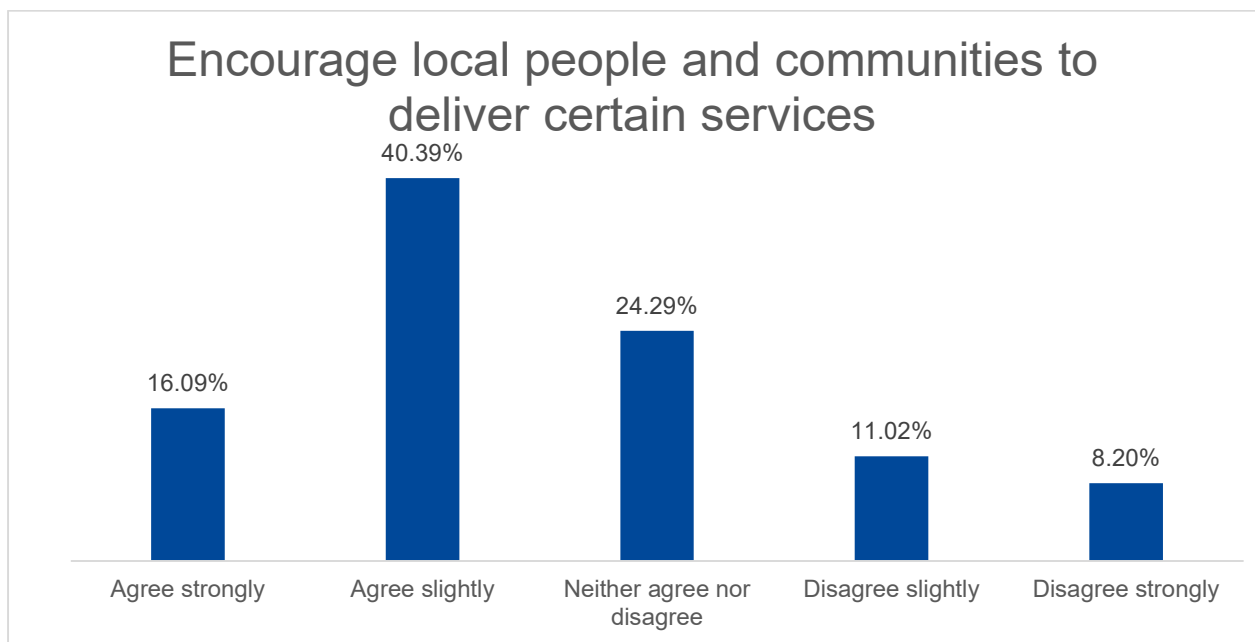
***Financial pressure - Reduce or stop delivering some services to protect others***

Out of the 2268 respondents to this question, **5.91% (n=134) Agreed Strongly, 22.35% (n=507) Agreed Slightly, 26.85% (n=609) Neither Agreed nor Disagreed, 25.97% (n=589) Disagreed slightly and 18.92% Disagreed strongly (n=429).**



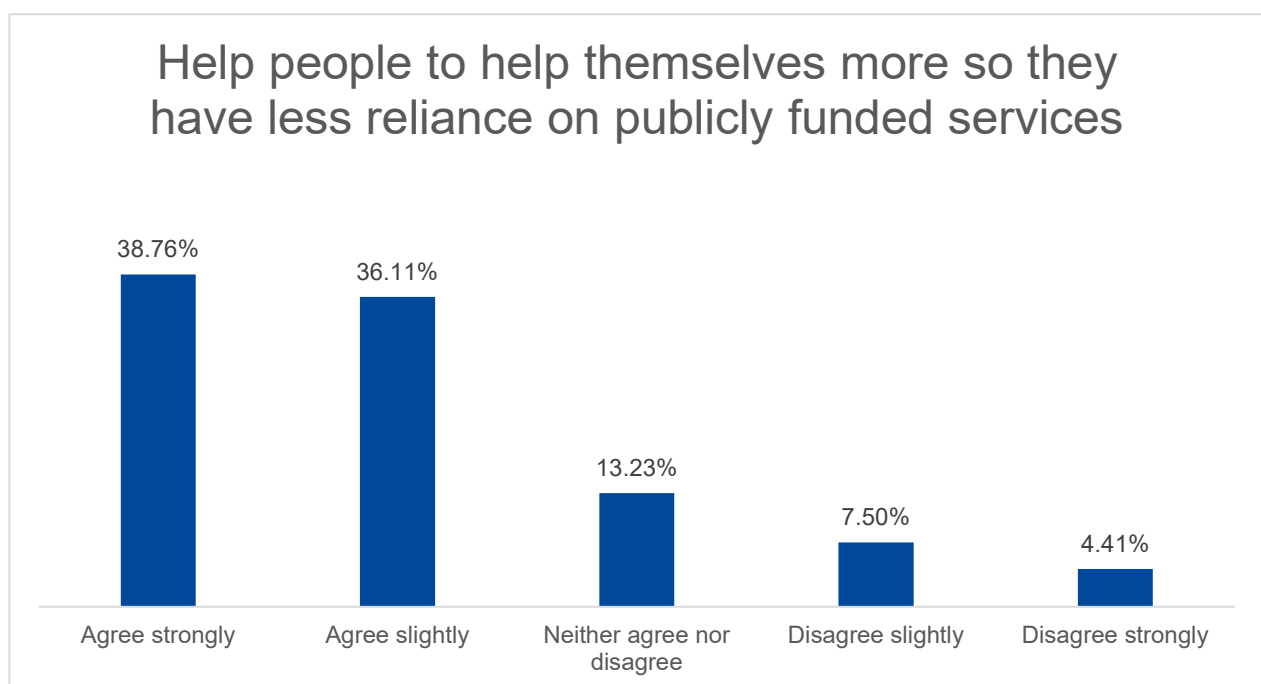
***Financial pressure - Encourage local people and communities to deliver certain services***

Out of the 2268 respondents to this question, **16.09% (n=365) Agreed Strongly, 40.39% (n=916) Agreed Slightly, 24.29% (n=551) Neither Agreed nor Disagreed, 11.02% (n=250) Disagreed slightly and 8.20% Disagreed strongly (n=186).**



***Financial pressure - Help people to help themselves more so they have less reliance on publicly funded services***

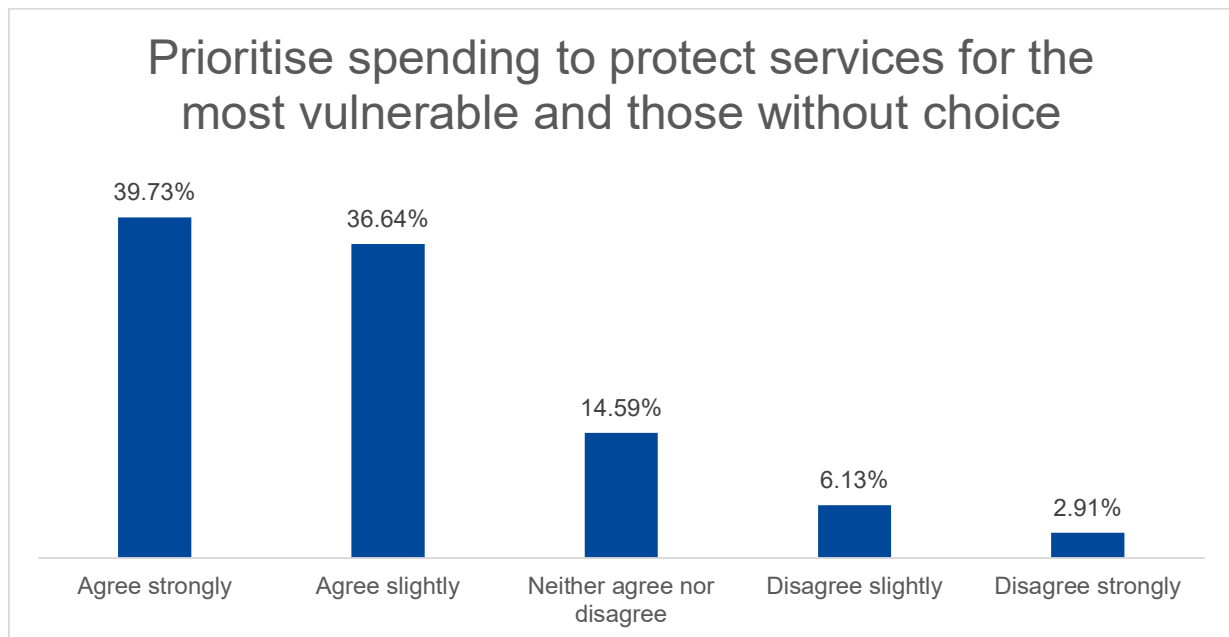
***Out of the 2268 respondents to this question, 38.76% (n=879) Agreed Strongly, 36.11% (n=819) Agreed Slightly, 13.23% (n=300) Neither Agreed nor Disagreed, 7.50% (n=170) Disagreed slightly and 4.41% Disagreed strongly (n=100).***





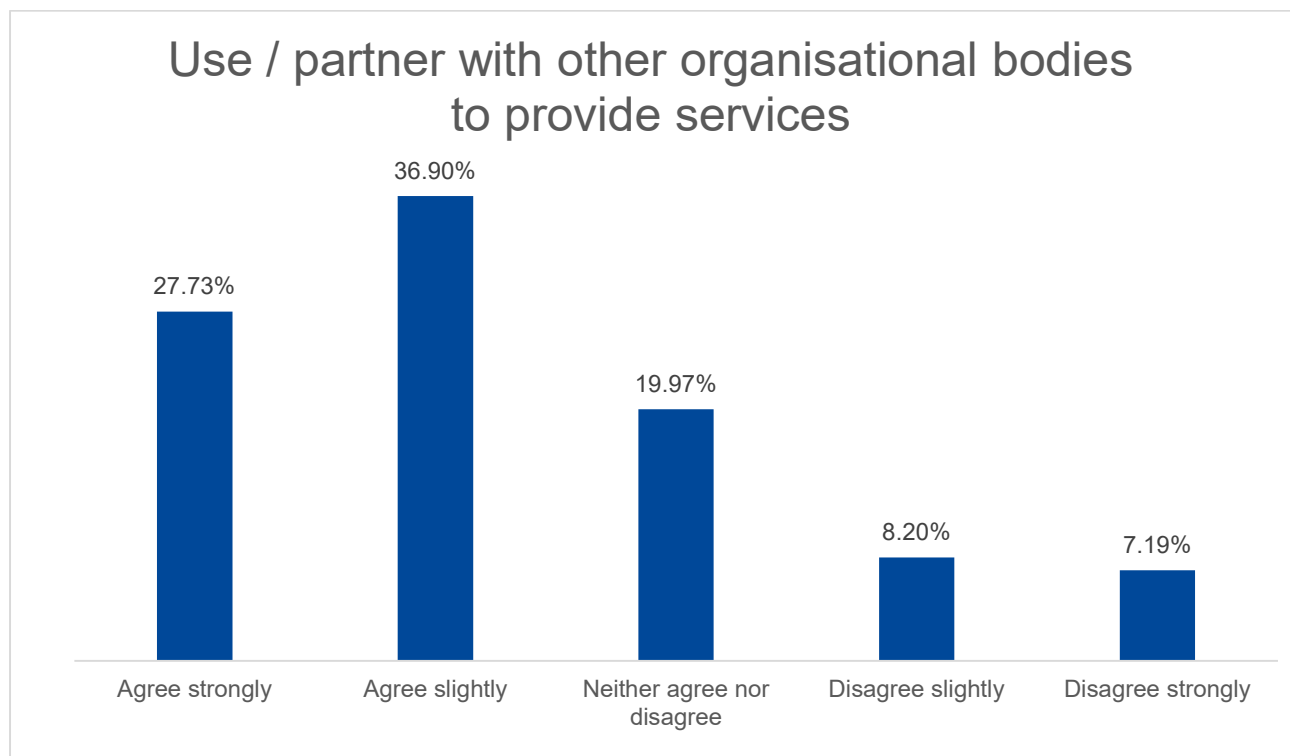
**Financial pressure - Prioritise spending to protect services for the most vulnerable and those without choice**

Out of the 2268 respondents to this question, **39.73% (n=901) Agreed Strongly, 36.64% (n=831) Agreed Slightly, 14.59% (n=353) Neither Agreed nor Disagreed, 6.13% (n=139) Disagreed slightly and 2.91% Disagreed strongly (n=66).**



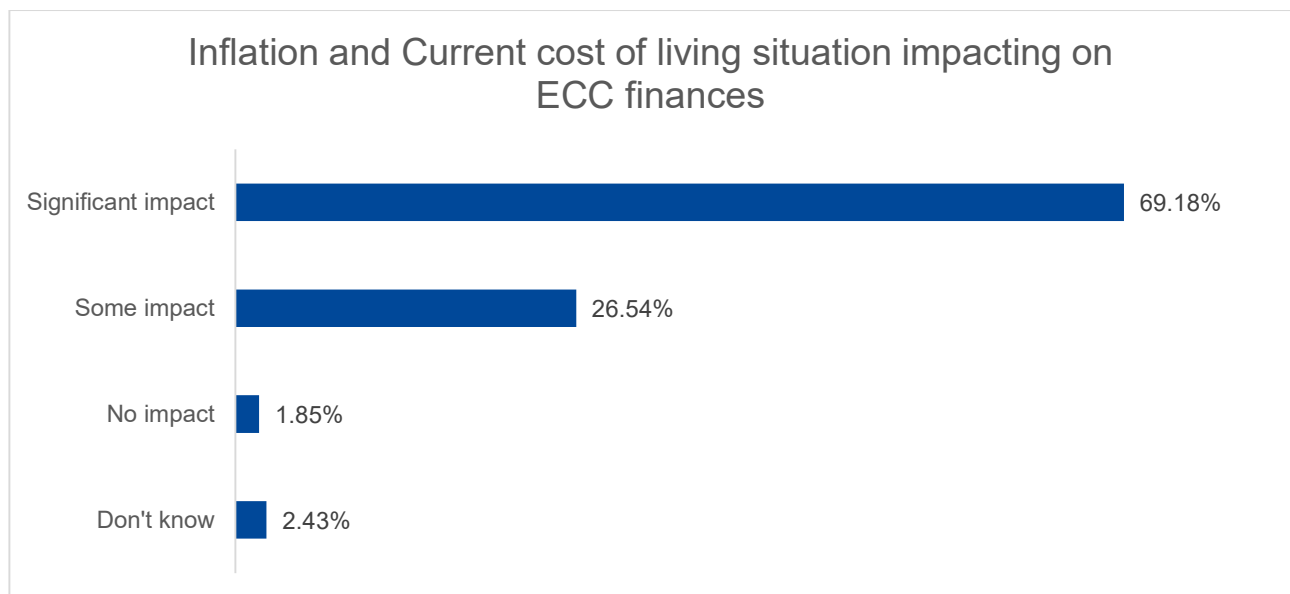
**Financial pressure - Use / partner with other organisational bodies to provide services**

Out of the 2378 respondents to this question, **27.73% (n=629) Agreed Strongly, 36.90% (n=837) Agreed Slightly, 19.97% (n=453) Neither Agreed nor Disagreed, 8.20% (n=186) Disagreed slightly and 7.19% Disagreed strongly (n=163).**



**The consultation asked respondents if they thought inflation and the current cost of living situation will have an impact on Essex County council's finances.**

***Out of the 2268 respondents to this question, 69.18% (n=1569) Significant impact, 26.54% (n=602) some impact, 1.85% (n=42) No impact, and 2.43% Don't know (n=55).***

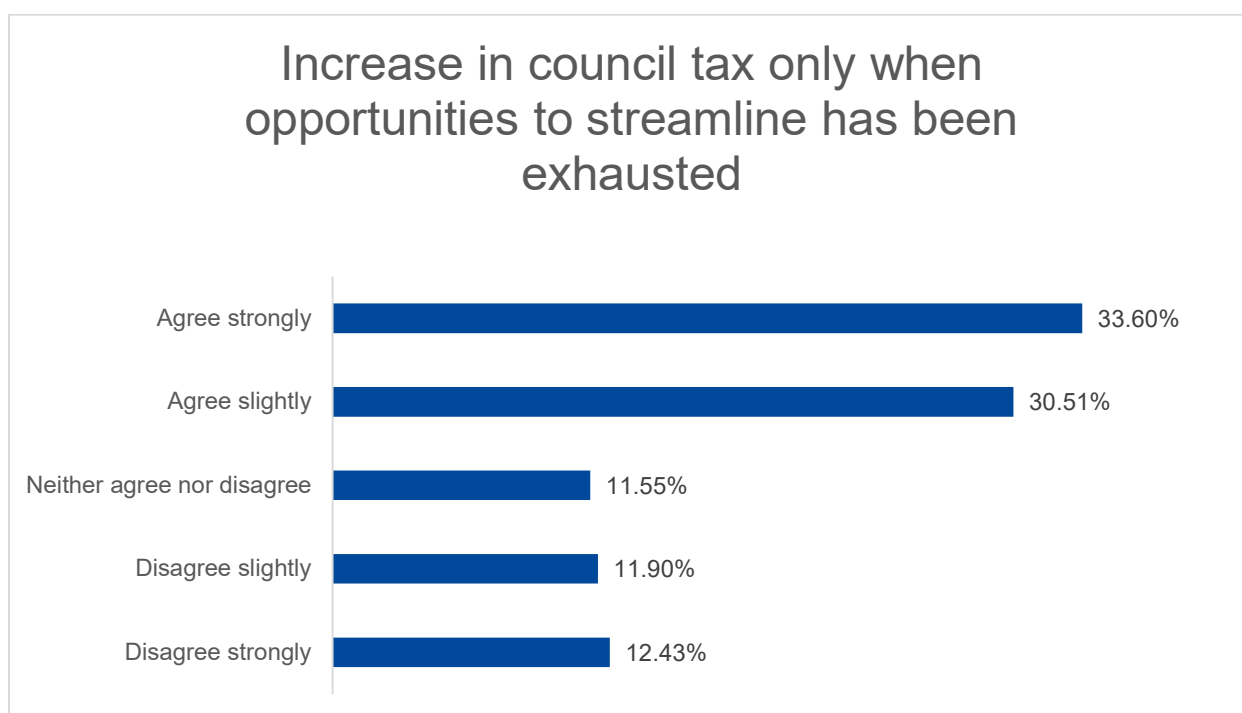


## Increase in Council tax

The consultation asked respondents to agree or disagree with the following statements relating to increase in council tax...

