



Essex County Council

Summons

To all Members of
Essex County Council

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

10:00	Tuesday, 14 February 2017	Council Chamber, County Hall, Chelmsford, Essex
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Gavin Jones
Chief Executive

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This meeting is open to the public and the press.

The agenda is available on the Essex County Council website, www.essex.gov.uk. On the home page select 'Your Council' and then 'Meetings and Decisions'. Finally, select 'Full Council' on the date shown above from the meeting calendar.

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Please note that in the interests of improving access to the Council's meetings, a sound recording is made of the public parts of many meetings of the Council's Committees. The Chairman will make an announcement at the start of the meeting if it is being recorded. The recording/webcast service is not guaranteed to be available.

If you are unable to attend and wish to see if the recording/webcast is available you can visit this link www.essex.gov.uk/Your-Council any time after the meeting starts. Any audio available can be accessed via the 'On air now!' box in the centre of the page, or the links immediately below it.

Prayers The meeting will be preceded by Prayers led by The Right Reverend Hugh Allan o.praem, the Abbot of Beeleigh and Chaplain to the Chairman of Essex County Council.

Public Questions A period of up to 30 minutes will be allowed for members of the public to ask questions on any business of the Council (Standing Order 16.12.10). No question shall be longer than three minutes and speakers must have registered with the clerk no later than 7 calendar days before the date of the meeting. On arrival, and before the start of the meeting, registered speakers must identify themselves to staff in order to be seated.

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Minutes of the meeting of the Full Council, held in the Council Chamber County Hall, Chelmsford, Essex on Tuesday, 06 December 2016**Present:**

Chairman: Councillor J F Aldridge

Vice-Chairman: Councillor J G Jowers

Councillors:

J Abbott	D Finch	N Le Gresley
B Aspinell	M D Fisher	S Lissimore
S Barker	R Gadsby	J Lodge
R L Bass	K Gibbs	D Louis
A Bayley	A Goggin	M Mackrory
K Bentley	R J Gooding	R A Madden
D Blackwell	I Grundy	M McEwen
K Bobbin	C Guglielmi	V Metcalfe
R G Boyce	D Harris	A Naylor
A Brown	A M Hedley	C Pond
M Buckley	I Henderson	J M Reeves
G Butland	T M A Higgins	S Robinson
S Canning	R Hirst	C Seagers
J Chandler	P Honeywood	K Smith
P Channer	R C Howard	A Turrell
K Clempner	M Hoy	K Twitchen
T Cutmore	N Hume	S Walsh
M Danvers	J Huntman	R G Walters
J Deakin	A Jackson	J Whitehouse
T Durcan	E C Johnson	A Wood

A Erskine	D J Kendall	J A Young
F Ferguson	J Knapman	

Prayers

The meeting was preceded by prayers led by Abbott Hugh Allan, Apostolic Administrator of the South Atlantic, Parish Priest of Our Lady Immaculate and Chaplain to the Chairman of Essex County Council.

Public Questions

The Chairman welcomed Dr David Corke, Wimbish Parish Council Bus Representative, who had registered to speak.

Dr Corke addressed Council concerning bus routes affecting Wimbish and a suggested resolution from Wimbish Parish Council that would serve the needs of local residents. He then requested that a meeting be arranged between key Council public transport staff, Stephenson's of Essex (the contractor for the bus routes involved), the Cabinet Member for Highways and Transport and himself, to examine the Parish Council's proposal more thoroughly.

Councillor Johnson, the Cabinet Member for Highways and Transport, thanked Dr Corke for his question. He stated that he would always listen to proposals for improving services for local people although it should be borne in mind that such proposals are often not straightforward and require consultations. The area referred to has already undergone an extensive consultation with local people in regard to bus services and the current network takes account of those views. Officers are working on a detailed response to Dr Corke's proposals and to this end have consulted with Stephenson's of Essex. The Cabinet Member confirmed he was prepared to meet with Dr Corke and officers to discuss the proposal.

The Chairman formally opened the meeting

The Chairman reminded those present that the meeting would be recorded and broadcast live over the internet.

1 Apologies for Absence

Apologies for absence were received on behalf of Councillors M Ellis, M Leonard, M

Maddocks, Lady Newton, M J Page, C Sargeant and J Spence.

2 Declarations of Interest

- Councillor Louis declared a Code interest in relation to item 7, Motions (Motions 1 and 2) as a Director of Provide and as his spouse worked for Southend Hospital. On the advice of the Interim Monitoring Officer he would withdraw from the Chamber.
- Councillor Wood declared a Code interest in relation to item 7, Motions (Motions 1 and 2).
- Councillor Cutmore declared a Code interest in relation to item 7, Motions, (Motions 1 and 2) as a representative member of West Essex Clinical Commissioning Group and a Governor of Southend Hospital.
- Councillor Walters declared a Code interest in relation to item 11, Questions, as a Director of Essex Cares.
- Councillor Hirst declared a Code interest in relation to item 7, Motions, (Motions 1 and 2) as a representative member on Basildon and Thurrock University Hospital NHS Foundation Trust.
- Councillor Young declared a Code interest in relation to item 7, Motions, (Motions 1 and 2) as her spouse was a Non-Executive Director of Southend Hospital NHS Trust. She had received a dispensation from the Interim Monitoring Officer to enable her to remain for the debate.
- Councillor Abbott declared a Code interest in relation to item 7, Motions, (Motions 1 and 2) because of the employment of a close family member and intended to withdraw from the Chamber.

3 Confirmation of the minutes of the meeting held on 11 October 2016 Resolved:

That the minutes of the meeting held on 11 October 2016 be approved as a correct record and signed by the Chairman subject to the addition to minute 12a (Written Questions) of the following supplementary question:

‘(11) Councillor Abbott asked Councillor Johnson, The Cabinet Member for Highways and Transport, if he was aware that the police officer’s objection stated that the police did not know why the scheme had been proposed. He also asked if the Cabinet Member was aware that the speed survey data was taken outside Rivenhall Primary School and was he confident that the data conformed to the 30-mile an hour speed limit that existed there?’

The Cabinet Member replied that he was confident that the professional highways officers had looked at the proposal in detail and concluded that a reduction in the speed limit was not appropriate. He also confirmed that the police had stated that it would be unenforceable. He offered to make known to Councillor Abbott the name of the police officer who had responded and clarified that the Council had only applied the speed limit to part of the road to align with Essex Highways Policy.’

4 Chairman's Announcements and Communications

Recent Death

Councillor Joe Pike

The Chairman informed Council that sadly Councillor Joe Pike had died on Sunday, 5 December at the age of 87.

He was first elected to Essex County Council in 1977 to represent the Division of Benfleet, and then subsequently Halstead. He served on numerous committees and was Chairman of the Council from 2000 to 2002 as well as being an Executive Member and Deputy Leader of the Conservative Group.

He had served on many and varied committees including the Police Authority, the Enterprise Board, the Corporate Strategy Committee and the Executive Strategy Committee. He was Chairman of the Social Services Committee, the Mid-Essex Area Forum and the Standards Committee. He was between 1968 and 1971 Chairman of Benfleet Urban District Council and from 1976 to 1977 Chairman of Castle Point District Council. He was also a member of Halstead Town Council.

The Chairman noted that his selfless commitment to the people of Essex has been both extensive and impressive and had been recognised when he was awarded an MBE in 2012 for services to Local Government.

The Chairman had sent a message of condolence to his family on behalf of the Council.

The Leader of the Council, Leaders of the Opposition and Members of the Council added their condolences to those of the Chairman.

Congratulations

The Chairman congratulated Councillor Melissa Leonard (formerly McGeorge) who since the last meeting of Council had got married.

Awards

Children and Young People Now Award

The Chairman invited Councillor Madden, the Cabinet Member for Adults and Children, to present an award won by Family Operations - Essex Social Care Academy at the recent Children and Young People Now Awards, for their organising and advocacy of professional development and training for the Council's social workers, foster carers and partners such as Essex Police. The winning team were present in the Chamber and were congratulated.