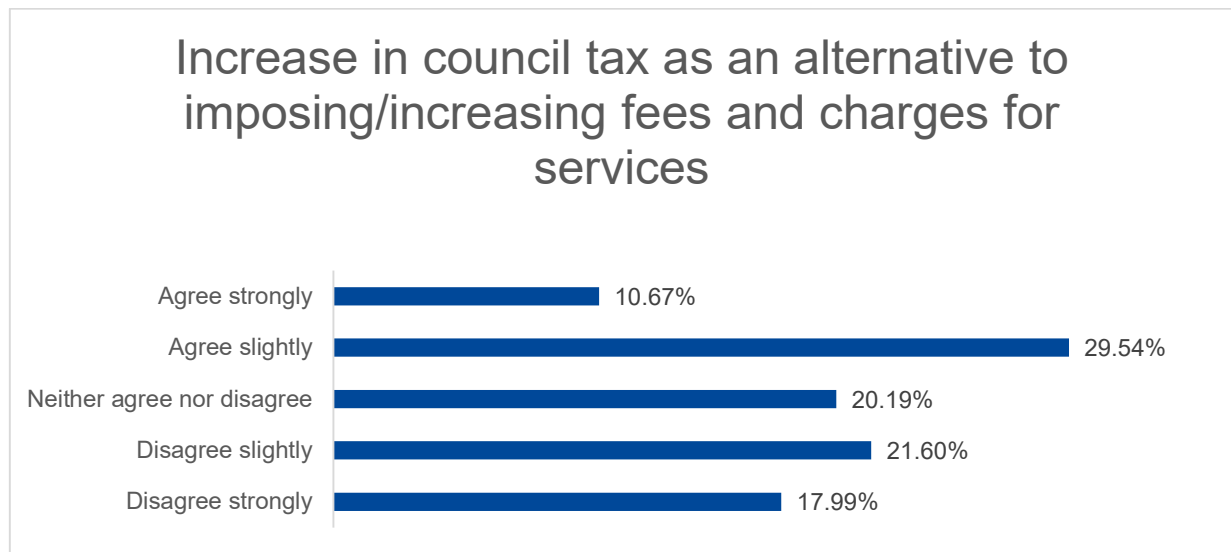
**1<sup>st</sup> statement - ...only when opportunities to streamline services have been exhausted**

Out of the 2268 respondents to this question, **33.60% (n=762) Agreed Strongly, 30.51% (n=692) Agreed Slightly, 11.55% (n=262) Neither Agreed nor Disagreed, 11.55% (n=270) Disagreed slightly and 12.43% Disagreed strongly (n=282).**



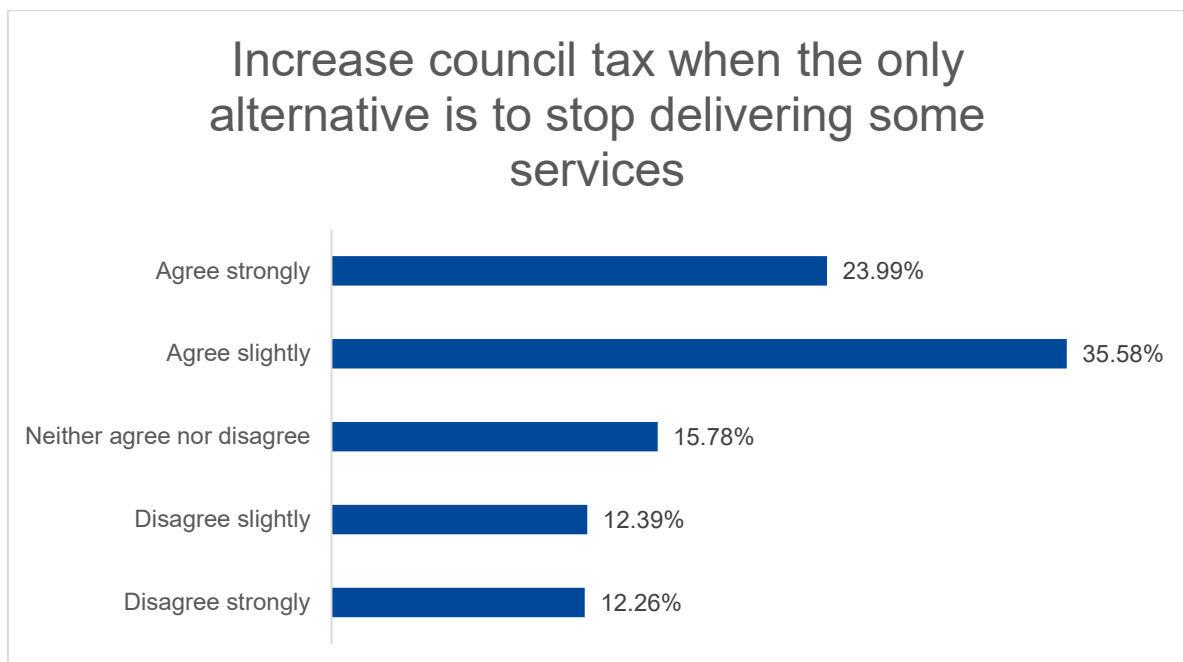
**2<sup>nd</sup> statement - ...as an alternative to imposing/ increasing fees and charges for services**

Out of the 2268 respondents to this question, **10.67% (n=242) Agreed Strongly, 29.54% (n=670) Agreed Slightly, 20.19% (n=458) Neither Agreed nor Disagreed, 21.60% (n=490) Disagreed slightly and 17.99% Disagreed strongly (n=408).**



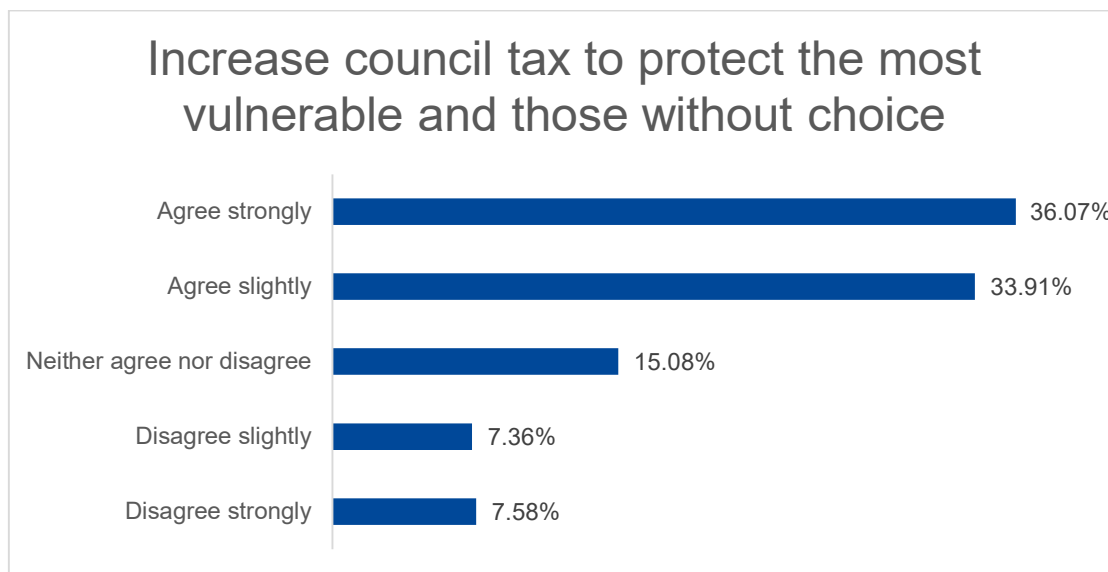
**3<sup>rd</sup> statement - ...when the only alternative is to stop delivering some services**

**Out of the 2268 respondents to this question, 23.99% (n=544) Agreed Strongly, 35.58% (n=807) Agreed Slightly, 15.78% (n=358) Neither Agreed nor Disagreed, 12.39% (n=281) Disagreed slightly and 12.26% Disagreed strongly (n=278).**

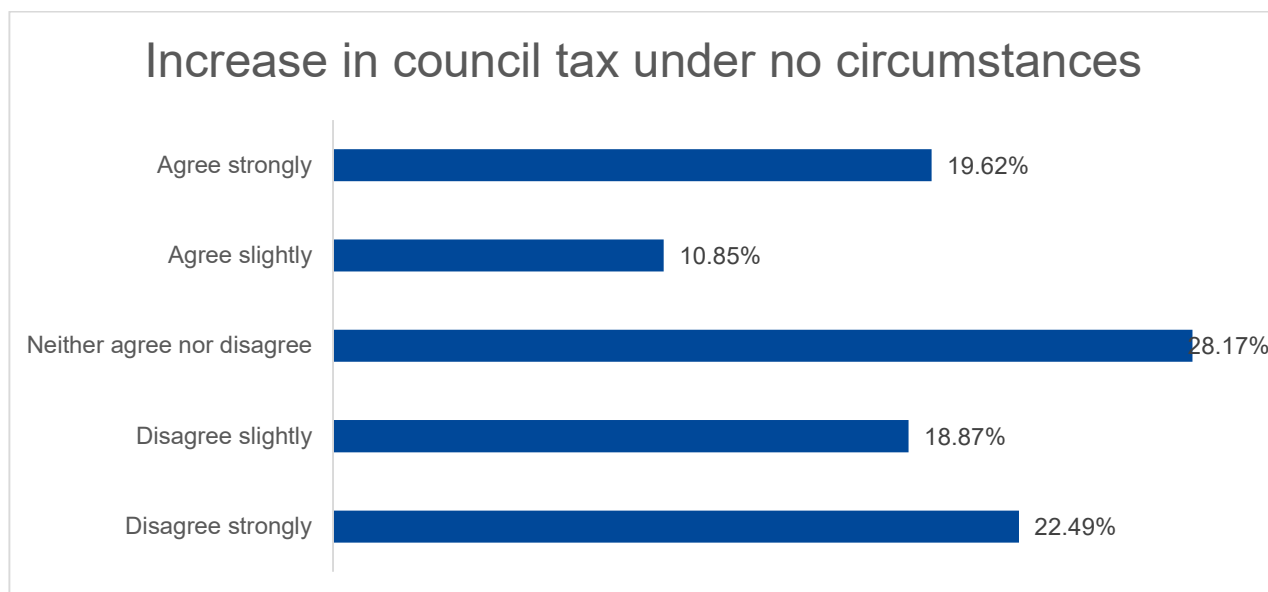


**4<sup>th</sup> statement - ...to protect services for the most vulnerable and those without choice**

Out of the 2268 respondents to this question, **36.07% (n=818) Agreed Strongly, 33.91% (n=769) Agreed Slightly, 15.08% (n=342) Neither Agreed nor Disagreed, 7.36% (n=167) Disagreed slightly and 7.58% Disagreed strongly (n=172).**

**5<sup>th</sup> statement - ...under no circumstances**

Out of the 2268 respondents to this question, **19.62% (n=445) Agreed Strongly, 10.85% (n=246) Agreed Slightly, 28.17% (n=639) Neither Agreed nor Disagreed, 18.87% (n=428) Disagreed slightly and 22.49% Disagreed strongly (n=510).**



The consultation then asked respondents to what other circumstances would they agree or disagree to an increase in council tax

*The free text comments box responses have been themed, coded and quantified below.*

<b>Theme</b>	<b>Total</b>	<b>Percentage</b>
Streamline ECC staff/ salaries/ benefits	14	14.43%
Do not increase Council Tax	13	13.40%
Prioritise efficiency/ eliminate wasteful spending	11	11.34%
Increase Council Tax	7	7.22%
Increase Council Tax to guarantee better quality services	5	5.15%
Need more information to answer	5	5.15%
ECC to review its working practices first	5	5.15%
Improve transparency around budget/ spend	5	5.15%
Increase Council Tax for the wealthiest	4	4.12%
Prioritise vulnerable people/ households	4	4.12%
Concentrate on the basics/ essentials/ higher impact services	4	4.12%
Local taxation needs to be reformed	3	3.09%
More support needed from national government	3	3.09%
ECC to deliver all services/ avoid partnerships	2	2.06%
Review benefits system	2	2.06%
Consider charging for some services	1	1.03%
Cut or charge for under-used/ unnecessary services	1	1.03%
Reduce Council Tax	1	1.03%
Other	28	28.87%

## Any other comments

The consultation asked respondents if there was anything else to consider regarding the consultation within a free-text box comments box.

***Regarding the free text comments box relating to responses from respondents describing anything else ECC should consider have been themed, coded and quantified below***

Theme	Total	Percentage
Prioritise council efficiency / eliminate wasteful spending / streamline staff / stop working from home	109	13.64%
Improve road maintenance	78	9.76%
Revise highest pay grades for ECC staff	55	6.88%
Avoid vanity or fashionable projects	46	5.76%
Spend budget fairly across county	41	5.13%
Budget needs to be communicated better	37	4.63%
Invest in public transport	34	4.26%
Improve roadside and pavement maintenance	28	3.50%
Increase Police presence	28	3.50%
ECC to continue to streamline spending	27	3.38%
Review outsourcing to private companies	27	3.38%
None/ nothing	27	3.38%
Concentrate on the basics/ essentials	26	3.25%
Take a long-term/ joined-up view	26	3.25%
Prioritise value for money	24	3.00%
Share service delivery with district and boroughs	24	3.00%
Share service delivery with local groups, voluntary sector, charities, NGOs	23	2.88%
No increase in Council Tax	22	2.75%
Streamline ECC management team	22	2.75%
Negative comments about questionnaire/survey	21	2.63%
Improve social care services	20	2.50%
Better healthcare provision	19	2.38%
Don't cut services	19	2.38%
Listen to the concerns/needs of residents/businesses	19	2.38%
Prioritise vulnerable people/ households	18	2.25%
Action on environmental issues	18	2.25%
Invest in infrastructure	16	2.00%
Limit over-development/ population growth	16	2.00%
Charge for some services	15	1.88%
Invest in childcare and education for children	15	1.88%
Consider Council Tax increase	14	1.75%

ECC to review the way it works	14	1.75%
Maintain libraries	14	1.75%
Pair improved infrastructure with new housing developments	14	1.75%
Focus on reducing crime	12	1.50%
Review council owned buildings	12	1.50%
Wealthier households should pay more Council Tax and/ or vice versa	12	1.50%
Green spaces key	11	1.38%
More support needed from national government	11	1.38%
Improve parking	10	1.25%
Attract industries/businesses to the area	9	1.13%
Means test/ make sure resources are going to those truly in need	9	1.13%
Invest in active travel	8	1.00%
Invest in high streets	7	0.88%
Public service review/ consultation needed	7	0.88%
Improve recycling services	6	0.75%
Improve individuals' self-reliance	6	0.75%
Don't know	6	0.75%
Focus on leisure, culture and tourism	5	0.63%
Tackle issues with housing	5	0.63%
Tackle poverty/ inequality	5	0.63%
Stop duplication of services	4	0.50%
Close libraries	3	0.38%
Improve building standards	3	0.38%
Improve health and wellbeing	3	0.38%
Support employment, work skills and adult education	3	0.38%
Not answered	3	0.38%
Budget review needed	2	0.25%
Community resilience	2	0.25%
Cut under-used services	2	0.25%
Funding for SEND	2	0.25%
Improve Youth Services	2	0.25%
Services for young people	2	0.25%
Speeding motorists	2	0.25%
Update or replace Council Tax	2	0.25%
Assess need for new bus and cycle lanes	1	0.13%
Become more entrepreneurial/ business-minded	1	0.13%
Encourage change of behaviours	1	0.13%
Help families in need	1	0.13%
Improve road safety	1	0.13%
Invest in sustainable travel	1	0.13%
Local government reform needed	1	0.13%
More investment in the voluntary sector	1	0.13%
Renegotiate road maintenance contract or bring in house	1	0.13%



Review council house allocation	1	0.13%
Other comments	165	20.65%



# Detailed findings – Businesses in Essex

# Detailed findings – Businesses in Essex

Businesses within Essex were invited to take part within the consultation. 132 business owners undertook the consultation with 119 stating they were resident and business owners with 13 declaring that they were a Business in Essex.

For the purpose of this section this will reflect the findings from the 132 businesses within Essex.

## Views on challenges and priorities for budget setting of Essex County Council.

The consultation asked businesses about the most important issues facing Essex today.

*The question asked for businesses to select their top 3 issues*

*Out of the 132 businesses to respond to this question, the following issues were selected*

<b>Option</b>	<b>Total</b>	<b>Percentage</b>
National Health Service/Healthcare	47	35.61%
Inflation/prices	40	30.30%
Social Care provision	33	25.00%
Crime/Community safety	32	24.24%
Economy/economic situation	30	22.73%
Population levels/over-population	27	20.45%
Environment/climate change	26	19.70%
Education/Schools	22	16.67%
Housing	18	13.64%
Immigration	17	12.88%
Poverty/inequality	16	12.12%
Other, please specify	15	11.36%
Brexit impacts	13	9.85%
Morality & individual behaviours	13	9.85%

Low pay/ wages	12	9.09%
Aging population	10	7.58%
Unemployment	3	2.27%
Personal finances	2	1.52%
Coronavirus/ pandemic diseases	1	0.76%
Race relations	0	0.00%
Don't know	0	0.00%

***In regard to the free text comments box for other, please specify, (n=15) these have been themed, coded and quantified below:***

<b><i>Option</i></b>	<b><i>Total</i></b>	<b><i>Percentage</i></b>
Roads/traffic	6	30%
Infrastructure	3	15%
Public transport	3	15%
Morality & individual behaviours	2	10%
Pressure from housing developments	2	10%
National Health Service/Healthcare	1	5%
Education/Schools	1	5%
Mental health	1	5%
Other	1	5%

**The consultation asked businesses about thinking about their own situation what were they most concerned about.**

*The question asked for businesses to select their top 3 situations. Out of the 132 businesses who responded to this question, the following situations were selected*

<b><i>Option</i></b>	<b><i>Total</i></b>	<b><i>Percentage</i></b>
Condition of roads and pavements	54	40.91%
Paying bills	31	23.48%
Educational provision	31	23.48%
Levels of crime in my town/neighbourhood	29	21.97%
Climate change	28	21.21%
The local environment/ pollution	28	21.21%
Anti-social behaviour in my community	27	20.45%
Housing affordability	26	19.70%
Cleanliness of street and local area	20	15.15%
Public transport	18	13.64%

My mental health and wellbeing	15	11.36%
My physical health and fitness	14	10.61%
Other, please specify	13	9.85%
Employment security	10	7.58%
Future job prospects	9	6.82%
Raising children	9	6.82%
Housing security	5	3.79%
Community relations	3	2.27%
Being lonely	2	1.52%

***In regard to the Other, please specify free text comments box relating to responses from businesses describing issues they are most concerned about, these have been themed, coded and quantified below.***

<b><i>Theme</i></b>	<b><i>Count</i></b>	<b><i>Percentage</i></b>
Condition of roads and pavements	2	15.38%
Availability of GPs/ healthcare	2	15.38%
Pressure from housing developments	2	15.38%
Traffic levels/ road safety	1	7.69%
Social care provision for older people	1	7.69%
None of these	1	7.69%
Other	4	30.77%

**The consultation asked businesses to choose up to 4 commitments that they felt the council should prioritise for immediate action from the following.**

**The options were listed under the council's 16 commitments.**

**The statistical breakdown of the responses has been combined together to show the most common responses to a commitment.**

*Out of the 132 responses to this question, the following commitment were selected*

<b><i>Option</i></b>	<b><i>Total</i></b>	<b><i>Percentage</i></b>
Developing Essex's infrastructure	61	46.21%
Attracting new investment for businesses	51	38.64%
Securing high standards in education	48	36.36%
Good local jobs	37	28.03%

Supporting those who care for sick or vulnerable people	33	25.00%
Protecting vulnerable children	32	24.24%
Providing support to struggling families	29	21.97%
Growing the 'green' economy in Essex	28	21.21%
Enabling more 'sustainable' and active travel	22	16.67%
Enabling healthier lifestyles	19	14.39%
Minimising the amount of waste generated in Essex	19	14.39%
Tackling inequalities	18	13.64%
Helping vulnerable children to close the gap on their peers	18	13.64%
Supporting communities to tackle climate change	17	12.88%
Reducing greenhouse gas emissions	15	11.36%
Helping vulnerable people to live independently	12	9.09%

**In regard to the free text comments box relating to responses from respondents describing why they felt that these commitments should be prioritised, *these have been themed, coded and quantified below.***

<b>Theme</b>	<b>Total</b>	<b>Percentage</b>
Will have knock on effect to improve other areas	19	8.41%
Improve infrastructure (general)	13	5.75%
Supporting businesses / attracting businesses to area	13	5.75%
Climate changes	12	5.31%
More effective employment / local employment	10	4.42%
Support for children and young people	10	4.42%
Support for the most vulnerable	10	4.42%
Too many new houses/ overpopulated	10	4.42%
Biggest impact on a number of people	8	3.54%
Road improvements needed	8	3.54%
Help economic growth	7	3.10%
Improve healthcare/ availability of healthcare	7	3.10%
Not currently being addressed / under funded	6	2.65%
Improving public transport	5	2.21%
Address inequalities	4	1.77%
Better standards of living	4	1.77%
Environment	4	1.77%
For the future/ future generations	4	1.77%
Health is key	4	1.77%

Most important improvements	4	1.77%
Poor education standards currently / education underfunded / not enough schools	4	1.77%
Education is foundation for a good future	4	1.77%
Affordable housing	3	1.33%
Community pride	2	0.88%
Education	2	0.88%
Encourage/accommodate alternative travel	2	0.88%
Green spaces vital	2	0.88%
Help for carers	2	0.88%
Social care provision	2	0.88%
Waste management/recycling	2	0.88%
Long term impact	2	0.88%
Council waste too much on wrong things / woke agenda / don't spend on the important things	2	0.88%
Improve policing / reduce crime	2	0.88%
Achievable improvements	1	0.44%
Aging population	1	0.44%
Brexit	1	0.44%
Directly affect me	1	0.44%
Economic stability	1	0.44%
Invest in local communities	1	0.44%
Mental health important	1	0.44%
Safety in the community	1	0.44%
Secondary schools historically underfunded	1	0.44%
SEND	1	0.44%
Transport infrastructure	1	0.44%
Help people to help themselves/be independent	1	0.44%
Common sense / obvious / the right thing to do	1	0.44%
People matter / should care about people	1	0.44%
Don't know / no answer	1	0.44%
Other comment	18	7.96%



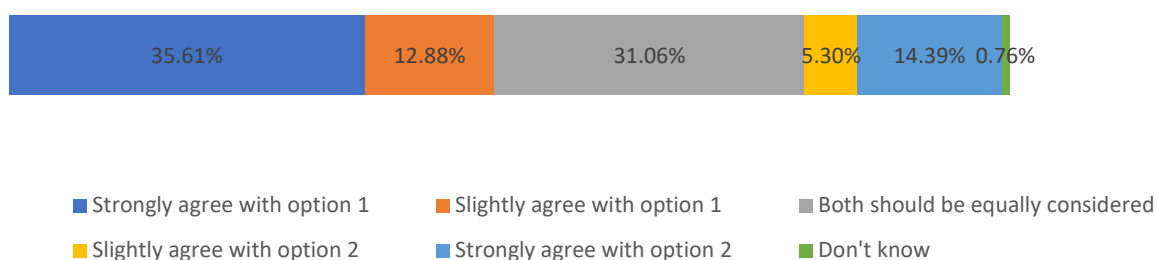
## Views on how Essex County Council should allocate resources.

*The consultation asked respondents how strongly they agree, disagree or both should be equally considered for the pairs of the following services:*

**1<sup>st</sup> paired statement ...ECC should prioritise services that benefit the majority of residents and taxpayer's VS ...ECC should prioritise services that focus on those with the greatest needs.**

Out of the 132 businesses to this question, **35.61% (n=47) Agreed strongly that ECC should prioritise services that benefit the majority of residents and taxpayer's, 12.88% slightly agreed (n=17), 31.06% (n=41) believed both should be equally considered, 5.30%% (n=7) slightly agreed that ECC should prioritise services that focus on those with the greatest needs, 14.39% (n=19) Strongly Agree and 0.76% (n=1) Don't know.**

*ECC should prioritise services that benefit the majority of residents and taxpayer's vs ...ECC should prioritise services that focus on those with the greatest needs.*

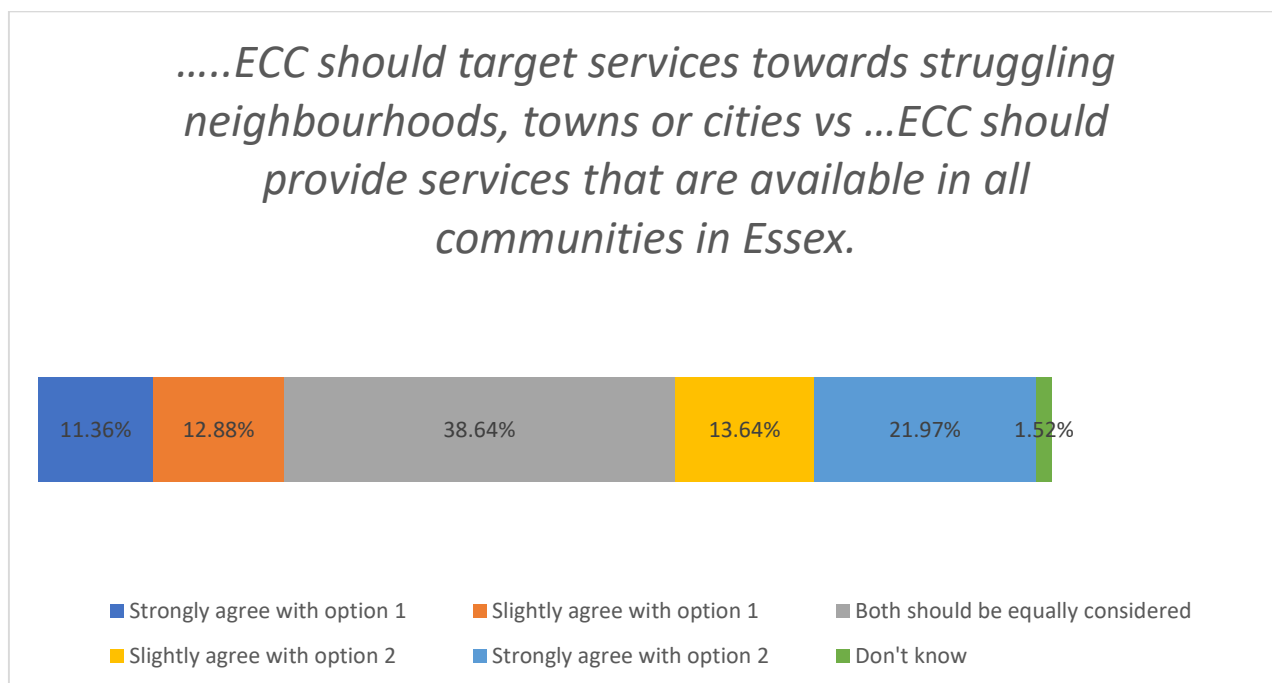


**.....ECC should target services towards struggling neighbourhoods, towns or cities VS ...ECC should provide services that are available in all communities in Essex.**

Out of the 132 businesses to this question, **11.36% (n=15) Agreed strongly that ECC should target services towards struggling neighbourhoods, towns or cities, Slightly agreed 12.88% (n=17), 38.64% (n=51) believed both should be equally considered,**



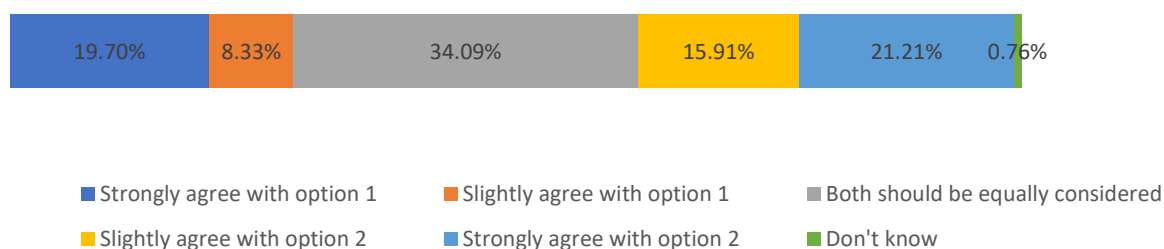
**13.64% (n=51) slightly agreed that ECC should provide services that are available in all communities in Essex, 21.97% (n=29) Strongly Agreed and 1.52% (n=2) Don't know.**



**...ECC should prioritise spending on meeting the needs of the people today VS ...ECC should prioritise spending on projects that will increase opportunities over the long term.**

**Out of the 132 businesses to this question, 19.70% (n=26) Agreed strongly that ECC should prioritise spending on meeting the needs of the people today, 8.33% (n=11) slightly agreed, 34.09% (n=45) believed both should be equally considered, 15.91% (n=21) slightly agreed that ECC should prioritise spending on projects that will increase opportunities over the long term, 21.21% (n=28) Strongly Agree and 0.76% (n=1) Don't know.**

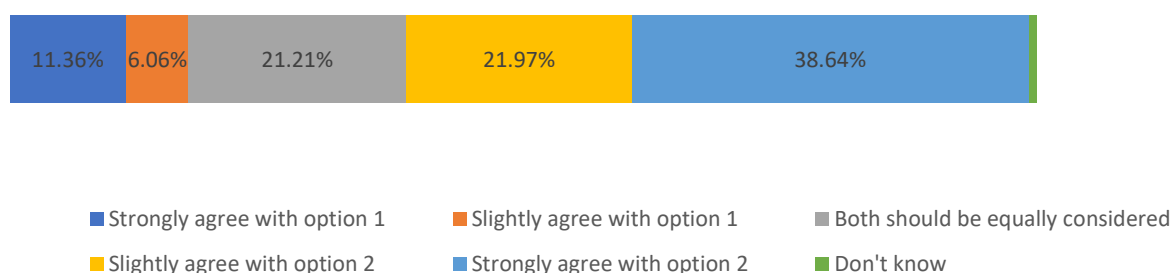
*ECC should prioritise spending on meeting the needs of the people today vs ...ECC should prioritise spending on projects that will increase opportunities over the long term.*



***...Decisions on how to spend money in Essex should consider the county as a whole VS ...Decisions on how to spend money should be taken as close to local communities as possible.***

***Out of the 132 businesses to this question, 11.36% (n=15) Agreed strongly that Decisions on how to spend money in Essex should consider the county as a whole, 6.06% (n=8) slightly agreed, 21.21% (n=28) believed both should be equally considered, 21.97% (n=29) slightly agreed that Decisions on how to spend money should be taken as close to local communities as possible, 38.64% (n=51) Strongly Agree and 0.76% (n=1) Don't know.***

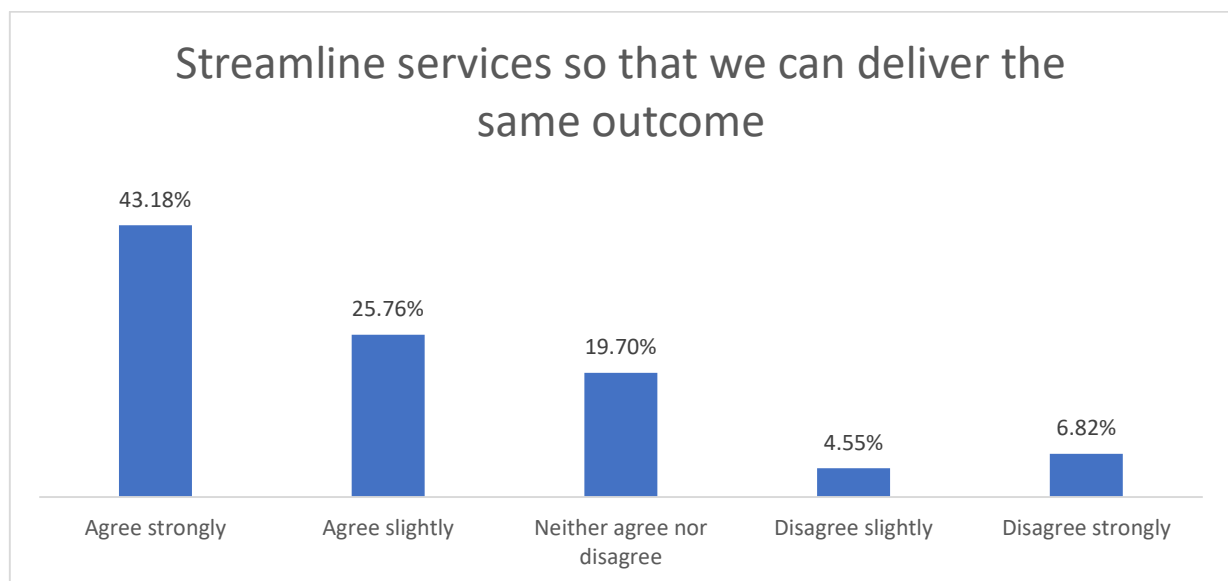
*...Decisions on how to spend money in Essex should consider the county as a whole vs ...Decisions on how to spend money should be taken as close to local communities as possible*



**The consultation asked Businesses how strongly do you agree or disagree that Essex County Council should do each of the following when faced with financial pressures?**

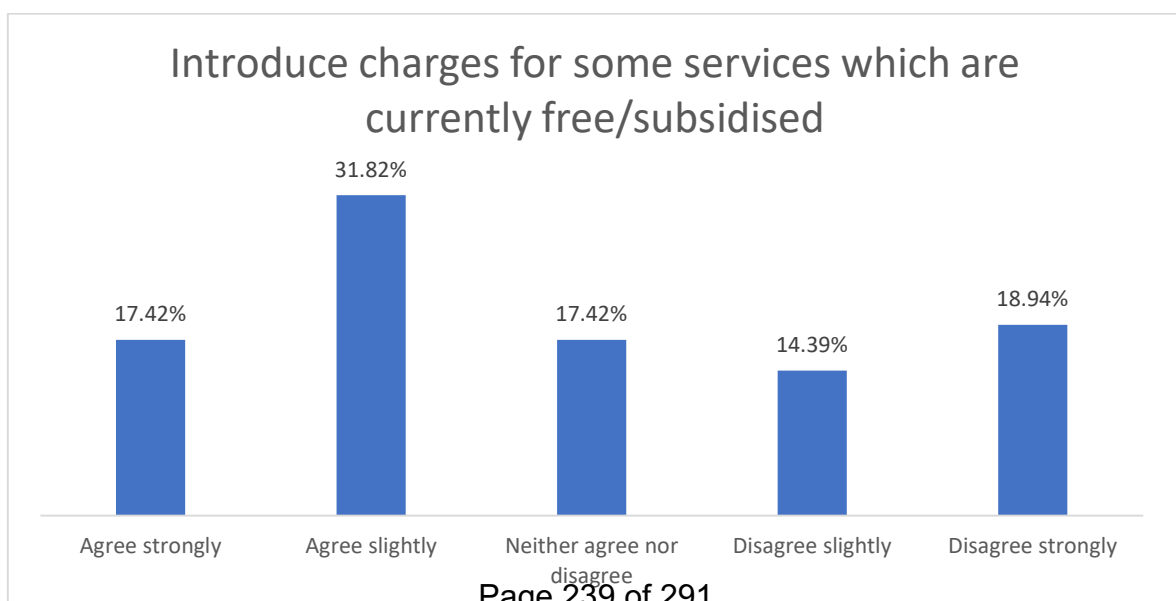
**Financial pressure - Streamline services so that we can deliver the same outcomes**