The National Citizen Service Award

The Chairman invited Councillor Gooding, the Cabinet Member for Education and Lifelong Learning, to introduce a group of young people from Uttlesford who had taken part in last autumn's National Citizen Service (NCS) programme, run by Essex County Council's Youth Service. The Uttlesford team ran a community action project to raise awareness of mental health issues. They created a powerful film which was presented to more than 1,000 young people during school assemblies across Essex. The winning team was present in the Chamber and the individuals were presented with certificates by the Chairman to commemorate their achievement.

2016 Social Worker of the Year Awards

The Chairman invited Councillor Madden, the Cabinet Member for Adults and Children, to present an award in respect of Bianka Lang who had been awarded both the Team Leader of the Year – Children's Services, and overall Social Worker of the Year.

He also noted that former employee Mandy Nightingale had won Gold as Principal Social Worker of the Year while Aimee Weston won Silver for Children's Social Worker of the Year.

Society for Public Architecture, Construction, Engineering and Surveying Awards

The Chairman noted that Colchester's Park and Ride Pavilion at Cuckoo Farm had been named at the Society for Public Architecture, Construction, Engineering and Surveying Awards as the best-designed civic building in the UK.

Charter Plus for Elected Member Development

The Chairman informed Council that following a recent review it had been confirmed that Essex County Council was continuing to meet the standard of the Charter Plus for Elected Member Development. He extended his congratulations to those Members and Officers who had contributed to this achievement and have put the Council in a strong position to focus on new Councillor Induction, Political Leadership and Digital Development.

Duke of Edinburgh Award

The Chairman invited Councillor Gooding, the Cabinet Member for Education and Lifelong Learning, to present a certificate marking the achievement of young people of Essex who have completed 23,034 hours of volunteering with the Duke of Edinburgh Award Scheme. The certificate was in recognition of the incredible value of their contribution to the community and was also a great credit to the Essex Youth Service. The Cabinet Member congratulated them, and the young people who gave up their time for what would hopefully continue to be a lifelong habit of service.

5 Receipt of petitions

The Chairman received petitions concerning:

- Safer pedestrian crossing on Galleywood Road, Chelmsford from Councillor Deakin on behalf of local residents but presented on her behalf by Councillor Mackrory,
- Pavement and parking issues outside Trafford House in Station Way, Basildon, from Councillor Smith on behalf of local residents and
- The protection of a footpath on Canvey Island, from Councillor Howard on behalf of local residents.

The petitions were passed for the attention of Councillor Johnson, Cabinet Member for Highways and Transport.

6 Executive Statement

The Leader of the Council, Councillor Finch, delivered an Executive Statement on 'The Spending Review and Essex' including references to:

- addressing sustainability of Social Care,
- investing in infrastructure to support the economy and
- supporting home ownership.

7 Motions

The Chairman ruled that the two Motions 'Health' and 'NHS in Essex' should be taken as one debate.

Councillors Abbott and Louis, having declared Code interests left the meeting during the consideration of the two motions.

Councillor Lodge declared a Code interest as a Governor of Cambridgeshire University Hospitals NHS Foundation Trust.

Health

It was moved by Councillor Butland and seconded by Councillor Naylor that:

'This Council re-affirms its commitment to the next phase of integration of health and social care. It recognises the role Sustainability & Transformation Plans (STPs) could play in this.

The Council believes that STPs must be a genuine joint commitment between the NHS and local government. For this reason the County Council is disappointed that the geographical integrity of the County has been ignored by NHS England in establishing its national 'footprints'. The unilateral decision of NHS England to include Essex in three STPs is regrettable and places an unreasonable burden on the authority.

Nevertheless, to protect the interests of its residents, the Council will work constructively with health partners providing that any proposals brought forward in the

emerging STPs:

1. are based on high quality care and improved clinical outcomes for patients and not merely financial expediency;
2. address the issues of accessibility for patients and their families;
3. take full account of the impact on both community and social care services;
4. give an equal importance and parity of esteem to Mental Health services; and
5. contain a genuine commitment to focus on preventive health services.

The Council will also press for there to be genuine consultation on any proposals and that patient need is put first, that decisions are taken in public and that appropriate joint governance arrangements are established.'

NHS in England

It was moved by Councillor Mackrory and seconded by Councillor Whitehouse that:

'This Council notes with concern current pressures and challenges facing the NHS in Essex including:

- The "Success Regime" being implemented across most of Essex.
- The Care Quality Commission's assessments of hospitals serving Essex residents which identify three major hospitals serving Essex as 'Inadequate', one in 'Special Measures', six as 'Requires Improvement' and only two as 'Good'.
- The decision of some Clinical Commissioning Groups to withdraw treatments/services previously available through the NHS.
- Increasing concern from residents about access to services including waiting times for GP appointments.
- Increasing demand for social care and the impact on the NHS when timely care is not available.

The Council notes the three Sustainable Transformation Plans covering Essex. Whilst welcoming the intention for greater collaboration across the NHS and Public Health, Council expresses its concerns about:

- The lack of public debate and consultation to inform the preparation of the STPs.
- The proposed downgrading of Accident and Emergency at Broomfield Hospital despite the proposed construction of thousands of dwellings within a ten mile radius of the hospital which will create extra demand and the additional distance ambulances will have to travel to Basildon carrying patients with life threatening conditions.
- The failure of Government to adequately fund the increasing demands on the NHS and Public Health.

Council therefore resolves to ask the Cabinet Member for Health to:

- Oppose the downgrading of Broomfield Hospital Accident and Emergency.
- Continue to play a full part in discussions about the health and social care

system in Essex including through the Health and Wellbeing Board and Health Overview and Scrutiny Committee.

- Ensure local members are briefed on the implications of the STPs for residents in their areas.
- Request the Leader of the Council to express these concerns formally to the Secretary of State for Health.'

The Motion moved by Councillor Butland and seconded by Councillor Naylor was put to the meeting and declared to be carried.

Prior to the Motion moved by Councillor Mackrory and seconded by Councillor Whitehouse being put, ten Members demanded a division by name by standing in their places.

The Motion having been put to the meeting it was declared to be lost by 24 votes for, 39 against and 1 abstention.

Those voting for the Motion were Councillors:

B Aspinell	F Ferguson	N Le Gresley
A Bayley	M Fisher	J Lodge
D Blackwell	D Harris	M Mackrory
K Bobbin	I Henderson	S Robinson
K Clempner	T Higgins	K Smith
M Danvers	M Hoy	A Turrell
J Deakin	J Huntman	J Whitehouse
T Durcan	D J Kendall	J Young

Those voting against the Motion were Councillors:

J F Aldridge	D Finch	J G Jowers
S Barker	R Gadsby	J Knapman
R L Bass	A Goggin	S Lissimore
K Bentley	R J Gooding	R A Madden
R G Boyce	I Grundy	M McEwen
A Brown	C Guglielmi	V Metcalfe
M Buckley	A M Hedley	A Naylor
G Butland	R Hirst	J M Reeves

S Canning	P Honeywood	C Seagers
J Chandler	R C Howard	K Twitchen
P Channer	N Hume	S Walsh
T Cutmore	A Jackson	R G Walters
A Erskine	E C Johnson	A Wood

Councillor C Pond abstained.

The two motions in which they had declared a Code Interest having been dealt with, Councillors Abbott and Louis re-joined the meeting.

Central Government Funding

It was moved by Councillor Danvers and seconded by Councillor Durcan that:

‘This Council is reminded of the words of the Leader, Councillor David Finch, when he remarked that local government is ‘not a reservoir that Whitehall can keep tapping’. This Council strongly supports and endorses these remarks, and further challenges the narrative that Essex County Council has been able to absorb excessive cuts without damaging the quality and reach of essential services delivered to residents across Essex.

This Council also notes with concern, evidence which suggests that it is the most vulnerable who have been the hardest hit, with those least able to cope bearing the brunt of cuts in Government funding. This continued strain on the Council’s limited finances is unsustainable, and raises questions about the scale and scope of future spending reductions. Essex County Council faces significant challenges moving forward, and will simply be left unable to provide for residents unless this authority receives reasonable support from Central Government - acknowledging the task ahead.