Out of the 132 Businesses to this question, **43.18% (n=57) Agreed Strongly, 25.76% (n=34) Agreed Slightly, 19.70% (n=26) Neither Agreed nor Disagreed, 4.55% (n=6) Disagreed slightly and 6.82% Disagreed strongly (n=9).**



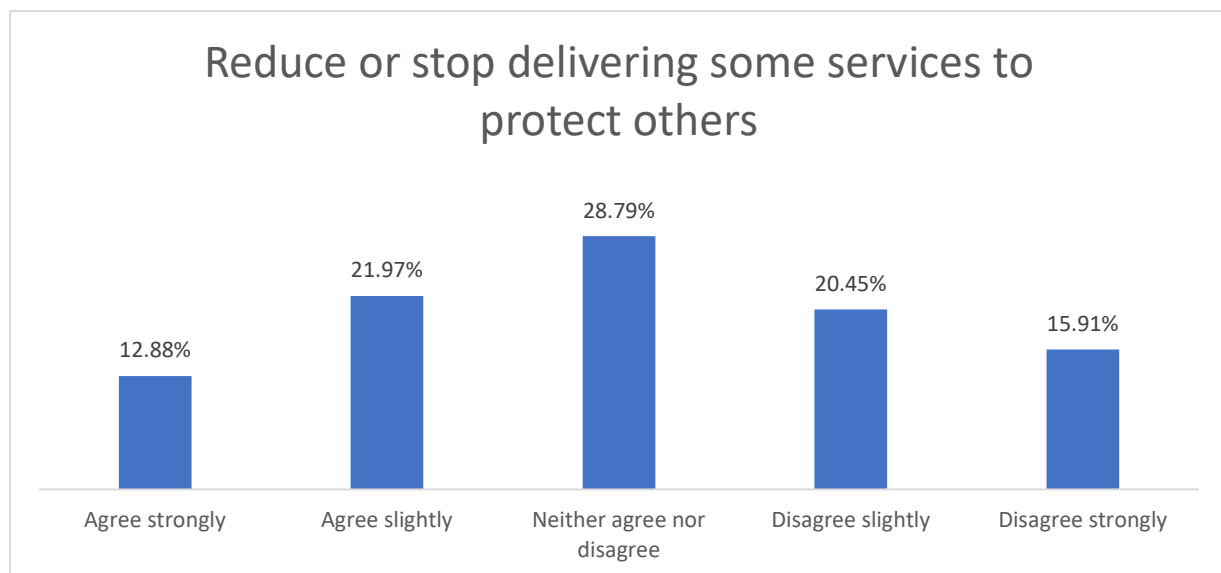
**Financial pressure - Introduce charges for some services which are currently free/subsidised**

Out of the 132 Businesses to this question, **17.42% (n=23) Agreed Strongly, 31.82% (n=42) Agreed Slightly, 17.42% (n=23) Neither Agreed nor Disagreed, 14.39% (n=19) Disagreed slightly and 18.94% Disagreed strongly (n=25).**

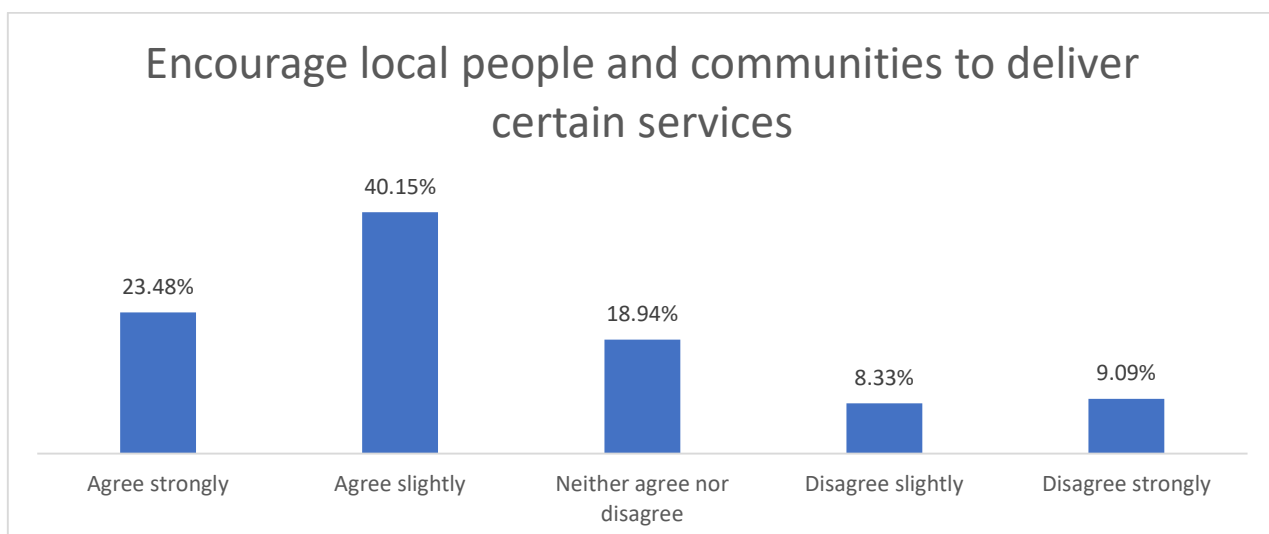


**Financial pressure - Reduce or stop delivering some services to protect others**

Out of the 132 Businesses to this question, **12.88% (n=17) Agreed Strongly, 21.97% (n=29) Agreed Slightly, 28.79% (n=38) Neither Agreed nor Disagreed, 20.45% (n=27) Disagreed slightly and 15.91% Disagreed strongly (n=21).**

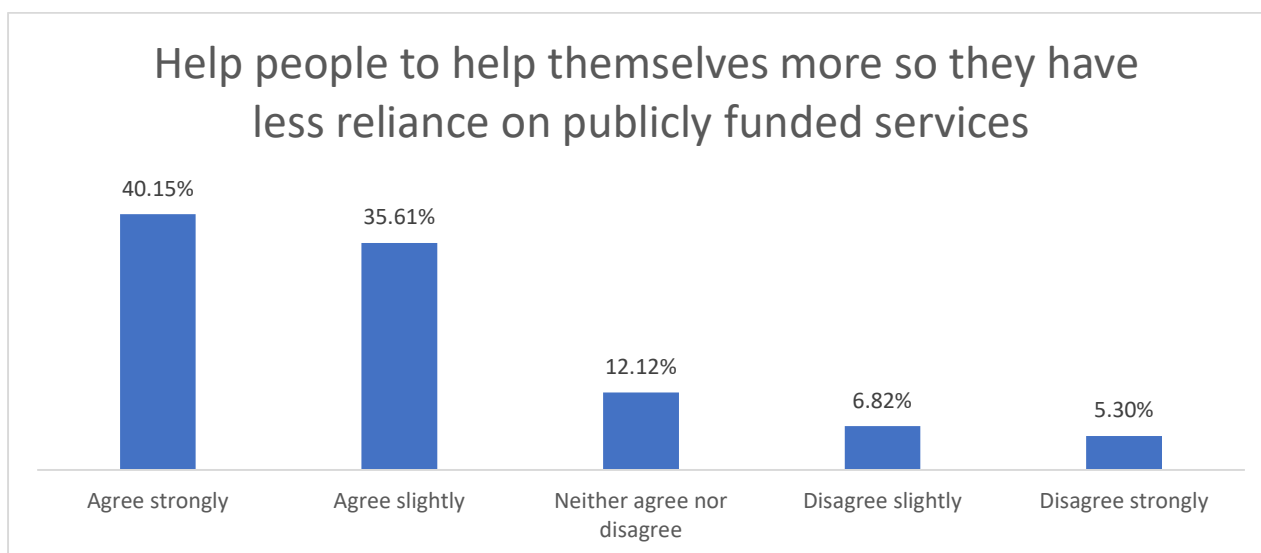
**Financial pressure - Encourage local people and communities to deliver certain services**

Out of the 132 Businesses to this question, **23.48% (n=31) Agreed Strongly, 40.15% (n=53) Agreed Slightly, 18.94% (n=25) Neither Agreed nor Disagreed, 8.33% (n=11) Disagreed slightly and 9.09% Disagreed strongly (n=12).**

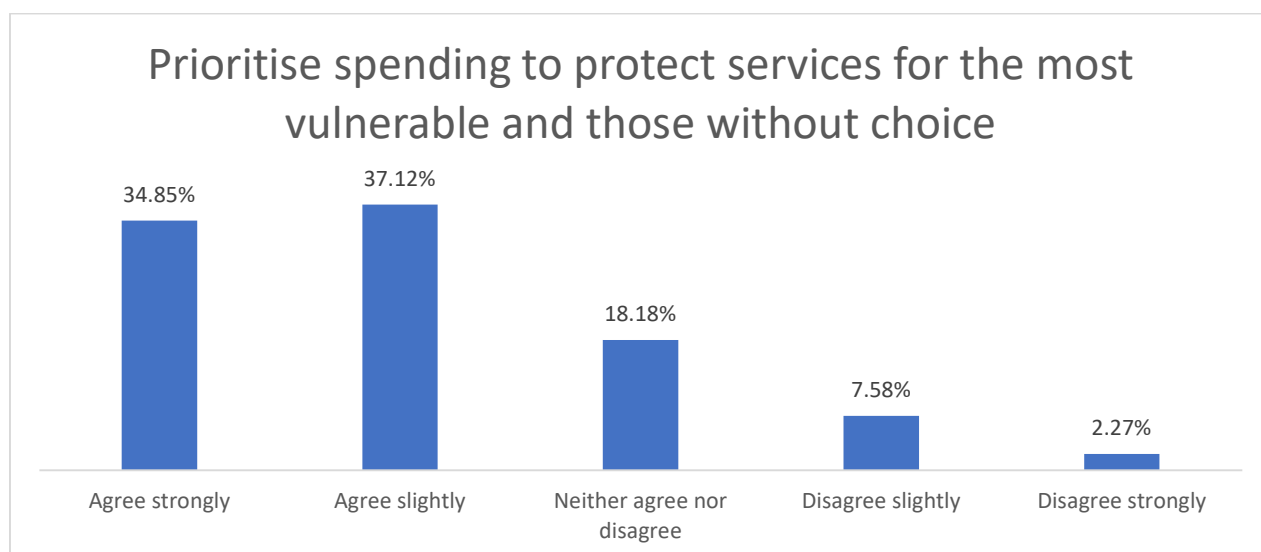


**Financial pressure - Help people to help themselves more so they have less reliance on publicly funded services**

Out of the 132 Businesses to this question, **40.15% (n=53) Agreed Strongly**, **35.61% (n=47) Agreed Slightly**, **12.12% (n=16) Neither Agreed nor Disagreed**, **6.82% (n=9) Disagreed slightly** and **5.30% Disagreed strongly (n=7)**.

**Financial pressure - Prioritise spending to protect services for the most vulnerable and those without choice**

Out of the 132 Businesses to this question, **34.85% (n=46) Agreed Strongly**, **37.12% (n=49) Agreed Slightly**, **18.18% (n=24) Neither Agreed nor Disagreed**, **7.58% (n=10) Disagreed slightly** and **2.27% Disagreed strongly (n=3)**.



### **Financial pressure - Use / partner with other organisational bodies to provide services**

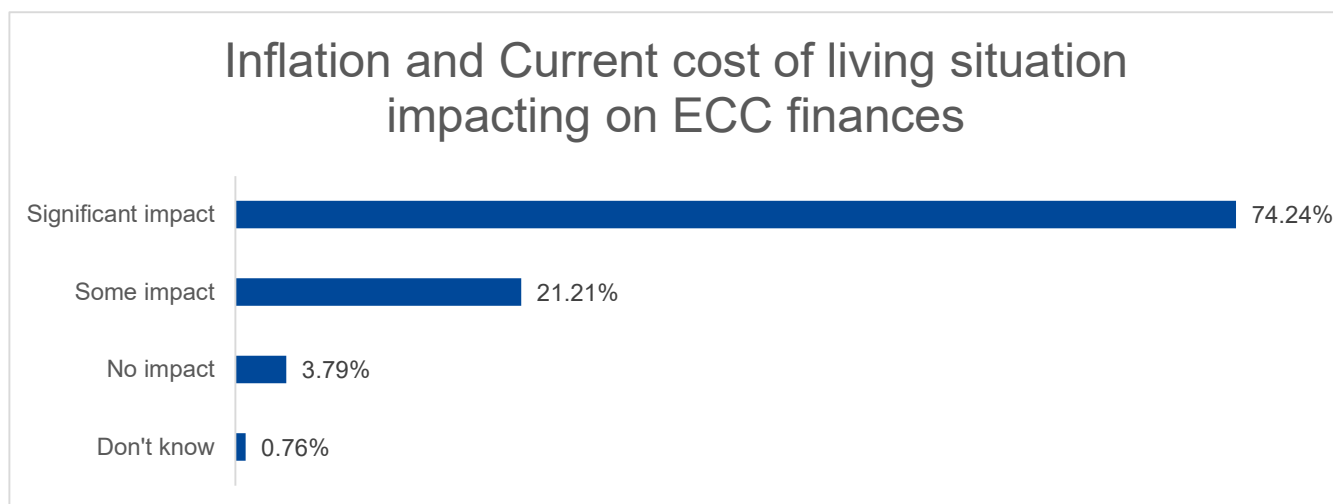
Out of the 132 Businesses to this question, **25.00% (n=33) Agreed Strongly**, **34.09% (n=45) Agreed Slightly**, **20.45% (n=27) Neither Agreed nor Disagreed**, **8.33% (n=11) Disagreed slightly** and **12.12% Disagreed strongly (n=16)**.



## **Impact of inflation and cost of living**

The consultation asked businesses if they thought inflation and the current cost of living situation will have an impact on Essex County council's finances.

Out of the 132 businesses to answer this question, **74.24% (n=98) Significant impact**, **21.21% (n=28) some impact**, **3.79% (n=5) No impact**, and **0.76% Don't know (n=1)**.

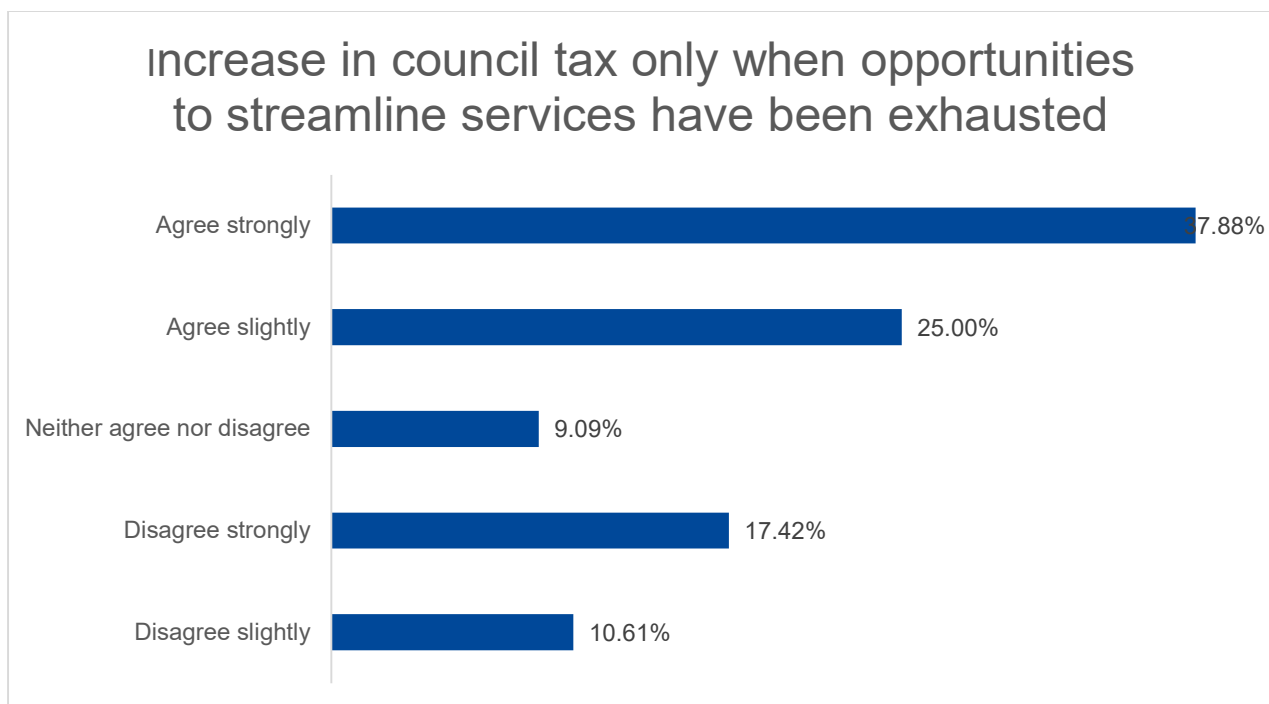


## Increase in council tax

The consultation asked business to agree or disagree with the following statements relating to increase in council tax...