This Council therefore seeks cross-party endorsement, calling upon the administration to write to the Chancellor of the Exchequer on behalf of Essex residents, outlining concerns with the anticipated level of cuts and demand that greater financial provision be put in place to ensure that services meet the needs of residents, with the capacity to grow to meet future demand.’

It was moved by Councillor Finch and seconded by Councillor Buckley that the Motion be amended to read as follows:

‘This Council is reminded of the words of the Leader, Councillor David Finch, when he remarked that local government is “not a reservoir that Whitehall can keep tapping”. This Council strongly supports and endorses these remarks, and further recognises that Essex County Council has been able to absorb financial challenges without damaging the quality and reach of essential services delivered to residents across Essex.

This Council therefore seeks cross-party endorsement, calling upon the Leader to write

to the Chancellor of the Exchequer on behalf of Essex residents, outlining concerns with the anticipated level of future budget reductions as an ongoing consequence of the Labour legacy, and urges that financial provision be put in place to ensure that services meet the needs of residents, with the capacity to grow to meet future demand.'

Prior to the amendment to the Motion being put, ten Members demanded a division by name by standing in their places.

The amendment to the Motion having been put to the meeting it was declared to be carried by 41 votes for, 18 against and 7 abstentions.

Those voting for the amendment to the Motion were Councillors:

J F Aldridge	R Gadsby	S Lissimore
S Barker	A Goggin	D Louis
R L Bass	R J Gooding	R A Madden
K Bentley	I Grundy	M McEwen
R G Boyce	C Guglielmi	V Metcalfe
A Brown	A M Hedley	A Naylor
M Buckley	R Hirst	J M Reeves
G Butland	P Honeywood	C Seagers
S Canning	R C Howard	K Smith
J Chandler	N Hume	K Twitchen
P Channer	A Jackson	S Walsh
T Cutmore	E C Johnson	R G Walters
A Erskine	J G Jowers	A Wood
D Finch	J Knapman	

Those voting against the amendment to the Motion were Councillors:

J Abbott	T Durcan	D J Kendall
B Aspinell	M Fisher	M Mackrory
K Bobbin	D Harris	S Robinson
K Clempner	I Henderson	A Turrell

M Danvers

T Higgins

J Whitehouse

J Deakin

M Hoy

J Young

Those abstaining were Councillors:

A Bayley

J Huntman

C Pond

D Blackwell

N Le Gresley

F Ferguson

J Lodge

The amendment was declared to be carried and became the substantive Motion.

The substantive Motion having been put to the meeting was declared to be carried.

8 Variation in the Order of Business

With the agreement of Council the Chairman varied the order of business such that the report on the new Audit Regime became the next item of business.

9 New Audit Regime

The Leader, Councillor Finch, presented the report seeking Council's approval to opt into arrangements by which the Council's external auditor is appointed by Public Sector Audit Appointments Limited, a company owned by the Local Government Association.

Resolved:

That the Council 'opt in' to having its auditor appointed by Public Sector Audit Appointments Limited and authorise the Executive Director for Corporate and Customer Services to notify Public Sector Audit Appointments Limited accordingly.

10 Adjournment

With the agreement of Council the Chairman adjourned the meeting for luncheon at 12:53.

The meeting reconvened at 14:00.

11 Motions (continued)

Social Care

It was moved by Councillor Bentley and seconded by Councillor Madden that:

‘This Council welcomes that through modern science and better understood health opportunities we are all living longer but recognises that an ageing population does put considerable extra pressure on County Council budgets. We applaud the hard work of our staff in Adult Social Care and the excellent service provided to Essex residents particularly during these times of increasing demand.

This Council recognises that to continue to provide services to the residents of Essex as expected, new approaches to deliver quality services are needed, which include developing digital and assistive technologies.’

It was moved by Councillor Mackrory and seconded by Councillor Whitehouse that the Motion be amended to read as follows:

‘This Council welcomes that through modern science and better understood health opportunities we are all living longer but recognises that an ageing population does put considerable extra pressure on County Council budgets. We applaud the hard work of our staff in Adult Social Care and the excellent service provided to Essex residents particularly during these times of increasing demand.

This Council recognises that to continue to provide services to the residents of Essex as expected, new approaches to deliver quality services are needed, which include developing digital and assistive technologies which can complement but not replace the importance of personal care.

This Council therefore endorses the Leader’s view as expressed in his letter to the Chancellor of the Exchequer prior to the Autumn Statement, that the 2% Social Care Precept does not even cover the cost of the national living wage, that the Better Care Fund be brought forward and that the £160m saving to Public Health Funding be reversed.’

It was moved by Councillor Danvers and seconded by Councillor Bobbin that the Motion be amended to read as follows:

‘This Council welcomes that through modern science and better understood health opportunities we are all living longer but recognises that an ageing population does put considerable extra pressure on County Council budgets.

We applaud the hard work of our staff in Adult Social Care and the excellent service provided to Essex residents particularly during these times of increasing demand. This Council recognises that to continue to provide services to the residents of Essex as expected, new approaches to deliver quality services are needed, which include developing digital and assistive technologies. Quality of care must be a priority

however, and no change to service delivery can be allowed to come with a social cost, or be used purely as an opportunity to cut funding. With isolation and loneliness on the rise, this authority must take all steps necessary to ensure that new approaches to adult social care don't leave our elderly and most vulnerable residents left behind.'

The amendment moved by Councillor Mackrory and seconded by Councillor Whitehouse having been put to the meeting was declared to be lost.

The amendment moved by Councillor Danvers and seconded by Councillor Bobbin having been put to the meeting was declared to be lost.

The original Motion having been put to the meeting was declared to be carried.

Recycling Centres

It was moved by Councillor Abbott and seconded by Councillor Hoy that:

'Council believes that the new rules introduced on 1st November for the 21 ECC Recycling Centres are flawed.

Council believes that the ban on householder DIY waste from 11 of the Recycling Centres will have undesirable effects for the convenience of residents through increased travelling distances and could potentially increase fly-tipping which would consequently be a cost to Borough/City/District council taxpayers.

Council notes that the banning of vans at 12 Recycling Centres will prevent many legitimate users from taking their own household materials for disposal or recycling locally.

Council further notes that the 28 day and 6 month restrictions on DIY wastes that can be taken to some Recycling Centres are far too prescriptive and effectively unenforceable.

Council believes that rules on the use of Recycling Centres should be fair and applied evenly across the County and that boosting recycling should be a top priority.

Council agrees that inappropriate entry of commercial materials to Recycling Centres needs to be tackled but notes that other authorities such as Suffolk County Council take the position of accepting this material, but for a charge.

Council recognises that the Cabinet Member, following a call in, has agreed to review the situation after three months of operation, but believes the original decision was flawed and therefore should be withdrawn.'

The Motion having been put to the meeting was declared to be lost.

12 To receive the Leader's report of Cabinet Issues

Councillor Finch, the Leader of the Council, presented a report concerning matters considered by Cabinet since the last Council meeting.

There were no questions.

13 To receive a report of matters reserved to the Council and to consider any recommendations

Councillor Finch, the Leader of the Council, presented the report of matters reserved to Council that itemised changes to membership of committees.

The report was received.

14 Written questions by Members of the Council

The published answers to the 20 written questions submitted in accordance with Standing Order 16.12.1 were noted.

The following supplementary questions were asked as a result of having received a written reply:

(1) Councillor Danvers asked Councillor Gooding, the Cabinet Member for Education and Lifelong Learning, what plans had he made to have the cuts restored?

The Cabinet Member replied that the matter was being examined as part of the budget process as it would be necessary to find better ways of doing things.

(3) Councillor Deakin sought clarification from Councillor Johnson, the Cabinet Member for Highways and Transport, as to what he might define in monetary terms as a 'minimal cost to the taxpayer'?

The Cabinet Member replied that he considered £250 to be minimal.

(5) Councillor Mackrory asked Councillor Finch, the Leader of the Council, if he could confirm, in the light of his answer, that £1m dividend which had originally been included in the budget for this year (which was not paid and had to be made up from other parts of the Adult Social Care budget) that this would no longer be the case in future budgets?

The Leader of the Council replied that the dividend was planned to be delivered in 2017/2018.