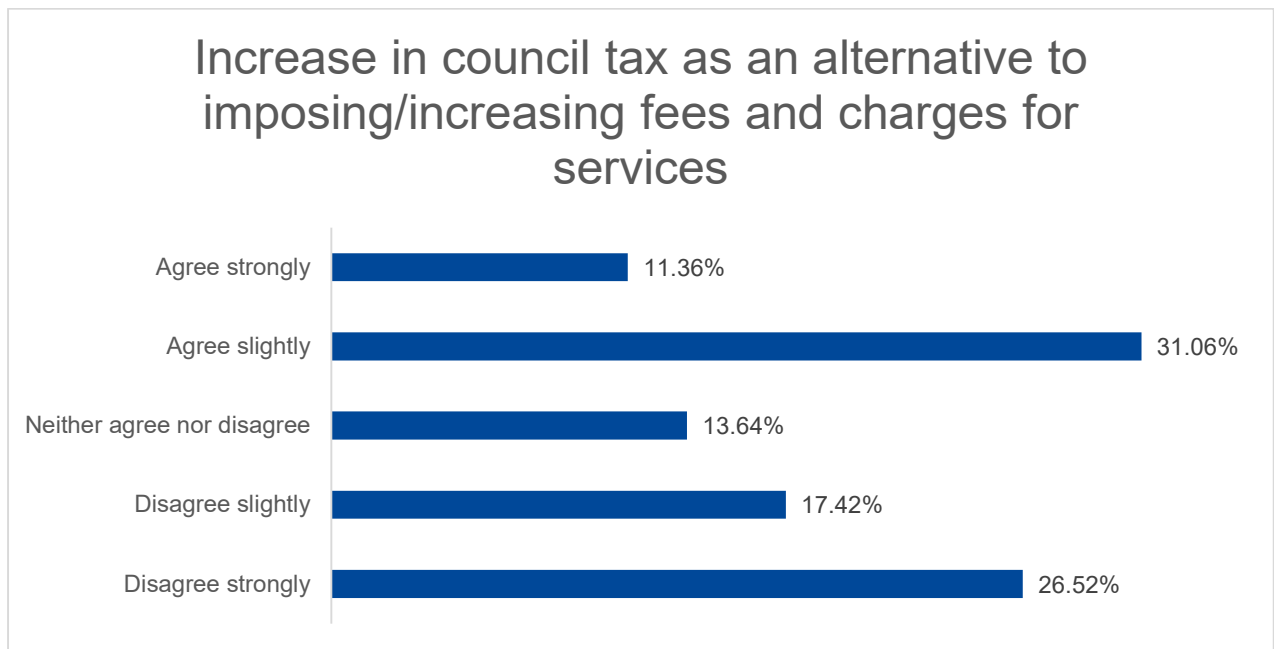
**1<sup>st</sup> statement - ...only when opportunities to streamline services have been exhausted**

Out of the 132 businesses to answer this question, **37.88% (n=50) Agreed Strongly**, **25.00% (n=33) Agreed Slightly**, **17.42% (n=23) Neither Agreed nor Disagreed**, **10.61% (n=14) Disagreed slightly** and **9.09% Disagreed strongly (n=12)**.



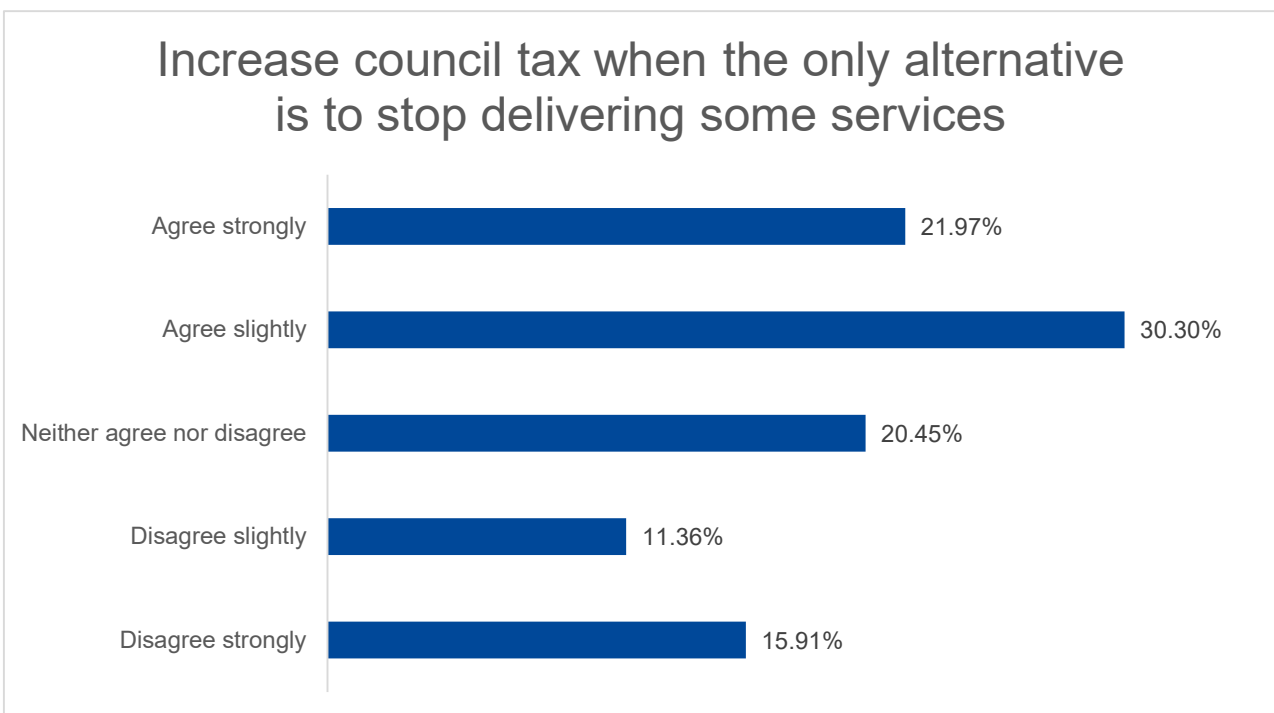
**2<sup>nd</sup> statement - ...as an alternative to imposing/ increasing fees and charges for services**

Out of the 132 businesses to answer this question, **11.36% (n=15) Agreed Strongly**, **31.06% (n=41) Agreed Slightly**, **13.64% (n=18) Neither Agreed nor Disagreed**, **17.42% (n=23) Disagreed slightly** and **26.52% Disagreed strongly (n=35)**.



**3<sup>rd</sup> statement - ...when the only alternative is to stop delivering some services**

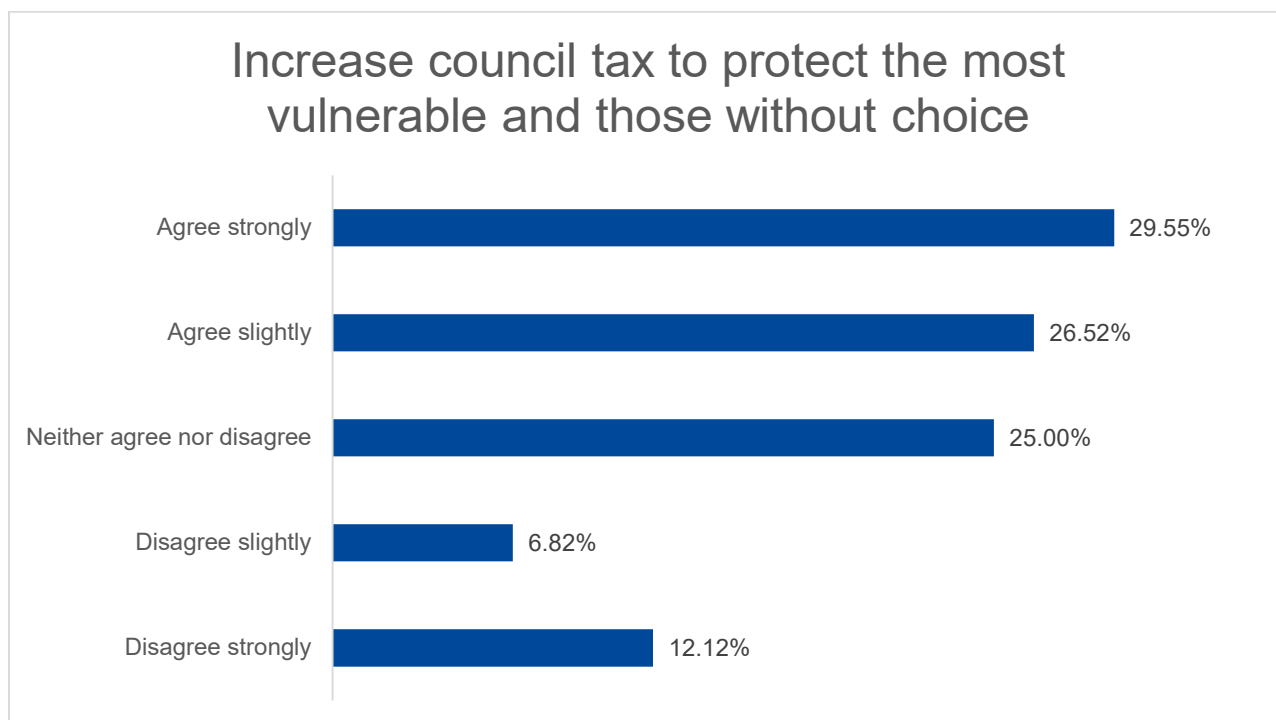
**Out of the 132 businesses to answer this question, 21.97% (n=29) Agreed Strongly, 30.30% (n=40) Agreed Slightly, 20.45% (n=27) Neither Agreed nor Disagreed, 11.36% (n=15) Disagreed slightly and 15.91% Disagreed strongly (n=21).**



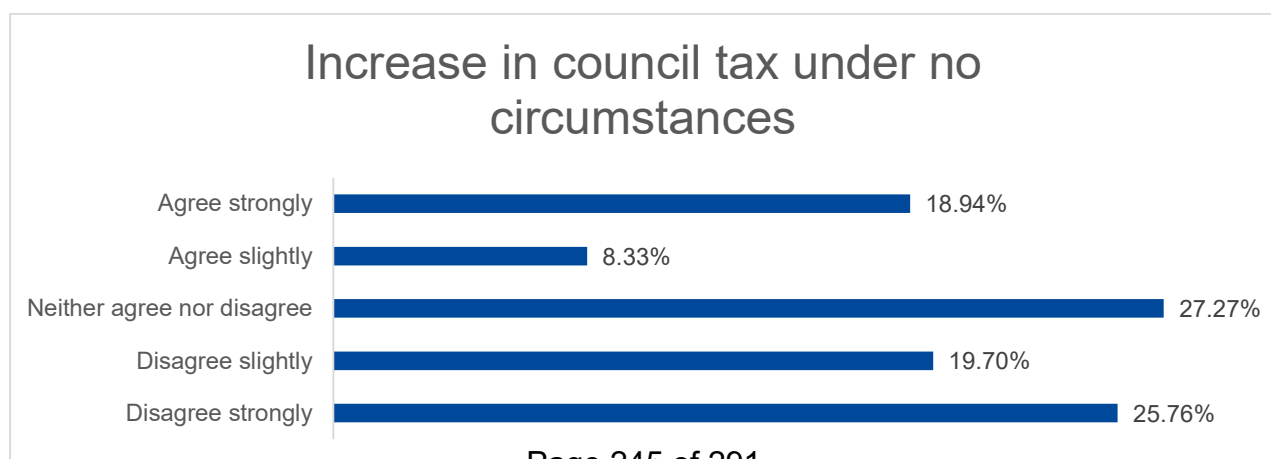


**4<sup>th</sup> statement - ...to protect services for the most vulnerable and those without choice**

Out of the 132 businesses to answer this question, **29.55% (n=39) Agreed Strongly**, **26.52% (n=35) Agreed Slightly**, **25.00% (n=33) Neither Agreed nor Disagreed**, **6.82% (n=9) Disagreed slightly** and **12.12% Disagreed strongly (n=16)**.

**5<sup>th</sup> statement - ...under no circumstances**

Out of the 132 businesses to answer this question, **18.94% (n=25) Agreed Strongly**, **8.33% (n=11) Agreed Slightly**, **27.27% (n=36) Neither Agreed nor Disagreed**, **19.70% (n=26) Disagreed slightly** and **25.76% Disagreed strongly (n=34)**.



**The consultation then asked Businesses to what other circumstances would they agree or disagree to an increase in council tax**

***The free text comments box responses have been themed, coded and quantified below.***

<b><i>Theme</i></b>	<b><i>Total</i></b>	<b><i>Percentage</i></b>
Increase Council Tax for the wealthiest	3	13.64%
Need more information to answer	2	9.09%
Prioritise efficiency/ eliminate wasteful spending	2	9.09%
Streamline ECC staff/ salaries/ benefits	2	9.09%
Do not increase Council Tax	2	9.09%
Cut or charge for under-used/ unnecessary services	1	4.55%
Increase Council Tax to guarantee better quality services	1	4.55%
Make green/ environmentally friendly choices	1	4.55%
ECC to review its working practices first	1	4.55%
Other	7	31.82%

## Any other comments

The consultation asked respondents if there was anything else to consider regarding the consultation within a free-text box comments box.

***Regarding the free text comments box relating to responses from respondents describing anything else ECC should consider have been themed, coded and quantified below***

<b>Theme</b>	<b>Total</b>	<b>Percentage</b>
Prioritise council efficiency / eliminate wasteful spending / streamline staff / stop working from home	11	11.22%
Improve road maintenance	5	5.10%
Prioritise vulnerable people/ households	4	4.08%
Review outsourcing to private companies	4	4.08%
None/ nothing	4	4.08%
Avoid vanity or fashionable projects	3	3.06%
Concentrate on the basics/ essentials	3	3.06%
Improve roadside and pavement maintenance	3	3.06%
Invest in public transport	3	3.06%
Invest in childcare and education for children	3	3.06%
Prioritise value for money	3	3.06%
Revise highest pay grades for ECC staff	3	3.06%
Take a long-term/ joined-up view	3	3.06%
ECC to review the way it works	2	2.04%
Improve recycling services	2	2.04%
Improve social care services	2	2.04%
Invest in high streets	2	2.04%
Invest in infrastructure	2	2.04%
No increase in Council Tax	2	2.04%
Share service delivery with district and boroughs	2	2.04%
Spend budget fairly across county	2	2.04%
Listen to the concerns/needs of residents/businesses	2	2.04%
Action on environmental issues	1	1.02%
Better healthcare provision	1	1.02%
Budget needs to be communicated better	1	1.02%
Charge for some services	1	1.02%
ECC to continue to streamline spending	1	1.02%
Focus on leisure, culture and tourism	1	1.02%
Improve parking	1	1.02%
Improve road safety	1	1.02%
Maintain libraries	1	1.02%
More investment in the voluntary sector	1	1.02%
More support needed from national government	1	1.02%

Review council owned buildings	1	1.02%
Share service delivery with local groups, voluntary sector, charities, NGOs	1	1.02%
Tackle issues with housing	1	1.02%
Wealthier households should pay more Council Tax and/ or vice versa	1	1.02%
Don't know	1	1.02%
Negative comments about questionnaire/survey	1	1.02%
Other comments	11	11.22%

# Appendix

## Appendix A – Consultation Questionnaire

## Everyone's Essex – Let's talk

Budget Consultation 2023/24

### INTRO

We want Essex to be the best local authority in the country – as judged by the people, the businesses, and the communities we support and serve. To achieve this, we need to be honest and open. We need the honesty to admit that we don't have all the answers when it comes to tackling complex problems. And we need to be open to new ideas and approaches – ensuring the services we provide and the investments we make are developed with our communities.

### NEW PAGE

As we shape plans for our financial plans for 2023/24 and beyond, we want to hear from local people about their views and values. We would like to hear your views about:

- the big issues we face and the challenges that lie ahead for Essex.
- the things that concern you and your family; and
- where we should focus resources as we work to improve lives across our county.

Next year, Essex County Council (ECC) will spend over £2bn. This will include funding for essential services and investment in our county's infrastructure and future growth. This is a substantial amount of money, but it doesn't go as far as we would like. Just like households across Essex, we have to make difficult choices about where we spend, and where to make savings.

For information on how ECC spends its money, and where it gets its money from can be found [here](#)

### NEW PAGE – SKIP TO SURVEY OR OPTION TO READ ON

The financial outlook for ECC – and for local authorities in general – is highly uncertain. We still have the ongoing effects of the Covid-19 pandemic, and we now face the significant impacts of inflation at a 40 year high and the cost of living situation, while still waiting for a multi-year funding settlement from government. We do not yet know how much funding ECC will receive from government or what ministers might expect regarding council tax increases. The lasting impact of the pandemic and the economic recession on council spending and income also remains unclear. This makes forecasting future years' spending and income levels particularly challenging.

Fortunately, ECC has a track record of strong financial management. The council has already secured £258m in savings over the past five years.

Despite this ECC has, like other councils, faced financial pressure for a number of years because:

- more people need our services and support each year; and
- the costs of providing services have increased – partly due to inflation, and partly as a result of changes in the law.

You can help shape how we respond to the current uncertainty and to the pressures we face. Please click the >> button below to play your part. Page 250 of 291

## NEW PAGE

### SINGLE CODE/ ASK ALL

#### Q1a – Responding\_as...

Are you completing the survey as a...?

- Resident 1
- Business owner 2
- Resident and business owner 3
- Other [specify] 4

### RESTRICTED MULTICODE/ ASK ALL/ OPTIONAL/ LIMIT TO 3 RESPONSES/ RANDOMISE

#### Q1 – ImportantIssues

What would you say are the most important issues facing Essex today? (please select up to three responses)

- Coronavirus/ pandemic diseases (1)
- Economy/economic situation (2)
- Brexit impacts (3)
- National Health Service/Healthcare (4)
- Social Care provision (5)
- Race relations (6)
- Poverty/inequality (7)
- Environment/climate change (8)
- Unemployment (9)
- Population levels/over-population (10)
- Immigration (11)
- Education/Schools (12)
- Crime/Community safety (13)
- Morality & individual behaviours (14)
- Housing (15)
- Aging population (16)
- Low pay/ wages (17)
- Inflation/prices (18)
- Personal finances (19)
- Other \_\_\_\_\_ (20)

**Q2 – QConcerns****Which of the following are you concerned about? (please select up to three responses)**

- |                                    |   |
|------------------------------------|---|
| My physical health and fitness (1) | Levels of crime in my town/neighbourhood (12) |
| My mental health and wellbeing (2) | Anti-social behaviour in my community (13)    |
| Being lonely (3)                   | The local environment/ pollution (14)         |
| Climate change (4)                 | Cleanliness of street and local area (15)     |
| Housing security (5)               | Condition of roads and pavements (16)         |
| Housing affordability (6)          | Community relations (17)                      |
| Employment security (7)            | Public transport (18)                         |
| Future job prospects (8)           | Other _____ (19)                              |
| Paying bills (9)                   | None of these (20)                            |
| Educational provision (10)         |   |
| Raising children (11)              |   |

**RESTRICTED MULTICODE/ ASK ALL/ OPTIONAL/ LIMIT TO 4 RESPONSES/ RANDOMISE****Q3 – QPriorities****Essex County Council has set out a range of commitments that it will deliver over the next four years.****Which of these should the council prioritise for immediate action? (Please select up to four responses).**

Good local jobs <input type="checkbox"/>	Tackling inequalities <input type="checkbox"/>	Developing Essex's infrastructure <input type="checkbox"/>	Attracting new investment for businesses <input type="checkbox"/>
Growing the 'green' economy in Essex <input type="checkbox"/>	Reducing greenhouse gas emissions <input type="checkbox"/>	Enabling more 'sustainable' and active travel <input type="checkbox"/>	Minimising the amount of waste generated in Essex <input type="checkbox"/>
Supporting communities to tackle climate change <input type="checkbox"/>	Enabling healthier lifestyles <input type="checkbox"/>	Helping vulnerable people to live independently <input type="checkbox"/>	Supporting those who care for sick or vulnerable people <input type="checkbox"/>
Securing high standards in education <input type="checkbox"/>	Providing support to struggling families <input type="checkbox"/>	Protecting vulnerable children <input type="checkbox"/>	Helping vulnerable children to close the gap on their peers <input type="checkbox"/>



#### Q4 – QReasonsForPriorities

Please let us know why you believe these areas should be prioritised

Open text box

HORIZONTAL SINGLE CODE/ ASK ALL/ SHOW ONE PAIR PER SCREEN, DON'T KNOW FOR ALL

#### Q5 – QSpendingAllocation

Considering how Essex County Council allocates spending, do you feel...

	Strongly agree		Both should be equally considered		Strongly agree	
...ECC should prioritise services that benefit the majority of residents and taxpayers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	...ECC should prioritise services that focus on those with the greatest needs
...ECC should target its services towards struggling neighbourhoods, towns or cities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	...ECC should provide services that are available in all communities across Essex
...ECC should prioritise spending on meeting the needs of people today	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	...ECC should prioritise spending on projects that will increase opportunities over the long-term.
...Decisions on how to spend money in Essex should consider the county as a whole	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	...Decisions on how to spend money should be taken as close to local communities as possible

**Q6 – QFinancialPressures**

How strongly do you agree or disagree that Essex County Council should do each of the following when faced with financial pressures? (Select one per statement)

	Agree strongly (1)	Agree slightly (2)	Neither agree nor disagree (3)	Disagree slightly (4)	Disagree strongly (5)
Streamline services so that we can deliver the same outcomes (1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Introduce charges for some services which are currently free/subsidised (2)</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduce or stop delivering some services to protect others (3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Encourage local people and communities to deliver certain services (4)</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Help people to help themselves more so they have less reliance on publicly funded services (5)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Prioritise spending to protect services for the most vulnerable and those without choice (6)</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Use / partner with other organisational bodies to provide services (7)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SINGLE / ASK ALL****Q7a – QMacroeconomic\_impact**

To what extent do you think inflation and the current cost of living situation will have an impact on Essex County Council's finances?

- Significant impact 1
- Some impact 2
- No impact 3
- Don't know 4

To what extent do you agree or disagree with the following statements?

ECC should consider increases in council tax...

	Agree strongly (1)	Agree slightly (2)	Neither agree nor disagree (3)	Disagree slightly (4)	Disagree strongly (5)
...only when opportunities to streamline services have been exhausted (1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
...as an alternative to imposing/ increasing fees and charges for services (2)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
...when the only alternative is to stop delivering some services (3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
...to protect services for the most vulnerable and those without choice (4)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
...under no circumstances (5)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other (8) \_\_\_\_\_

## OPEN/ ASK ALL/ OPTIONAL

### Q8 – QOtherComments

If you have any other comments about the ECC budget or how we might do things differently, please tell us below

*Open text box*

**ABOUT YOU**

---

**ASK ALL**

In order to ensure the continued development of our Diversity and Equality practices, everyone that we work with is asked to complete the information below. You are not obliged to answer any of the questions, but the more information you supply, the more effective our monitoring will be. If you choose not to answer questions, it will not affect your participation. The information you supply below is confidential and will be used solely for monitoring purposes.

**SINGLE/ ASK ALL****QID – QAgeGroup**

**What age group do you belong to?**

Under 16	1
16-17	2
18-24	3
25-34	4
35-44	5
45-54	6
55-64	7
65-74	8
75-84	9
85-94	10
95+ 11	
Prefer not to say	12

**SINGLE/ ASK ALL****QID – QGender**

**To which gender do you most identify?**

Male	1
Female	2
Non-binary	3
Prefer to self-describe_____	4
Prefer not to say	5

**SINGLE/ ASK ALL**

**QID – QMaritalStatus**

**What is your marital status?**

Single	1
Cohabiting	2
Married or civil partnered	3
Separated/divorced/formerly in civil partnership now legally dissolved	4
Widowed or surviving partner from civil partnership	5
Other _____	6
Prefer not to say (7)	

**SINGLE/ ASK ALL**

**QID – QEthnicity**

**To which of these ethnic groups do you consider you belong?**

- **White**
  - English/Welsh/Scottish/Northern Irish/British
  - Irish
  - Gypsy/Irish Traveller
  - Any other white background, please describe
- **Mixed/multiple ethnic origins**
  - White and Black Caribbean
  - White and Black African
  - White and Asian
  - Any other Mixed/Multiple ethnic background, please describe
- **Asian/Asian British**
  - Indian
  - Pakistani
  - Bangladeshi
  - Chinese
  - Any other Asian background, please describe
- **Black/African/Caribbean/Black British**
  - African
  - Caribbean
  - Any other Black/African/Caribbean background, please describe
- **Other ethnic group**
  - Arab
  - Any other ethnic group, please describe \_\_\_\_\_

**Prefer not to say**

**MULTI/ ASK ALL**

**QID – QDisability**

**Do you consider yourself to have a health condition, disability, or impairment? Please tick all that apply.**

No impairment	1
Hearing impairment/deaf	2
Visual impairment/blind	3
Deafblind	4
Mental health needs	5
Physical impairment	6
Learning difficulties/disabilities	7
Autism spectrum disorder	8
Other (please specify) _____	9
Prefer not to say	10

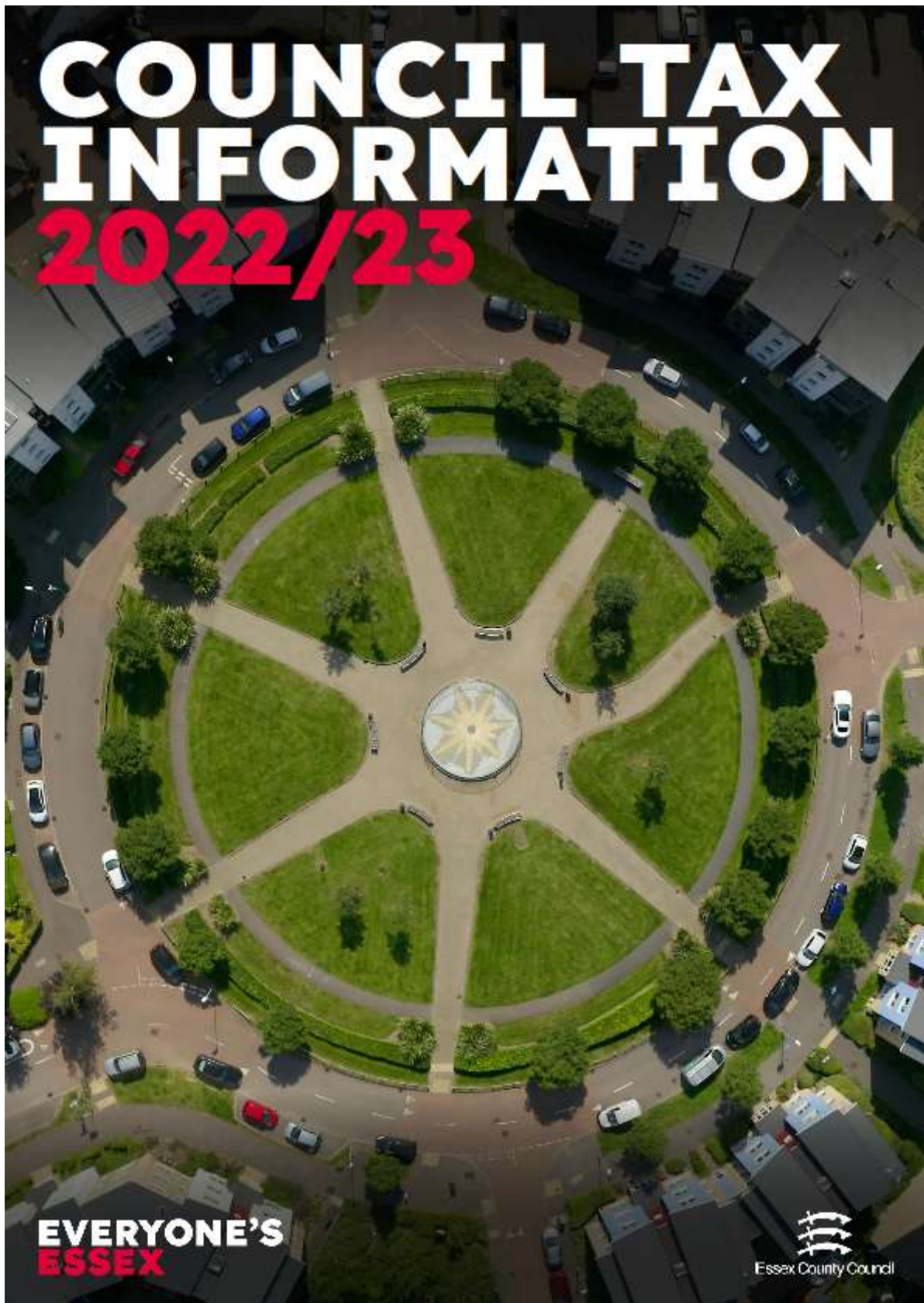
**SINGLE/ ASK ALL**

**QID – QDistrict**

**What is your current employment status? Please tick all that apply.**

Employed full-time	1
Employed part-time	2
Self-employed	3
Employed on flexible/zero hours contract	4
Business owner	5
In full-time education or training (e.g. college, apprenticeship)	6
Not currently employed	7
Volunteering	8
Retired	9
Other (please state) _____	10
Prefer not to say	11

## Appendix B – Essex County Council - Council Tax Information



<https://assets.ctfassets.net/knkzaf64jx5x/1foTZrBS12FCMiDgxkqyOf/e82550b64504c62d0dc8343f2556e21/Council-tax-leaflet-2022-to-2023.pdf>



**This information is issued by:**

Research and Citizen Insight team

Essex County Council

**Contact us:**

[Consultations@essex.gov.uk](mailto:Consultations@essex.gov.uk)

[www.essex.gov.uk](http://www.essex.gov.uk)

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

Published January 2023.

Forward Plan reference number: FP/543/10/22

<b>Report title: Education Travel Contract Extensions and Awards 2023</b>	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Councillor Lee Scott - Cabinet Member for Highways Maintenance and Sustainable Transport	
<b>Date:</b> 17 January 2023	<b>For:</b> Decision
<b>Enquiries to:</b> Helen Morris, Head of Integrated Public Transport Unit, email: <a href="mailto:Helen.morris@essex.gov.uk">Helen.morris@essex.gov.uk</a> or Karen Saunders, Lead for Community & Education Travel email: <a href="mailto:Karen.saunders@essex.gov.uk">Karen.saunders@essex.gov.uk</a>	
<b>County Divisions affected: All Essex</b>	

## 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 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 those education transport contracts which expire in July 2023 as set out in appendix A 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 and in line with the sensitivity analysis set out in table 6.1.6.
- 2.2 Agree that the Director, Highways and Transportation, is authorised to procure new contracts as set out in Appendix A using a single sealed bid via the Council's existing dynamic purchasing system where extension of the current contract is not permitted, where extension is not considered to be in the Council's best interests or where the current operator will not agree to an

extension.

- 2.3 Agree that any new 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 three years.
- 2.4 Agree that new contracts will be awarded on a 90% price, 10% quality basis following a single sealed bid on the dynamic procurement system.
- 2.5 Agree that the quality evaluation will assess each operator's ability to mobilise effectively minimising disruption to users of the service and the quality or management systems in place to ensure compliance with contractual obligations at all times.
- 2.6 Agree that the Director, Highways and Transportation in collaboration with the Director, Procurement will develop a procurement model to be used for future procurements of transport contracts which seeks to reduce carbon emissions 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 2022–23 academic year in July 2023.
- 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 72 contracts to either extend or re-tender them to ensure that transport is provided for the relevant children from September 2023. These contracts are due to expire in July 2023 covering the full spectrum of primary, secondary and special school transport affecting 3851 pupils. The remaining 59 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 2022/23 contract value in financial terms at the time of writing this report:

Number to be offered for 1 year extension at 0% price increase	37	Current annualised value of contracts to be extended for 1 year at 0% price increase	£5,678,461
Number identified for tender	35	Current annualised value of contracts identified for tender	£4,005,544
Number of ongoing long term contracts	56	Current annualised value of ongoing long term contracts	£19,146,046
Number of contracts no longer required	3	Current annualised value of contracts no longer required	£50,092
Number of contracts in total	131	Current annualised value based on number of school days travelled	£28,880,143

3.6 A total of 37 contracts have been identified as suitable for extension for one year as set out in appendix A. 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 or if extension at 0% is not possible, such requirements will be included in the proposed tender process and new contracts awarded.

3.7 The reasons for concluding that extension of the 37 contracts in appendix A 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 or other such initiatives.

- 3.8 A total of 35 contracts listed in Appendix A have been identified as definitely requiring 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.
- 3.9 Where new contracts are to be tendered, the procurement will be undertaken via the Council's existing dynamic purchasing system ("DPS") 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 maximum of 3 years. Contracts will be available for all existing operators on the DPS to bid on, ensuring competition. Contracts will be awarded based on 90% price and 10% quality. Operators must satisfy all mandatory requirements including safeguarding checks and some environmental standards, before being admitted to the DPS.
- 3.10 The price evaluation model will take account of the cost of change, to limit the impact on the budget of amendments to requirements through the life of the contract. The requirements for this transport change regularly as children join or leave schools or move home.
- 3.11 The quality evaluation model will assess each operator's ability to mobilise effectively, minimising disruption to users of the service and the quality or management systems in place to ensure compliance with contractual obligations.
- 3.12 A number of risks have been identified in relation to the stability of the transport market. These will mean that it is possible that price rises will be more than anticipated and, perhaps, that fewer operators will accept a contract extension when offered with no price uplift. These risks include:
- The continuing financial impact of the pandemic and the risk of operators exiting the market
  - A national driver shortage
  - Vehicle availability
  - Inflation and other cost pressures
- 3.13 Following recent market and stakeholder engagement sessions, the following is proposed in relation to the Procurement of Home to School Transport services in 2023:

- 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.
- 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
- the current specification contains requirements for contractors to minimise mileage through efficient routing ensuring carbon emissions through unnecessary road miles are managed.
- to inform the approach to carbon reduction in future procurements a survey related to the bidders current actions to improve their carbon emissions and future opportunities in the sector will be held separate to this procurement exercise.
- contractual requirements to minimise mileage are in place which in turn minimises carbon emissions.
- a ULEZ (Ultra Low Emission Zone) standard vehicle requirement of 70% of a Private Hire Vehicle Operator's fleet used on ECC contracts (not including wheelchair accessible vehicles) will be added to the specification for this tender round to reduce air pollution related to ECC contract activity.
- continuing to encourage registration of these 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 to enable the existing bus network to be used
- creation of 6 new cluster contracts for out of County schools. In 2023/24 this will reduce the number of SEND contracts from 22 to 6 and this approach reduces congestion and enables Operators to maximise vehicle usage.

4.3 This report links to the following strategic priorities in the emerging 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: Where contractual conditions allow, extend contracts at 0% increase to the current daily rate, tender those where this approach cannot be achieved and those identified as requiring tender (recommended).**

5.1.1 A total of 37 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 35 contracts must be tendered for the reasons identified in section 3.8 of this report.

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 There is a significant resource implication to tendering all contracts that could not be met by the existing team.

5.2.4 There is an increased risk of poor mobilisation due to the volume of change at a single point in time.

5.2.5 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 approved MTRS budget envelope for the current and future financial years for Home to School Transport hired transport, public tickets and travel allowance:

	2022/23 Approved Budget			2023/24 Aspirational Budget			2024/25 Aspirational Budget		
	Mainstream £000	SEND £000	Total £000	Mainstream £000	SEND £000	Total £000	Mainstream £000	SEND £000	Total £000
Hired Transport	11,682	22,680	34,362	12,616	24,494	37,111	13,626	26,454	40,079
Transport Recharges	0	-3,450	-3,450	0	-3,450	-3,450	0	-3,450	-3,450
Public Tickets	2,824	405	3,228	2,886	414	3,299	2,946	422	3,369
Client Travel Allowances	209	443	652	213	453	666	218	462	680
Education Recoupment	0	81	81	0	82	82	0	84	84
Contributions from OLA	0	-82	-82	0	-85	-85	0	-87	-87
Concessionary Fares	-192	0	-192	-198	0	-198	-205	0	-205
<b>Net Budget</b>	<b>14,523</b>	<b>20,077</b>	<b>34,599</b>	<b>15,517</b>	<b>21,909</b>	<b>37,426</b>	<b>16,585</b>	<b>23,885</b>	<b>40,471</b>

*Note: the budget setting process for 2023/24 is still in progress and it may lead to further changes to the budget envelope from 2023/24.*

6.1.2 The proposed procurement approach to extend 37 contracts by 12 months is likely to deliver the best value in overall cost if a nil percentage 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 35 contacts where a retender is now required, inflation may be as high as 17% and it should be noted that the costs of the contracts will fall across two financial years, as travel arrangements are being sought for the 2023/24 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 2023/24 financial year is £28.88m. In isolation, this is containable within the £37.0m 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. Historically, there has been significant and growing cost pressure in this area, which may continue and detailed below, there are a number of complex risks to consider meaning that the cost pressure is not expected to ease in 2023/24.