(7) Councillor Kendall asked Councillor Johnson, the Cabinet Member for Highways and Transport, if he could clarify to which Area Transportation Board he was

referring and who were the members of that Board?

The Cabinet Member replied that he did not have that information to hand but he would send to Councillor Kendall the information he required.

(9) Councillor Smith asked Councillor Finch, the Leader of the Council, concerning the village of Dry Street if he was aware that the drivers of vehicles were getting frustrated and being rude to each other. He believed that the village needed to be protected from extra traffic.

The Leader replied that he would need to undertake some research before being able to provide a reply.

(10) Councillor Higgins asked Councillor Johnson, the Cabinet Member for Highways and Transport, if he could clarify the time lines as one of the bridges had been in disrepair for 16 years.

The Cabinet Member replied that he was unaware that it had been 16 years awaiting repair, he believed it was three. However, he was unable to provide an update to the plans at the present time, but he would provide one in the New Year.

(11) Councillor Aspinell asked Councillor Johnson, the Cabinet Member for Highways and Transport, if he was satisfied that it had been necessary to bring the matter of the unrepaired lampposts three times to Council and report it dozens of times over the course of three years in order to get a lamp column repaired?

The Cabinet Member replied that he had been successful.

(12) Councillor Whitehouse asked Councillor Finch, the Leader of the Council, what happens next in the planning towards devolution?

The Leader replied that there would shortly be consultations with Chief Executives and Leaders of Councils in order to establish the right approach. He was mindful of the need not to fall behind other Authorities and to make the right approach to Government to obtain additional powers and funding.

(13) Councillor Goggin asked Councillor Gooding, the Cabinet Member for Education and Lifelong Learning, if the system is to be used on all future large projects and what they might be?

The Cabinet Member replied that the Council was learning a lot as time progresses and had a significant investment in new school places which includes major investments in special schools across the County.

(17) Councillor Henderson asked Councillor Johnson, the Cabinet Member for Highways and Transport, if his reply meant there was a total of 1,179 schemes waiting to go through Highways Panels?

The Cabinet Member replied that he was correct. The schemes were all at different stages.

(18) Councillor Clempner asked Councillor Gooding, the Cabinet Member for

Education and Lifelong Learning, if due to the lack of increase in funding, there had been a drop in the number of providers?

The Cabinet Member replied that he did not have that information to hand. There was clearly a challenge in that sector but he would provide to her more definite figures.

20) Councillor Young asked Councillor Gooding, the Cabinet Member for Education and Lifelong Learning, if he could provide the actual spend for home to school transport and separate out the SEN transport expenditure.

The Cabinet Member replied that she had not asked for actual spend but for the budget and that had been provided. He did not have the actual spend to hand but he did know that in 2015/2016 there was a saving of £256,000 as a result of the policy changes and in 2016/2017 it was anticipated to be £451,000. He would provide to her directly the detail she had requested.

15 Oral questions of the Leader, Cabinet Member or the chairman of a committee

1 Councillor Kendall asked Councillor Brown, the Cabinet Member for Corporate and Communities, if she could advise when the public consultation on the proposed relocation of Brentwood Library would commence and what form it would take?

The Cabinet Member replied that there were no plans to move the library from its present site.

2 Councillor Kendall asked Councillor Johnson, the Cabinet Member for Highways and Transport, if he could comment on the imminent cessation of the service bus No 261. He wondered if the Cabinet Member might wish to make a statement as to what action he was taking to save it?

The Cabinet Member replied that officers were working hard to save this bus which, he noted was a commercial and not a council run service. However, he was still trying to save the service. It was inevitable that the service will cease on 16 December and even if a new provider were to be found it would take 28 to 56 days to re-register the service with the Traffic Commission.

3 Councillor Higgins asked Councillor Madden, the Cabinet Member for Adults and Children, if the planning groups, of one of which she was Chairman, and who met last week with the Chief Executive, would still be of use to the Council and be meeting on a regular basis.

The Cabinet Member replied that he would be encouraging those meetings to take place but he would find out more and reply directly.

4 Councillor Bayley asked Councillor Johnson, the Cabinet Member for Highways and Transport, regarding the 20-20 initiative what measures are in place in Essex to encourage this safety issue?

The Cabinet Member replied that there was an imminent Cabinet Member Action

concerning 20-20 and schools are to be encouraged to take part.

5 Councillor Twitchen asked Councillor Brown, the Cabinet Member for Corporate and Communities, if she recalled that a couple of years ago libraries were encouraged to develop innovative community use and Billericay Community Cinema was created. This year they won the National Film Society's award for the best new society. Billericay was proud of them and it was a great example of what can be achieved. Is the Council still providing this encouragement?

The Cabinet Member replied that this was an example of how innovative libraries could become. The Council was looking at ten of the larger libraries at the moment with a view to making them into hubs and suggesting that they engage with their communities with a view to providing different services. The example at Billericay showed that the library had increased its footfall by drawing in 1,156 people to watch 27 films over the last year.

6 Councillor Le Gresley congratulated Councillor Finch, the Leader of the Council, for his successful pursuance of 'garden cities' for Essex. He asked if he could use his influence to suggest to the Councils in the south of Essex that their 'objectively assessed needs' could be mitigated by these new communities, reducing the need for unpopular new estates to be built encircling already over-developed communities.

The Leader thanked Councillor Le Gresley and replied that he would try to use his influence as he had suggested.

7 Councillor Pond asked Councillor Johnson, the Cabinet Member for Highways and Transport, if he recalled that he had provided in November 2015 a dossier of footway defects in Loughton High Road North and Jackson's Avenue – which he had originally drawn attention to in November 2009. However, no repairs have been undertaken and now a constituent of Councillor Gadsby has met with an accident in Jackson's Avenue which, in Councillor Pond's opinion, was now in a dangerous state. Would the Cabinet Member meet with him on site, perhaps with Councillor Gadsby, to try and remedy this long-standing problem?

The Cabinet Member replied that he had already written to Councillor Pond to explain that the defects do not meet the criteria. He encouraged any Member with concerns of this nature to come to his surgery and express their concerns to him directly.

8 Councillor Abbott asked Councillor Johnson, the Cabinet Member for Highways and Transport, if he recalled that at the last meeting of Council he had given a response to a written question about rural pin-posts and he had said that the Council was starting work to identify them, note defects and take action. Could he give an update on that work and if it was going to include metal pin-posts of which he had quite a number in his Division and some of which were of historical interest.

The Cabinet Member replied that the work was planned within next year's budget and he was working with officers to plan for maintenance. Most pin-posts were wooden but he would draw the matter of metal pin-posts to the attention of the relevant officers.

9 Councillor Abbott asked Councillor Johnson, the Cabinet Member for Highways and Transport if, concerning the decision to cancel the 30mph speed limit extension in

Rivenhall, the Cabinet Member recalled that he had written to him to inform him that the police officer (whose single objection had caused this scheme to be cancelled) had informed him that he did not assess the speed monitoring data taken outside the school and yet the Cabinet Member had not responded to his email request that they meet with a view to re-evaluating the decision.

The Cabinet Member replied that notwithstanding a conversation Councillor Abbott may have had with a single police officer, the police had been fully involved and consulted and were not in favour of this scheme as it was not enforceable. But it was not the only reason for the decision. As far as a response to the email was concerned, he had replied to say that he would meet Councillor Abbott at his Highways Surgery. That offer still stands.

10 Councillor Aspinell asked Councillor Brown, the Cabinet Member for Corporate and Communities, if she was aware, further to her earlier congratulations to Billericay Library that Brentwood does not have a cinema and he would welcome a similar initiative in Brentwood Library bearing in mind the available space.

The Cabinet Member replied that, for clarity, there were no discussions or negotiations that considered the moving of the library in Brentwood. There are discussions with officers about using the space. The local members will be informed as discussions continue.

11 Councillor Aspinell asked Councillor Johnson, the Cabinet Member for Highways and Transport, concerning the switch to LED lighting if residents were to be consulted when decisions were being made to switch lighting back on.

The Cabinet Member replied that residents need not be consulted on this matter as part-night lighting was not being replaced with all-night LED lighting. LED lights were only being installed in lampposts on strategic roads and where they are currently left on at night. Other individual lights will only be replaced with LEDs when they require maintenance and replacement. It was anticipated that in the future all lights would be LED.