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 a like for like basis for the following reasons:



- Changing pupil numbers for the 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 SEND population
- Ongoing industry pressures due to driver shortages causing increased fiscal pressure on contract delivery
- Unable to re-procure and/or extend contracts at 0% inflation given the inflationary environment

6.1.6 Sensitivity analysis has been undertaken to assess the stressors in the assumptions that may mean that the budget envelope may be exceeded. The table below summarises this:

	2023/24 contract cost £000	2023/24 budget (draft) £000	Variance to budget £000
Base case: Existing annual contract spend	28,880	37,111	-8,231
SEN Growth @ 5.4%	600	0	600
Re-tendered contracts: Inflation costs at 17.00%	397	0	397
0% extensions: 50% extended with associated inflation costs at 12.65%	210	0	210
Replacement of expired 22/23 contracts: Inflation cost at 17.00%	5	0	5
<b>Scenario modelled cost base</b>	<b>30,092</b>	<b>37,111</b>	<b>-7,018</b>
Increase of 10% in overall cost base	33,101	37,111	-4,010
Increase of 15% in overall cost base	34,606	37,111	-2,505
Increase of 20% in overall cost base	36,111	37,111	-1,000

*Note: the budget setting process for 2023/24 has not been set and could in theory lead to further changes to the budget envelope from 2023/24.*

## 6.2 Legal implications

6.2.1 The proposals for extending contracts is permitted by an extension clause in the contract. The proposals for procuring new contracts, including the use of quality, is permitted under the rules for the dynamic procurement system that we have procured.

6.2.2 Therefore the actions in this report are in accordance with the Public Contracts Regulations 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:
- 7.2
- (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, sex, 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 Equalities Comprehensive 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 – List of Contracts

Appendix B – Equalities comprehensive impact assessemnt

## **9 List of Background papers**

None

## Contracts for Extension

Route	Route Description
AM0001	THE HELENA ROMANES SCHOOL & SIXTH FORM
AM0002	THURSTABLE SCHOOL
AM0003	SAFFRON WALDEN CHS & JOYCE FRANKLAND AC
AM0004	THE HONYWOOD COMMUNITY SCIENCE SCHOOL
AM0005	FOREST HALL SCHOOL
AM0006	TABOR ACADEMY
AM0007	GREAT EASTON CE (VA) PRIMARY SCHOOL
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
AS0001	EDITH BORTHWICK SCHOOL
AS0002	THRIFTWOOD SCHOOL & COLLEGE
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 SCH SLU ENHANCED PROV
AS0008	PASSMORES ACADEMY ASC ENHANCED PROVISION
AS0012	SHENFIELD HIGH SCHOOL
AS0017	ST CLERE'S 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
CM0011	LINTON VILLAGE COLLEGE
CM0012	ALEC HUNTER ACADEMY
CM0013	MARK HALL ACADEMY
CM0014	JOYCE FRANKLAND ACADEMY
CS0015	THE KING EDMUND SCHOOL
CS0019	CHELMER VALLEY HIGH & THE BOSWELLS SCH
CS0020	SEN SCHOOL CLUSTER - NORFOLK

## Contracts for Tender

<b>Route</b>	<b>Route Description</b>
AS0006	SUTTON HOUSE ACADEMY
AS0009	MUNTHAM HOUSE SCHOOL
AS0011	KINGSDOWN SCH & COMPASS COMMUNITY SCH BP
AS0018	CENTRE ACADEMY EAST ANGLIA
AS0020	HILLSIDE SPECIAL SCHOOL
AS0022	SUFFOLK ONE, NEW & RURAL COLLEGES
AS0025	HILLCREST SPINNEY HOUSE
AS0026	WETHERINGSETT MANOR SCHOOL
BS0015	CHURCHILL SPECIAL FREE SCHOOL
BS0022	BRAMFIELD HOUSE SCHOOL
BS0024	HIGH CLOSE SCHOOL
BS0032	ST JOSEPH'S SPECIALIST TRUST
CS0016	FARNEY CLOSE SCHOOL
CS0021	HAMILTON LODGE SCHOOL
CS0022	MOOR HOUSE SCHOOL
CS0024	BOWDEN HOUSE SCHOOL
CS0025	ST MARY'S SCHOOL & 6TH FORM COLLEGE
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
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
ZS0003	THE RYES COLLEGE & COMMUNITY
ZS0004	ST NICHOLAS SCHOOL (SOUTHEND)
ZS0006	LANCASTER SCHOOL
ZS0013	WILDS LODGE SCHOOL
ZS0020	MARY HARE GRAMMAR SCHOOL
ZS0022	WEST HORNDON PRI SCH SLU ENHANCED PROV

**Forward Plan reference number:** FP/539/10/22

<b>Report title: Re-Procurement of Framework for Individual Packages of Education Support</b>	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Councillor Tony Ball, Cabinet Member for Education Excellence, Lifelong Learning and Employability	
<b>Date:</b> 17 January 2023	<b>For:</b> Decision
<b>Enquiries to:</b> Ralph Holloway Head of SEND Strategy & Innovation and Kate Martin SEND Provision Lead (Contracting & Commissioning)	
<b>County Divisions affected:</b> All Essex	

## **1. Everyone's Essex**

- 1.1 'Everyone's Essex' sets out four strategic aims and 20 commitments. The key area of Family includes a commitment to improve the Outcomes for the most vulnerable and disadvantaged groups, including Children in Care, Care Leavers, Children with SEND and children from BAME communities, by working with children, young people, and partners across the system.
- 1.2 Consistent with achieving these commitments, this paper sets out a proposal to procure a new framework for Individual Packages of Education Support (IPES) that support children and young people, with and without Education, Health, and Care Plans (EHCPs) who by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education. The current arrangements expire on 31 March 2023.

## **2. Recommendations**

- 2.1 To undertake a single stage, open, competitive tender process to procure a multi supplier framework for individual packages of education support (IPES) to commence on the 1 April 2023:
  - for 18 months with an option to extend for two six-month periods (a maximum of 12 months);
  - with the option to re-open on the grounds set out at paragraph 3.13 of this report;
  - to be accessed by the Council and any Essex School; and
  - using evaluation criteria based on a price:quality split of 60:40 with 10% of the quality score assessing social value.
- 2.2 Agree that the Director, Education is authorised to approve the detailed evaluation model for the procurement.

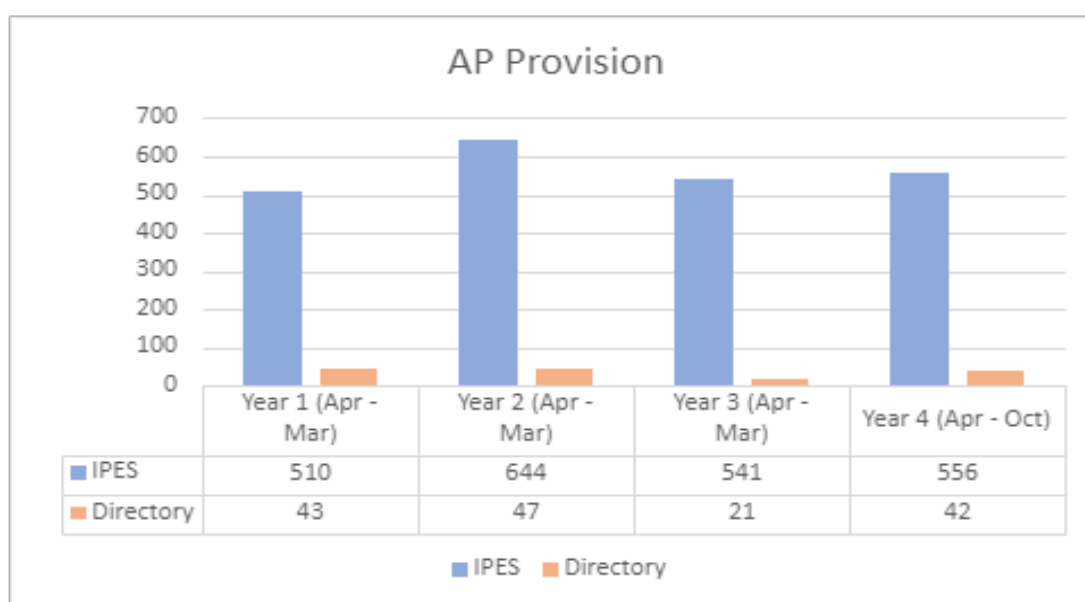
- 2.3 Agree that the Cabinet Member for Education Excellence, Lifelong Learning and Employability is authorised to award contracts to the successful bidders.
- 2.4 Agree that the Cabinet Member for Education Excellence, Lifelong Learning and Employability is authorised to make decisions about the re-opening of the Framework in accordance with its terms.

### **3. Background and Proposal**

- 3.1 Essex County Council (the Council) has a statutory duty under the Education Act 1996 to secure alternative education provision for children and young people living in Essex who have been permanently excluded or who, due to illness or other reasons, are unable to receive suitable education. In addition, schools are responsible for arranging suitable full-time education for their pupils who are excluded for a fixed period. Schools may also commission additional education support for pupils if they consider additional support is needed for any reason.
- 3.2 This means that there are two tiers of commissioning:
  - The Council purchases services to meet its statutory responsibility; and
  - Many schools in Essex also buy these services to support children who are unable to attend school including where a child is ill or has been excluded.
- 3.3 In May 2018, Cabinet approved the procurement of the Individual Packages of Educational Support (IPES) framework (the IPES Framework) to meet the Council's statutory duty. The IPES Framework has a four-year term which commenced in April 2019, and is due to expire on the 31 March 2023. There is no contractual right to extend the IPES Framework.
- 3.4 The IPES Framework currently has 27 suppliers providing county wide support for 628 pupils and is used by three teams in the Council's Education Directorate: Special Educational Needs and Disabilities (SEND), Education Access and Virtual School. The IPES Framework also contains provision for Schools to source services through the IPES Framework subject to entering into an access agreement with the Council. However, to date schools have not used the IPES Framework.
- 3.5 The IPES Framework is split into 4 lots:
  - Lot 1- Tuition Services
  - Lot 2- Vocational Services
  - Lot 3- Virtual Learning Services
  - Lot 4- Early Intervention Re-Integration Services.
- 3.6 The IPES Framework was reopened in accordance with its terms in 2021 to allow new providers to join and to support an increase in demand for services caused by the Council's West Essex Pupil Referral Unit being placed into special measures in 2019/20, reducing the Council's capacity in this type of setting by

103 places.

- 3.7 Demand for these services remains high and continues to increase (as shown in the graph below). Referrals are made through the Framework, and the suppliers on the Directory are used when the Framework are full or unable to meet the need; the paper seeks to combine the routes, delivering an increased pool of compliantly contracted suppliers.



- 3.8 Demand for these services is driven by the current lack of Special School places in Essex, and an increase in the number of pupils who suffer with anxiety-based school avoidance, which has increased since the Covid 19 pandemic. Reliance on the independent alternative provision market to meet the Council's statutory duty and the need for increasingly creative packages of tuition, vocational and therapeutic learning to meet the personalised nature of the needs of these pupils will remain high until more school places are created and strategies are implemented in schools for earlier intervention.
- 3.9 An intensive programme of building and development, (managed by the Council and the Essex School Forum), has been in place for several years to provide Essex with additional school places for children with SEND. The first new special school opened in 2021 and a further three are due to be opened by 2024. In addition, further work to review the capacity and future modelling of the Council's Pupil Referral Units (PRUs) is underway. It is anticipated that both strategies will ease the demand for the services purchased via the IPES Framework. However, at the time of writing, there are risks of delay associated with both projects due to the impact on cost and the availability of materials and labour caused by current economic pressures faced in the UK.

- 3.10 The existing IPES Framework expires on 31 March 2023 and new contractual arrangements need to be put in place to provide these services. Market knowledge shows that there are new providers interested in joining a framework for these services.
- 3.11 Procuring a new framework for a period of 18 months would allow existing and new suppliers to join, increasing capacity and reducing the need for the Council to rely on spot purchasing services from approved suppliers when the Framework cannot resource the demand. It will also allow the Council time to work with the market and schools to develop a longer-term solution for delivery of these services and the necessary changes to internal processes and systems.

### **Procurement of a new Framework**

- 3.12 It is proposed that the Council procures a new multi-supplier framework for 18 months with an option to extend for two six-month periods for the four lots set out at paragraph 3.5 under an open, single stage competitive process. Tenders will be evaluated on the following basis:
- a) 60% price – bidders will be required to set their maximum price and any subsequent bids for work under the framework must be priced at or below this figure;
  - b) 30% quality - a minimum quality threshold will be set to ensure that successful providers meet the Council's quality standard for these services;
  - c) 10% social value.
- 3.13 It is recommended that the new Framework includes an option for the Council to re-open the framework where there is sufficient interest from new providers or there are sufficient grounds arising from a review of the Framework to merit re-opening. This will enable new providers to join the Framework ensuring that rising demand for the services can be met via the new Framework and give existing providers an opportunity to submit new pricing should they choose to do so. This is permitted under the light touch procurement regime provided that the process is equal and transparent
- 3.14 Individual requirements for pupils will be met by holding a mini-competition process inviting all providers on the Framework for the particular lot. Each bid will be evaluated in line with the criteria detailed within the call-off specification which will be based on location, needs and price.
- 3.15 It is estimated that if demand continues at the current level, the value of the Council's spend under the new Framework will be £11.5m for the 18-month term. Since the total spend under the IPES Framework to date has been incurred solely by the Council, the projected value of the services to be delivered under the new Framework has been estimated on the current demand and spend by the Council.

## **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

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 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 Option1 - Let the IPES Framework expire and spot purchase from the market**

In the absence of a framework, the Council would have to move to a spot purchase model.

#### **Benefits.**

- This option allows the Council to benefit from increased flexibility in making provision and meeting its statutory duty.

#### **Risks**

- It exposes the Council to the risks of uncontrolled costs, a lack of contractual protections and non-compliance with the Public Contract Regulations 2015.

### **5.2 Option 2 - Reprocure a new Framework (Recommended Option)**

#### **Benefits**

- A new framework would provide the checks and balances to ensure a contracted pool of suppliers and help control the costs of provision for the Council through increased competition.
- Increases the capacity of the Framework, allowing the providers from the Directory to join.
- Increases the control of costs by removing the dual route to market for the Council.
- Allows officers time to fully explore the creation of a sustainable, innovative and flexible solution that will meet the continued demand for

these services including any increased flexibility for light touch services arising from the implementation of the new procurement bill in 2023.

### Risks

- Control of costs through capping of rates could:
  - a) reduce the appetite in the market to join a new framework risking supply and potentially recreating the dual pathways for provision that currently exist, continuing the risk of challenge and spend for the Council; and
  - b) increase spend for the Council as providers increase their base rates.
- Administration and resource will be required to reopen the Framework if required and to manage the individual placements from an increased pool of providers.

### 5.3 Option 3 - Reopen and extend the IPES Framework for a period of 18 months.

### Risks

- There is no contractual right for the Council to extend the IPES Framework and therefore, a risk that any extension would not comply with the Public Contract Regulations 2015.
- The administration and resource required would be the same as procuring a new framework.

## 6 Issues for consideration

### 6.1 Financial implications

6.1.1 The forecast cost of Individual packages of Education Support for excluded pupils or pupils with additional needs that are unable to attend school for the 18 months commencing 1st April 2023 through to the end of September 2024 is as per the following table.

Financial Year	Forecast Cost £000
2023/24	£7,750
2024/25 (April – Sept: 6 months)	£3,780
<b>Total</b>	<b>£11,530</b>

6.1.2 The forecast cost includes an increase in demand of 19% in 2023/24 and a further 15% in 2024/25 with inflations assumptions in both years in line with CPI (Consumer Price Index).

6.1.3 The packages of education support will be funded through the High Needs Block within the Dedicated Schools Grant with the forecast costs reflected in the draft Medium Term Resources Strategy for 2023/24 and 2024/25.

6.1.4 Due to current demand increases there is a risk that price and volume assumptions are less than market expectations leading to costs of more than £11.53m over the 18-month framework period. Subsequent cost increases arising from this will be met from the High Needs Block element of the Dedicated Schools Grant.

6.1.5 The High Needs Block is currently forecasting a surplus in 2022/23 of £11.5m and is forecast to remain in surplus to the end of 2024/25.

## **6.2 Legal implications**

6.2.1 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 Regulations). The nature of the services fall under Schedule 3 (Social and Other Specific Services) of the Regulations and are deemed to be “light touch” services.

6.2.3 The value of the proposed framework is above the financial threshold for light touch services (currently set at £663 540 inclusive of VAT (Value Added Tax)). 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 Regulations.

6.2.4 The Public Services (Social Value) Act 2012 replaces a requirement on contracting authorities to consider, when procuring services, how the economic, environmental, and social wellbeing of the local area may be improved and how this can be delivered through the procurement. Contracts should be awarded based on the most economically advantageous tender and qualitative, environmental and/or social aspects should be linked to the subject matter of the contract.

## **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, sex, 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 Equalities Comprehensive 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**

Equalities Comprehensive Impact Assessment

## **9 List of Background papers**

None

**Forward Plan reference number: FP/476/08/22**

<b>Report title:</b> Option Agreement for land at Warren and Parker's Farm, Little Canfield	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Councillor Chris Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs	
<b>Date:</b> 17 January 2023	<b>For:</b> Decision
<b>Enquiries to:</b> Andrew Stirling, Head of Property: <a href="mailto:andrew.stirling@essex.gov.uk">andrew.stirling@essex.gov.uk</a> / Alistair Carter, Property Manager: <a href="mailto:alistair.carter@essex.gov.uk">alistair.carter@essex.gov.uk</a>	
<b>County Divisions affected:</b> Dunmow	

### **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 states the Council's ambition to deliver better outcomes for Essex residents including infrastructure which supports local economies to grow and thrive and residents to access work, school and leisure opportunities and have healthy places to live and grow.
- 1.2 Supporting local communities includes interventions that we can make to encourage growth in our county by using our own assets to create added value and the optimum conditions for development and growth. This decision proposes that we maximise the potential for income from land which ECC owns to create a capital receipt for reinvestment into services we deliver to residents.
- 1.3 The proposed grant of an option over land at Warren and Parker's Farm, Little Canfield, supports the 'Strong Inclusive and Sustainable Economy' and 'High-Quality Environment' outcomes from Everyone's Essex by allowing the local community to grow in a sustainable way where infrastructure supports healthy communities and the local economy.
- 1.4 In the event that the option is exercised, the future sale of the land with the benefit of planning permission will provide a capital receipt for the Council. This will support the Capital Programme funding for projects which will continue to deliver improved outcomes for the residents of Essex.
- 1.5 The future development of this land will reflect national and local policies including, for example, the commitments that ECC has made in response to the Essex Climate Action Commission, developing assets across Essex in a way

which supports our ambitions to be carbon neutral by 2030.