16 Oral questions of the representative of the Essex Police and Crime Panel on any matter of that Panel

Councillor Henderson asked Councillor Jowers, the Representative of the Essex Police and Crime Panel, was he aware of increasing crime in Essex, especially in Harwich, and had he discussed with the Police and Crime Commissioner increasing the number of police officers on patrol?

The Representative replied that there had been a number of discussions concerning the allocation of resources and he invited Councillor Henderson to attend a Police and Crime Panel meeting so he could be party to those discussions.

17 Oral questions of the representative of the Essex Fire Authority

There were no questions.

18 Chairman's concluding remarks

The Chairman concluded the meeting by wishing Councillor Johnson a speedy recovery from an impending operation, Councillor Deakin a speedy recovery from her accident and to invite Members of the Council to the Chairman's Christmas reception on 20 December.

He wished everyone a Merry Christmas.

Chairman

Revenue Budget 2017/18 and Capital Programme 2017/18

Report by Councillor David Finch, Leader of the Council

Enquiries to Margaret Lee, Executive Director for Corporate and Customer Services

1 Purpose of the Report

- 1.1 The report presents information to enable Full Council to consider and approve the revenue and capital budget for 2017/18 – noting that the report presents a balanced budget for 2017/18.
- 1.2 The recommendations in section 2 will be moved by the Leader of the Council.
- 1.3 Section 3 contains the details of the movements from those presented to Cabinet in January.
- 1.4 Cabinet made recommendations to Full Council, but agreed that the Cabinet Member for Finance, Traded Services, Housing and Planning could amend those recommendations in the light of any revised information. The recommendations from the Cabinet, as amended by the Cabinet Member for Finance, Traded Services, Housing and Planning are set out in section 2. The Council is, however waiting for final settlement figures from the Department for Communities and Local Government. These are expected to be received before the meeting. Any further revisions to the recommendations resulting from the final settlement figures will be circulated to all members as early as possible and will also be posted on the council's website.

2 Recommendations to the Council

Revenue and Capital Budget: the following resolutions are recommended for approval:

- 2.1 The net revenue budget requirement to be set at **£852 million (m)** (net cost of services less general government grants) for 2017/18 – Appendix A (page 16)
- 2.2 The net cost of services to be set at **£912.7m** for 2017/18 – Appendix A (page 16).
- 2.3 The total council tax funding requirement be set at **£597.1m** for 2017/18 – Appendix A (page 16).

- 2.4 That a 3% social care precept be levied but with no further changes to council tax, therefore the Essex County Council element of the council tax for charge for a Band D property in 2017/18 will be **£1,163.70**. A full list of bands is as follows:

Council Tax Band	2016/17 £	2017/18 £
Band A	753.42	775.80
Band B	878.99	905.10
Band C	1,004.56	1,034.40
Band D	1,130.13	1,163.70
Band E	1,381.27	1,422.30
Band F	1,632.41	1,680.90
Band G	1,883.55	1,939.50
Band H	2,260.26	2,327.40

- 2.5 Full Council approve the council tax for each category of dwelling and the precepts on each of the council tax billing authorities for 2017/18, together with the final tax base, as set out in the table below

Billing Authority	2017/18 Final Tax Base Band D Equivalent	2017/18 Gross precept £000
Basildon	59,466	69,201
Braintree	51,547	59,985
Brentwood	32,084	37,336
Castle Point	30,077	35,001
Chelmsford	64,395	74,937
Colchester	61,132	71,140
Epping Forest	53,029	61,710
Harlow	25,032	29,130
Maldon	23,869	27,776
Rochford	31,421	36,565
Tendring	45,860	53,367
Uttlesford	35,224	40,990
Total for ECC	513,135	597,136

- 2.6 Agree to the proposed total schools budget of **£545.9m** for 2017/18 as set out on page 13 of Appendix A, which will be funded by the Dedicated Schools Grant.
- 2.7 That the underlying balance on the General Balance be set at **£59.2m** at as at 1 April 2017 (Appendix A, page 66).
- 2.8 That the capital payments guideline be set at **£263.4m** for 2017/18.
- 2.9 That for the purposes of section 52ZB of the Local Government Finance Act 1992 the Council formally determines that the increase in council tax is not such as to trigger a referendum.

Prudential Indicators, Treasury Management Strategy and Minimum Revenue Provision for Debt Repayment Policy: the following are recommended for approval:

- 2.9 The 2017/18 - 2019/20 Prudential Indicators and limits, together with updated limits for 2016/17 as set out in Appendix B.
- 2.10 The Treasury Management Strategy for 2017/18 as set out in Appendix B.
- 2.11 The policy for making a prudent level of revenue provision for the repayment of debt (the Minimum Revenue Provision policy as set out in Appendix B).

Pay Policy Statement – the following is recommended for approval:

2.12 The Pay Policy Statement for 2017/18 as set out in Appendix C.

3 Background to the changes since the Cabinet Meeting

3.1 The billing authorities are required to provide a final estimate of the council tax base, the deficit/surplus from the prior year, the performance of the local discount scheme and the Non Domestic Rates (NDR) income on the 31st January. The recommendations within the Cabinet report were based upon the estimates of these figures, before receipt of the final submissions from the billing authorities.

3.2 This information has now been submitted to the County Council and as a result there have been the following changes –

- Reduced NDR income of **£726,000**
- Reduced council tax income from Basildon Borough Council of **£391,000**
- Additional Business Rates Compensation Grant of **£640,000**
- Impact on the Business Rates Pooling of **£1.9m**

3.3 The net impact of the above is an increase in funding of **£1.5m** and it is proposed to transfer this amount to the Transformation Reserve.

3.4 The table below shows the Cabinet provisional position alongside the position based on final returns from billing authorities:

	Cabinet Jan-17 £m	Council Feb-17 £m	Movement £m
Council Tax Requirement	(597.5)	(597.1)	0.4
Revenue Support Grant	(73.9)	(73.9)	(0.0)
Non-Domestic Rates	(166.7)	(167.9)	(1.2)
General Government Grants	(60.0)	(60.7)	(0.7)
Withdrawal from General Balance	0.0	0.0	0.0
Collection Fund Surplus	(13.1)	(13.1)	0.0
Total Funding	(911.2)	(912.7)	(1.5)
Net cost of Services	911.2	912.7	1.5
Total Expenditure	911.2	912.7	1.5
Surplus/ (Deficit)	-	-	-

3.5 At the time of the production of these papers, the final settlement was not known. If it becomes available in the period between production of the report and the Council meeting, an addendum will be issued before or at the meeting.

- 3.6 If however, the final settlement is not known the day of the Council meeting, an amended budget motion will be tabled at the meeting moved on an amended basis, proposing that the following will apply:
- 3.7 If the final settlement provides an increase in funding over that already included, the additional sum will be appropriated to the General Balance.
- 3.8 If the settlement results in a decrease in funding, that amount will be appropriated from the General Balance. In this scenario, the report on the first quarter position to Cabinet in July will set out how that amount will be recovered.
- 3.9 In either case, the action will not result in changes to net revenue budget requirement, or the level of the Council's precept on billing authorities or to whether the increase in council tax requires a referendum.

4 Statement of the Executive Director for Corporate and Customer Services (s151 Officer)

- 4.1 The Council is required to set a balanced budget every year 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. At Essex County Council, the Chief Finance Officer is Margaret Lee, Executive Director for Corporate and Customer Services.
- 4.2 Under section 25 of the Local Government Act 2003 the Chief Finance Officer is required to report to the authority on the robustness of the estimates. The following paragraphs therefore provide a commentary on the robustness of the budget and the reserves in place to support the Council.
- 4.3 The budget is to be set against a backdrop of the seventh year of austerity and significant reductions in Central Government funding, and increasing demand for social care services which has attracted much attention nationally. The Council faces a **37%** reduction in Central Government revenue support grant, when compared to the current year, and this is on top of **27%** in the previous year. The Council also continues to face significant financial pressures from the implementation of the National Living Wage, and increasing demand for its services. Public expectation, in particular relating to the Highways service is also increasing.
- 4.4 As part of the Local Government Finance Settlement 2016/17, the Government announced the opportunity for Councils to 'sign up' to a four year settlement,

thereby providing greater certainty over government funding streams. In order to accept the offer, an Efficiency Plan is required. The authority took up this offer, and the Efficiency Plan for 2016/17 to 2020/21 was approved by Council in October 2016.

- 4.5 In 2016/17 the Government agreed that local authorities with social care responsibilities were allowed to increase council tax by an additional **2%** if the money raised is spent on adult social care. This is referred to as the 'social care precept'. In the Provisional Finance Settlement for 2017/18 it was announced that social care authorities could increase the social care precept by **3%** for 2017/18 and 2018/19 provided that the total increase as a result of the precept by 2019/20 does not exceed **6%**. A **3%** increase will yield an estimated **£17m** in 2017/18, which whilst being a contribution to the financial pressures relating to social care, are not sufficient to meet the costs of inflation (including the cost of funding increases in the National Living Wage) and demographic growth which are estimated to cost **£47m** for this service alone.
- 4.6 For the 5 years to 2015/16, the Council froze council tax at the 2010/11 level. Following the significant reduction in funding and cost pressures during 2016/17, the difficult decision was made to increase Council Tax by **1.99%** together with a social care precept of **2%**. However with the additional flexibility offered by Government with the social care precept it is proposed that council tax will be frozen again in 2017.
- 4.7 The financial situation that the authority faces is still very challenging. The 2017/18 budget includes a **£39m** reduction in central government grant, inflationary pressure (including National Living Wage) of **£38m**, and net service pressures offset by additional income (**£29m**) results in a net pressure of **£106m**. For future years, these pressures are expected to continue. The council must therefore continue to explore different ways of working with its partners, local communities and the voluntary sector to ensure essential services can be provided with significantly reduced funding.
- 4.8 The Council has also indicated within the budget proposals, an aspiration to invest considerable sums through the capital programme over the next three years. This will deliver a range of schemes to enhance, maintain and deliver new assets, some of which will help to deliver revenue savings. Clearly if the Council has to borrow sums to pay for this investment, it will incur borrowing costs, which increase the pressure on the revenue budget. The ability to turn this aspiration into a long term programme will therefore be dependent on achievement of savings, generation of income and maximising funding from a range of sources. Without this, the indicated borrowing costs of the capital programme will be unaffordable, and should they be incurred, they will generate on-going and unavoidable commitments which will provide even more challenge to delivery of what are already very difficult budgets.

- 4.9 There are a number of risks associated with the budget - the most notable are the assumed full delivery of budget proposals and the extent and management of social care demand.
- 4.10 Reserves play an increasingly important part in the financial strategy of the Council, and much has been written about them in local and national media. A substantial amount of the Council's reserves are 'restricted use funds' in that they are ring-fenced very specifically to long term contractual commitments such as PFI schemes, or they are partnership funds, and not available to support the spend of the Council.
- 4.11 Excluding these funds, the remaining reserves provide a cushion against the significant risks the Council faces as outlined earlier, and a source of funding of business cases to change the way it provides services and achieves future efficiencies. The continued provision of adequate reserves is essential. Without these, it may be necessary to take remedial urgent action in-year to mitigate unavoidable challenges that arise, which could lead to longer term consequences.
- 4.12 In building the budget, the Council has considered the risks inherent within it. The Council has a number of processes embedded within its day to day working to minimise, and manage those risks, including:
- Promoting a robust approach to financial planning with functions
 - Use of performance reporting to act as an early warning system
 - Regular reporting to Members and senior officers of the projected outturn, and savings plans, including outlining remedial action where appropriate
 - The operation of a risk management approach as set out in the Council's Risk Management Policy
 - The presence of the Council's internal control framework, including the Financial Regulations and Schemes of Delegation for Financial Management which provides the framework for delegated budget management
 - The operation of the internal audit function and its role in assessing controls and processes to highlight critical or major weaknesses and also advise on best practice.
- 4.13 However, it has to be recognised that these steps will not serve to 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

- Slowing down or stopping spending or increasing income elsewhere in the organisation. The greater the extent that this is possible, the lower the potential overall impact of risks
- The extent to which it is possible to move funds around the organisation, and so use savings in one area against pressure in another
- The level of the Council's emergency contingency, which is set at **£4m** (or less than 0.5% of net expenditure)
- The underlying level of general reserves, which is set at **£59.2m** (or 24 days expenditure).

4.14 This situation is very challenging. The report refers to the continuing demand for services, inflation and reduction in Central Government funding. In addition, there is a projected overspend of **£7.7m** in the current year (2016/17) which must not only be funded, but could also have an on-going impact into 2017/18 and beyond.

4.15 It will therefore take radical reform of services and strong leadership to deliver the new sources of income and efficiencies required to balance future budgets. There will be an increasingly strong focus on digital transformation and commercialism to enable this.

4.16 Whilst a balanced budget for 2017/18 is presented here, it does include high levels of risk in terms of delivery of the budget proposals. Furthermore, the projections for future years indicate a gap between the Council's expected funding streams and the Council's expenditure. It is therefore essential that the Council continues to identify further income and opportunities for efficiencies to ensure balanced budgets are able to be set in future.

4.17 Taking all of the above into account, it is the view of the Executive Director for Corporate and Customer Services that the revenue budget and capital programme for 2017/18, and the arrangements for managing and monitoring the budget are deliverable, but the level of risk within is significant.

5 **Other Issues**

5.1 The Council is required to produce an annual Pay Policy Statement for each financial year. The statement for 2017/18 (Appendix C) has been updated to reflect the restructure agreed by Cabinet on 18 October 2016, and a new grading and pay structure which will apply to layers 1 and 2 of the organisation.

5.2 The findings of the Equality Impact Assessment (EIA) carried out are included at Appendix D of this report.

- 5.3 The Council's Financial Regulations set out the policies and the framework for managing the financial affairs. They seek to ensure that the Council conducts its affairs in a way that complies with specific statutory provision, generally accepted accounting principles and professional good practice. In addition, the Executive Director for Corporate and Customer Services (s151 Officer) authorises officers to make day to day decisions in accordance with and up to the limits set out in a scheme of delegation for financial management which implements Financial Regulations. The Financial Regulations have been revised and are elsewhere on the agenda for approval.
- 5.4 In line with the approach taken by a number of other authorities, the Council has undertaken a review, in consultation with its External Auditor, of its policy for making annual Minimum Revenue Provision (or MRP) for the repayment of debt. As a consequence of this review, it is intended to vary the methodology for determining MRP on relevant classes of debt, as set out in Appendix B – Treasury Management.

6 Relevance to the Council's Corporate Plan and Strategic Plans

- 6.1 The budget is a financial representation of the organisation's activity. Financial constraints will, therefore, inevitably act as a limit to the activities that can be undertaken.
- 6.2 The Vision for Greater Essex is currently being refreshed and is out with partners for consultation. Work is underway on a new Organisation Strategy.
- 6.3 Over time beyond 2017/18 the financial strategy will become even more aligned to the Vision and the Organisation Strategy, as business plans are developed to implement the strategy.

7 Internal and External Consultation

- 7.1 All Executive Directors and Directors have been involved in the preparation of the budget.
- 7.2 Through budget consultation meetings the Council engage with representatives from the unions and from the business community.
- 7.3 This report was also reviewed by the Corporate Scrutiny Committee on 31 January 2017

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 aggregate 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 so much of the amount estimated by the authority to be a revenue account deficit for any earlier financial year as 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 that 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 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 in 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 will need to be made.

- 8.8 The setting of the budget is a function reserved to Full Council but the Cabinet are required to make recommendations to Full Council on the various calculations the authority is required to make when setting the Council Tax. 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 Council's Corporate Plan, 'A Vision for Essex' and the Corporate Outcomes Framework.
- 8.9 Section 106 of the Local Government Finance Act 1992 prevents 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 such a member attends 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. In previous years any increase of 2% or more (excluding social care precept) has been defined by the then Secretary of State as 'excessive'. The Secretary of State has not made a final decision for 2017/18 has not yet been made, but a decision is expected by the time of the Council meeting. If this impacts on the Council's assumptions then this will be reported to Council.
- 8.11 The social care precept is achieved by allowing authorities to increase council tax by a further 3%. There is no legal requirement for the money raised to be used for adult social care services, but the Secretary of State has 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. The final decision on what is an 'excessive' increase for 2017/18 has not yet been made, and a decision is not expected until early February 2017. If the Council sets council tax before the finance settlement then it would need to reconvene to determine whether or not the increase is excessive.