- 1.6 In the absence of a five-year supply of housing land in Uttlesford and with the emerging Local Plan now expected to be published in the summer of 2023, there is an opportunity for landowners and developers to promote sites, such as this, through the Local Plan to contribute to future housing needs.
- 1.7 As the site is located on the existing settlement boundaries there is considered to be strong potential for sustainable residential development and for ECC to collaborate with the proposed option holder to deliver a scheme which meets the ECC's wider environmental and transport objectives. The latter include local pedestrian and cycling links and existing public bus transport connectivity.

## **2 Recommendations**

- 2.1 Agree the Council should enter into an option agreement with Hill Residential Ltd for the disposal of its interest in the land at Little Canfield shown outlined red on the plan at Appendix 1.
- 2.2 Agree that the Head of Property is authorised to agree the terms of the option agreement after taking advice from the Council's property advisor and the Monitoring Officer.

## **3 Background and Proposal**

- 3.1 The site is located at Warren and Parker's Farm, north of the Stortford Road and lies to the east & northeast of a modern residential estate known as Priors Green. The site is formed of three principal land parcels and extends to 31.74 ha (78.45 acres) as shown on the plan in Appendix 1 (the "ECC Land"). Warren and Parker's Farm is currently let on a Farm Business Tenancy.
- 3.2 The site is well serviced by several access points which include: Stortford Road – notably the former haul road Bellmouth to the Priors Green development remains at this point. Jacks Lane runs through the site and provides access on foot to a local centre including shops and a primary school in the adjacent Priors Green development.
- 3.3 ECC has considered bringing forward the site for a number of years and previously agreed an Option Agreement with Countryside Properties PLC. This agreement expired in 2018 without a draft allocation having been secured through the previous emerging Local Plan.
- 3.4 In 2021, ECC's property advisors Lambert Smith Hampton (LSH) carried out a market testing process to determine the appetite and potential terms for a new Option Agreement. Nine offers were received, and five developers were short listed based upon their track record, financial standing and the financial offer made.

- 3.5 Following evaluation of the proposals by LSH and ECC officers, LSH have formally recommended that negotiations should be progressed with Hill Residential Ltd (the “Buyer”). Initial Heads of Terms for an Option Agreement were agreed by LSH in consultation with ECC officers and allow for detailed negotiations to commence between the parties.
- 3.6 It is proposed that the Council enters into an Option Agreement with the Buyer. The terms of the Option Agreement will require the Buyer to use reasonable endeavours to obtain the full inclusion of the ECC Land in any application for residential development purposes, to obtain a viable planning permission and to enter any relevant s106 agreement and any other necessary agreements required by the local planning authority or other statutory bodies. All promotion, design and planning costs will be met by the Buyer, such costs to be an approved deductible in the calculation of the Purchase Price.
- 3.7 The Option Agreement will enable the Buyer to acquire the entirety of the ECC Land once a satisfactory planning permission for redevelopment has been obtained by the Buyer in relation to the ECC Land. The Buyer can acquire the land from ECC in tranches. Depending on the final quantum of land consented for residential development, the Buyer may acquire the land in tranches to enable the phasing of any development.
- 3.8 The term of the proposed option is seven years, extendable by the Buyer for a further seven years on payment of an additional premium as set out in the Confidential Appendix.
- 3.9 The Option will not be assignable or transferable to a third party, with the exception of a company within the Hill Group.
- 3.10 The details of the Purchase Price and method of calculating any additional payments due to ECC are set out in the Confidential Appendix.
- 3.11 Uttlesford District Council (UDC) are preparing a new Local Plan for their District. ECC has informally reviewed a range of spatial options presented by UDC so that UDC can identify “preferred options for growth”. UDC have yet to agree a “preferred option” for growth locations. ECC will work with UDC officers to progress their Local Plan and assess options once UDC agrees their preferred approach.
- 3.12 On 13 September Uttlesford DC announced that the local plan preparation timetable had been revised with the publication of the consultation draft Local Plan planned for Summer of 2023. UDC agreed a revised a Local Development Scheme timetable at their Cabinet meeting on 20 October 2022. The Draft Plan, evidence and spatial options are under further review and the next round of consultation is expected to take place after the local elections in May 2023.
- 3.13 There is a desire to see part of the site being developed to enhance the provision locally for people with a learning disability and also to ensure that the development has a low carbon impact. However, the development is likely to take place so far into the future that we cannot be certain of what will be required

by the time development takes place and it is proposed to see the delivery of this being controlled via the local planning process. No specific requirements were included when the site was marketed.

## **4 Links to our Strategic Ambitions**

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

- Enjoy life into old age
- Strengthen communities through participation
- Develop our County sustainably
- Share prosperity with everyone

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:

- The creation of an environmentally friendly and sustainable development providing to the wellbeing and enjoyment of all users.
- Hill Residential Ltd have been clear in their commitment to both improvements in biodiversity and achieving Net Zero compatible homes by 2030 in their submission for this site. The former will be drawn out through the Masterplanning process to significantly enhance the existing biodiversity on the site. Both of these are evidenced through their development, in conjunction with the University of Cambridge, at Knights Park, Eddington. In order to achieve their Net Zero 'carbon ready' homes objective they propose targeting a 75 to 80% improvement over existing building regulations and achieving this through a 'fabric first' approach linked to use of air source heat pumps and Photovoltaic and battery technologies.

4.3 This report links to the following strategic priorities in the emerging 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 – Enter into the Option Agreement**

This option is the recommended option.

There are no viable alternative service uses that ECC has identified for the ECC land. Leaving the ECC land vacant creates a management and maintenance liability to ECC, with a potential risk of fly tipping, unlawful trespass, or contamination by a third party although it should be noted that this risk will need



to be managed until the proposed option is exercised.

The proposed consideration for the sale is reflective of a site with the benefit of the necessary planning permissions and will result in a capital receipt for ECC.

## **5.2 Option 2 – ECC undertake the promotion and obtain planning permission**

The option for ECC to undertake the promotion and obtain planning permission for development of the site would see ECC whether directly or through its housing delivery vehicle, Essex Housing LLP, holding the cost and delivery risks as against the preferred option to transfer that risk to a third party through the Option Agreement.

The estimated costs of promotion, appearing at the Local Plan Inquiry and subsequently obtaining planning permission are estimated between £1m and £1.5m for a strategic site of this size and nature.

If successful, those costs would be offset against any capital receipts that ECC secured for the subsequent disposal for all or part of the land. However, if unsuccessful, those costs would be irrecoverable in the event that the site is not allocated for development and planning permission not obtained.

In the preferred option the promotion and planning costs would be deducted from the value of land to be acquired by the Option holder but if they were not successful those costs would be borne by the Option holder and are a commercial risk on their part.

This option is not recommended on the basis of the financial risk to ECC.

## **5.3 Option 3 - Continue to let the ECC Land for agricultural purposes**

This option is to continue to let the ECC Land for agricultural purposes and generate an annual income of £8,500, subject to periodic rent reviews.

This option would likely result in a small annual income for ECC which would not be as attractive to ECC as a substantial capital receipt.

This option is not recommended.

## **5.4 Option 4 – Bring the ECC Land back into use for ECC purposes**

There is no identified ECC service that is currently considered appropriate to operate from Warren and Parker's Farm.

Holding the land indefinitely until such time as an ECC service might be identified is not without the risk of incursion and does not represent value for money.

Leaving the ECC land vacant creates a management and possible maintenance liability to ECC, with a potential risk of fly tipping, unlawful trespass, or contamination by a third party although this risk will need to be managed for a

period of time with the proposed option.

This option is not recommended.

#### **5.5 Option 5 – Market the ECC Land for disposal now**

This option involves openly marketing the ECC Land for any purpose, seeking unconditional offers. This is a large site and to require an immediate capital receipt rather than taking the monies as the development progresses is likely to lead to considerably depressed bids as any purchaser will have to take a number of risks as well as finance the cost of purchase until an income is received from disposals.

This option is not recommended.

#### **5.6 Option 6 - Commercial Development**

Deliver infrastructure to the site and sell development parcels.

A very significant level of additional investment, beyond that already required to promote the site for development and obtain planning approval would be required to provide infrastructure to the entirety of the developable areas and would require additional expertise. Besides the risks outlined in Option 2 above, ECC would bear the additional delivery and cost risks of the infrastructure and whether the capital receipts exceeded the expenditure.

This option is not recommended.

### **6 Issues for consideration**

#### **6.1 Financial implications**

6.1.1 The recommended Option involves entering into negotiations with Hill Residential to ultimately achieve a significant capital receipt once planning consent for residential development on ECC's current land holding at both Warren & Parker's Farm is obtained, rather than selling ECC's interest now or retaining ECC's interest in case of some higher future value.

6.1.2 The details of the purchase price and method of calculating any additional payment due to ECC are set out in the Confidential Appendix. All promotion, design and planning costs would be borne by the purchaser.

6.1.3 Proceeds from the future sale of the site would be used to contribute towards the funding of ECC's Capital Programme.

#### **6.2 Legal implications**

6.2.1 The proposed heads of terms for the Option Agreement with the Buyer, the details of which are set out in the Confidential Appendix, will legally commit ECC

into a long-term relationship with the Buyer. ECC will be prevented from dealing with the ECC Land during the seven plus seven year option period and there is no guarantee that the option will be exercised. This will tie up the land for a long time in the future and the value we obtain will largely depend on the quality of the drafting and the ability we have at the time to assert our rights with the developer to get a good price.

6.2.2 The Council has a duty to achieve the best consideration reasonably obtainable when disposing of assets under s123 of the Local Government Act 1972. The Council will need to ensure that the grant of any option represents the best consideration reasonably obtainable.

6.2.3 The formula for agreeing the purchase price should be clear to prevent potential disputes in the future.

6.2.4 If the land is acquired in tranches, ECC should ensure that it is only obliged to enter into a Section 106 Agreement as landowner if there is an indemnity from the Buyer.

## **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, sex, 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 Equalities Comprehensive Impact Assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

## **8 Appendices**

8.1 Appendix 1 – Plan of land at Warren and Parker's Farm

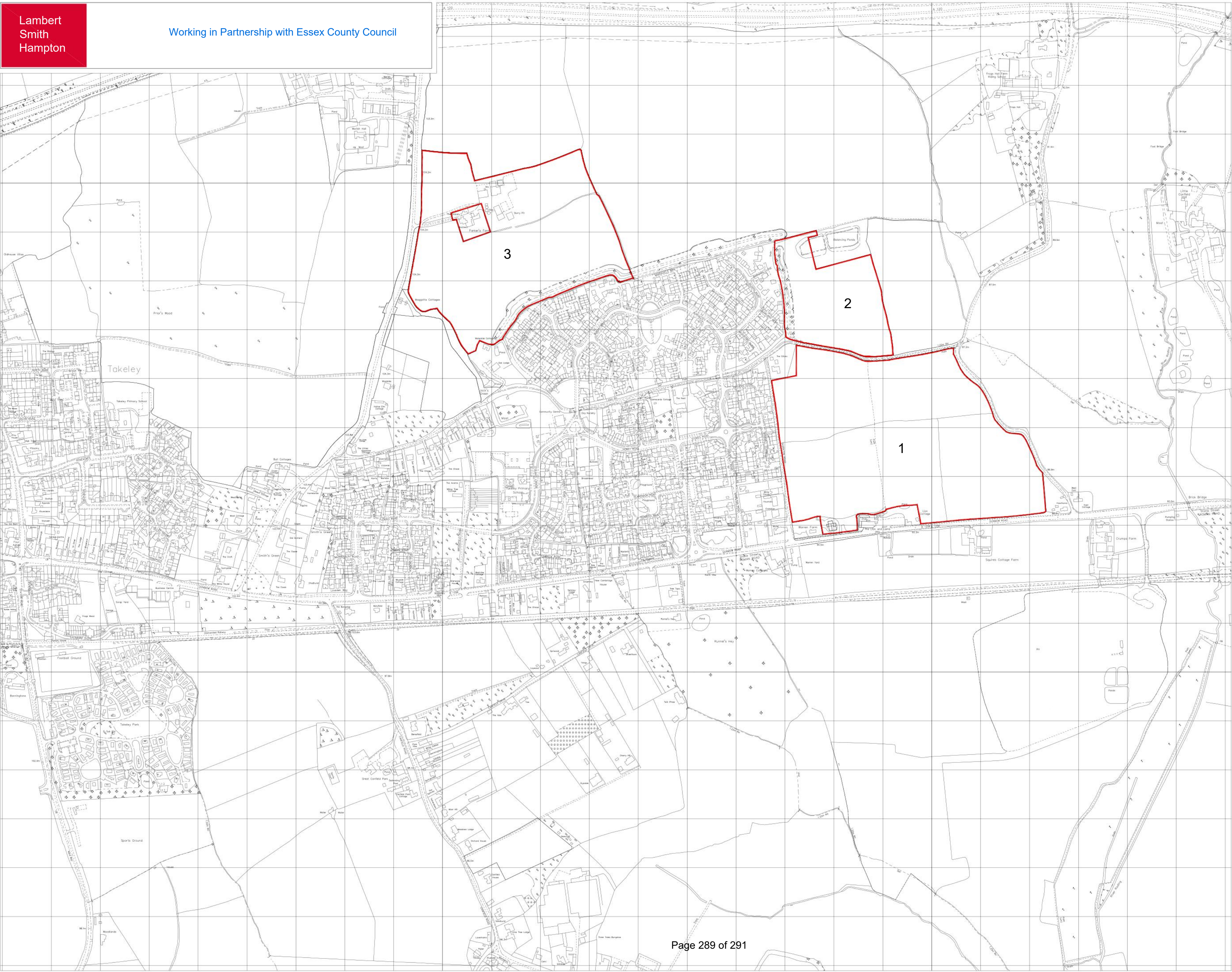
8.2 Appendix 2 - Confidential Appendix

8.3 Appendix 3 - Equalities Comprehensive Impact Assessment

## **9 Background Papers**

None





Revision	Description	Date
--	Description	--/--
--	Description	--/--
--	Description	--/--
--	Description	--/--
--	Description	--/--
--	Description	--/--
--	Description	--/--
--	Description	--/--

Based upon the Ordnance Survey map with the Permission of The Controller of Her Majesty's Stationary Office. Crown © Copyright reserved. Licence No. 100019602.

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.

Title:

SITE PLAN

Property Name:

Warren Farm and Parkers Farm

Property Address:

Dunmow Road,  
Takeley,  
Essex  
CM22 6SB.

Scale: <div>1:5000</div>	Drawn By: <div>DS</div>	Date Drawn: <div>18/05/22</div>
Site Reference: <div>S102007</div>	Paper Size: <div>A2</div>	Amendment Date: <div>--/--</div>
Project Ref / Dwg No: <div>L2349</div>	Revision: <div>B 16/08/2022</div>	Project Date: <div>--/--</div>

Project Description:

--

File Name:

L2349 - Warren Farm and Parkers Farm (A).dwg



**Forward Plan Ref No. FP/583/12/22**

<b>Report title:</b> Decisions taken by or in consultation with Cabinet Members	
<b>Report author:</b> Secretary to the Cabinet	
<b>Date:</b> 17 January 2023	<b>For:</b> Information
<b>Enquiries to:</b> Emma Tombs, Democratic Services Manager, 03330 322709	
<b>County Divisions affected:</b> All Essex	

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

**Leader of the Council**

<b>FP/591/12/22</b>	Proposed Beaulieu Park Railway Station, Chelmsford
<b>FP/002/01/23</b>	Changes to Cabinet Portfolios

**Deputy Leader & Cabinet Member for Community, Equality, Partnerships and Performance**

<b>FP/593/12/22</b>	Amendment to the Local Levelling Up Fund Scheme Arrangements 2022/23
---------------------	--

**Cabinet Member for Children's Services and Early Years**

<b>FP/590/12/22</b>	Award of contracts for Short Breaks Community Clubs and Activities
---------------------	--

**Cabinet Member for Education Excellence, Life Long Learning and Employability**

<b>FP/005/01/23</b>	Appointment and Re-Appointment of School Governors by Essex LA - Schedule 408
---------------------	---

### **Cabinet Member for Finance, Resources and Corporate Affairs**

<b>FP/584/12/22</b>	Support Services Programme – Drawdown from Reserves
<b>FP/585/12/22</b>	Drawdown of additional funding for Team Coordinators and Leadership Assistants in Children and Families
<b>FP/596/12/22</b>	Update of the ECCTOMs - Social Value Measures
<b>FP/003/01/23</b>	Recommendation for Supplier Financial Support relating to fuel price increases
<b>FP/004/01/23</b>	Colchester Early Years Foundation Stage Language and Communication project

### **Cabinet Member for Health and Adult Social Care**

<b>*FP/559/11/22</b>	Adult Social Care Discharge Fund 2022/23
<b>FP/587/12/22</b>	Entering into a contract and collaboration agreement for child and adolescent mental health services (CAMHS) in Essex, Southend and Thurrock

### **Cabinet Member for Highways Maintenance and Sustainable Transport**

<b>FP/592/12/22</b>	Proposed implementation of 'Prohibition of U-Turn' on A131 Braintree Bypass, and A131 Braintree Bypass Northbound and Southbound Laybys, Braintree
<b>*FP/570/11/22</b>	Removal of Highway Rangers service and funding for Districts
<b>FP/001/01/23</b>	Proposed 'No Waiting at Any Time' restrictions on Old Shire Lane, Waltham Abbey, Epping Forest

### **Cabinet Member for Waste Reduction and Recycling**

<b>FP/599/12/22</b>	Bio-Waste Treatment, Transfer and Transport services Contract Award
---------------------	---

### **\* Key Decisions 2**