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. HR implications which may arise as a result of operational plans flowing from this budget will be addressed under their specific implementation plans.

10 Equality Impact Assessment

- 10.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when 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.
- 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 8.1(a).
- 10.3 The equality implications have been assessed as part of the budget setting process as detailed in Appendix D. Equality impact assessments will be carried out as part of individual schemes being considered to implement the budget.

11 List of Appendices

Appendix A – Revenue Budget 2017/18 and Capital Programme 2017/18

Appendix B – Treasury Management Strategy

Appendix C – Pay Policy Statement

Appendix D – Equality Impact Assessment

Essex County Council

Revenue Budget 2017/18

Capital Programme 2017/18

Appendix A



Essex County Council

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Executive Summary

Overview

The core function of Essex County Council (The Council) is to make a positive contribution to the people, businesses and communities of Essex by providing the most effective and efficient services to the residents of the county.

The budget for 2017/18 sets out how the Council will spend a gross budget (including schools) of **£1,824m** and a capital programme of **£263m**.

The Council's funding must meet the needs of this and future years across areas such as education improvement and school places, highways, and social care to vulnerable adults and children.

This budget proposes a still greater capital investment across areas such as education, independent living, housing supply and highways.

Financial context

The Council has a legal responsibility to operate within a balanced budget while maintaining appropriate reserves, and a moral responsibility to minimise the burden on its taxpayers. It follows that the Council must continuously and endlessly seek new efficiencies and ever higher measures of achievement.

The Council has an outstanding track record of delivering value to its tax-paying residents. The Council has delivered over **£597m** of savings in the last 7 years (**£293m** over the last four years) by driving out inefficiency, generating income and reducing costs, and the budget now presented is based on delivering a further **£106m** in 2017/18. This track record has enabled the Council not only to maintain services in new and improved ways at lower cost, but also to invest for the future so that Essex is a better place in which to live and work.

The challenge of balancing the budget is enhanced by the Government policy of reducing general subsidy to local councils and increasing the National Living Wage (NLW). The Council can expect higher inflation generally. It is seeing increased demand for its services and, while many of these can be planned for, the scale of growth in Adult Social Care has exceeded expectations. Whilst the Council will continue to innovate internally and to work with key stakeholders such as the National Health Service (NHS), it will be both responsible and necessary to fully utilise the 3% Social Care precept facility offered by government.

The Revenue Support Grant will be phased out completely by 2020 (a **£44m** reduction in 2017/18) so County Council income will be derived from remaining specific grants, council tax, business rates (where the exact formula for 100% retention across the country has yet to be established), fees and charges and other trading revenues. Its responsibility to taxpayers demands focus on the generation of discretionary revenues, where the Council employs commercial thinking in all that it does and encourages payment for services where there is a demand for them and an ability to pay. Progress across these fronts enables the Council to freeze general Council Tax in this budget after deployment of the 3% social care precept for the 5th time in 6 years.

The council tax for a band D property will be **£1,163.70; this is an increase of under 65p per household per week.**

The revenue budget can be viewed at three levels. Including the budget for schools it totals **£1,824m**. Excluding schools the gross budget is **£1,244m**, which reduces to **£913m** when specific government grants, fees and charges and other income is taken into account. That **£913m** is funded by council tax (**£610m**), business rates (**£168m**), revenue support grant (**£74m**) and general government grants (**£61m**). It is calculated net of the revenue the Council generates, from activities such as trading revenues (**£18m**) and social care client contributions (**£81m**).

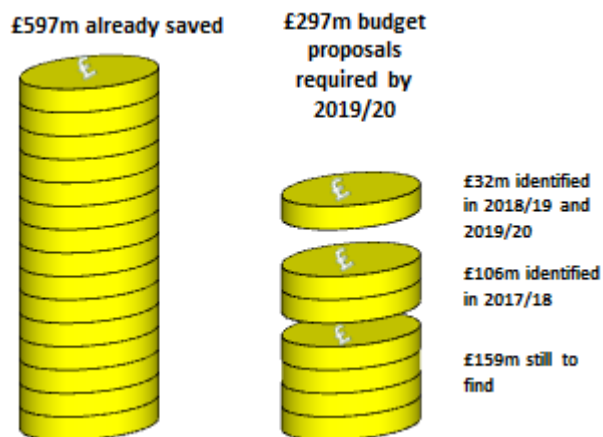
As previously explained the Council's responsibility is to ensure effective services not just for today, but for the future. Revenue budget stringency enables scope for greater capital expenditure, and this Council is committed to prudent gearing – that is, it will not create an interest burden from borrowing which precludes service provision in future years. Despite this, and thanks to the efficiencies being achieved elsewhere the Council is able to recommend a capital programme of **£263m**, an increase of **£39m** on that for 2016/17. Record levels of capital maintenance on highways will be maintained while there will be significant increases in education including the new Special Education Needs Network. The programme includes investment in independent living schemes for older and vulnerable adults, in generating greater supply of housing and in schemes to promote economic growth. The Council is determined to achieve the best service for residents in the most efficient way, this demands that it fully exploits the digital opportunity. The Council is developing a council wide digital strategy and has committed to spend **£7m** over the next 2 years specifically on adult social care.

Financial Strategy

2017/18 – 2019/20

This budget is underpinned by a financial strategy to ensure the financial sustainability of the Council and to deliver essential services to residents, whilst keeping council tax as low as possible. This will continue to be achieved by focussing on increasing income generation and delivery of its commercial strategy.

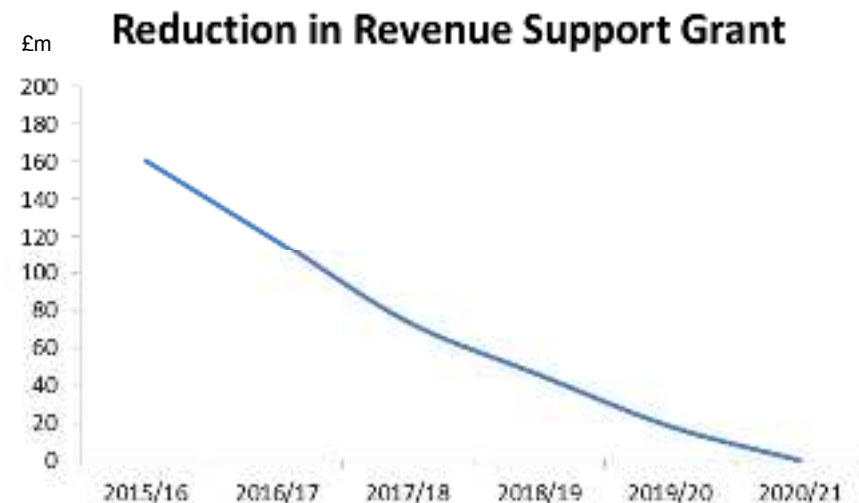
Over the last 7 years the Council has generated savings to taxpayers of over **£597m**, and is budgeted to find a further **£106m** of new savings by the end of 2017/18 (**12%** of net budget). The Council has an outstanding track record both in term of delivering savings, generating income and delivering value to its residents, with a constant focus on strategic outcomes and financial prudence.



The **£106m** of budget proposals relate to process and back office efficiencies, improved targeting of resources and preventative measures, including a more targeted approach of support to families and increased focus on supporting vulnerable people to live independently. There are also efficiencies from organisation redesign including **£1m** from senior leadership.

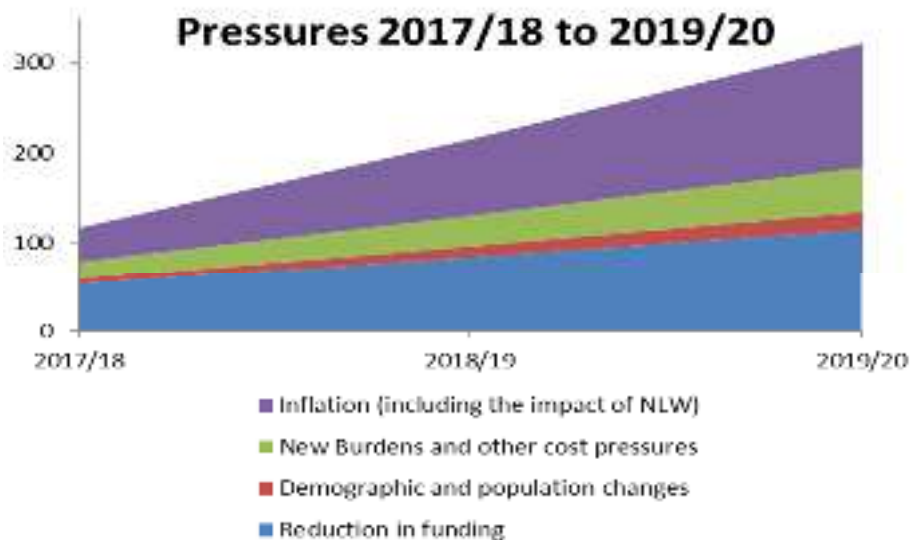
The Council has worked closely with the Districts to improve council tax collection rates, through local schemes and the implementation of a fraud campaign. This will see an expected growth in council tax in 2017/18 of **£4m** (before the precept).

In 2016/17, the Council accepted the offer from Central Government for a multi year settlement, in return for an efficiency plan. The settlement provides the Council with surety of government funding to 2019/20. Government funding reduces significantly over this period - with revenue support grant falling to zero by 2020/21. Today RSG represents 8% of its funding.



The funding position beyond 2019/20 is unknown due to the implementation of a new approach to business rates from 2020/21, which will allow the Council to retain more of the business rates raised locally, in exchange for additional responsibilities which are yet to be determined. This will be a significant change to the way the Council is funded, but will provide greater financial independence, and incentives to push for local growth and pioneer new models of public service delivery. Importantly it will also improve local accountability as locally raised tax becomes the core funding source.

As well as reductions in Central Government funding, the Council faces significant cost pressures over this period due to inflation (including NLW which rises to an additional **£96m** by 2020/21), demographics and new legislation such as the Apprenticeship Levy.



Medium Term Resource Strategy (MTRS)

Alongside the implementation of the Corporate Strategy work will continue during 2017/18 to identify options to close the funding gap beyond 2018. The Council is fully cognisant of the challenges that it faces, but is determined to transform how it operates to tackle this enormous financial shift. The Council operates a Transformation and Efficiency programme which is central to delivering the savings and generate the income required to reach a balanced budget position but also to deliver fundamental change in the way it works both internally and with partners. This will be driven by its new organisational principles and is a key part of the Council's Strategic Direction (see page 17).

The updated MTRS is set out below.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Net Cost of Services	935	913	950	1,020
Funding	(935)	(913)	(906)	(905)
Gap	-	-	44	115

The total savings still to find over the medium term period is **£159m**, which along with the savings already proposed, equates to total savings of **£297m**.

There will be an enhanced focus on commercialism. This is not about privatisation; it is about operating County Council services in ways that generate value for residents, and where residents are willing to pay a fair price where they can afford to do so. The capital programme will similarly have elements which result in greater revenues thus reducing the burden on taxpayers. Country parks are an outstanding example, where

investment in attractions has resulted in greater usage, higher satisfaction and reduced subsidies.

Capital

The capital programme presented is fully developed for 2017/18 and the 3 year programme represents the ongoing commitment of the existing and 2017/18 programme together with recurring maintenance activity.

The longer term capital programme aspirations are significant. The Council continues to develop the future programme of investment to ensure that it is affordable within the financial envelope available and it is for this reason that it only presents a detailed budget for 2017/18.

The overall vision for the capital programme is to have a diverse portfolio of activity, ensuring the continued creation of new and the quality of existing infrastructure, for the benefit of Essex residents and businesses. This must deliver value for money within an affordable financial envelope that generates income and growth, drives savings and is focused on creating better places to live and work. This is all underpinned by the needs of the people and businesses of Essex and the corporate outcomes and devolution aspirations.

The capital strategy to deliver this vision is:

- Building and maintaining a diverse capital programme which is agile and responds to residents' needs, such as providing new accommodation for older people and adults with disabilities and improving the County's flood defences.

- Ensuring activity is prioritised accordingly, with robust delivery plans in place, enabling delivery on time and at value, for example ensuring every child has a place at school and maintaining the road network.
- Ensuring external funding is leveraged, especially from development, which will maximise the financial envelope available for capital projects such as funding for road improvements (which reduce congestion and unlock housing and jobs growth) and building new schools.

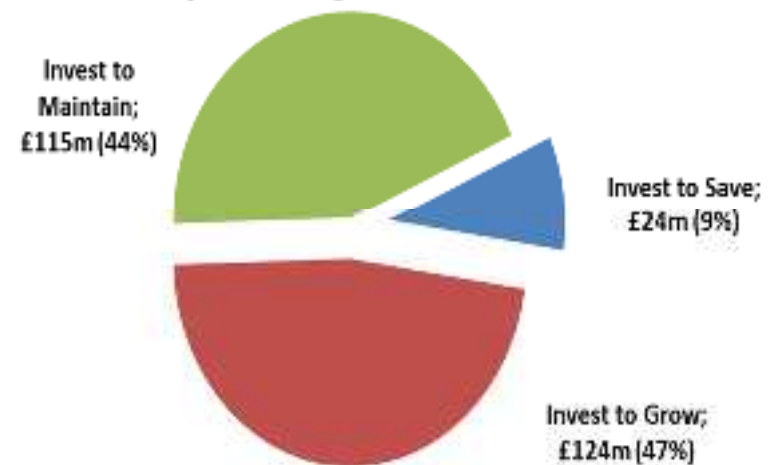
Over the last 3 years the Council has invested approximately **£222m** on improving the quality of roads and non-carriageways. As a result it has seen significant improvements in the condition of the principal road network which the Council now wish to extend into local roads and improvements to congestion in a number of key locations. Notable achievements over the last 3 years include the delivery of Park and Ride facilities, the Colchester Northern Approach Road, improvements to the A414 and significant interventions like the Sadlers Farm junction on the A13.

Continued investment is vital to achieving the Council's economic ambitions for the county. Over the next 3 years, it plans to focus more on the local road network condition together with the delivery of packages of improvement work in Chelmsford and on the A127 together with a broad range of other improvements. The Council will also develop the case for a new junction on the M11 to serve Harlow and making the A120 between Braintree and the A12 a dual carriageway. The Council continues to invest in its commitment to deliver a transport network in Essex that supports economic growth, reduces congestion and meets the future needs of its residents.

The Council has bid for funding from the Local Growth Fund and it awaits the announcement of the outcome of that process. The programme incorporates the bid on the basis that the match funding is secured. Should that funding be less than the Council has assumed it will consider the affordability of funding any shortfall given its commitment to supporting economic growth.

The Council's collaboration with Essex Schools will enable up to **£46m** investment expanding special school places over the next 3 years. This represents a step change in the provision and will help to reduce distances children need to travel, keeping them closer to their family and reducing associated costs. This is on top of the **£230m** the Council is planning to invest in mainstream education to create over 8,000 new places, ensuring all children in Essex receive the best possible education and pupils' individual needs are met. The Council's digital programme continues to develop and it expects to make a significant investment in the Digital Innovation, IT and Customer Services portfolio next year. Work is underway to develop a comprehensive strategy during the first half of 2017 which will include work in respect of the Adult Social Care portfolio, a reserve for which has been created.

ECC Capital Programme 2017/18 £263m



The total of the 2017/18 programme is **£263m**. This can be analysed as follows:

Invest to Grow totals **£124m** and includes areas where the Council is expanding its capacity, for example, economic growth schemes in infrastructure and highways, and creating new school places to meet additional demand from demographic changes and new housing developments.

Invest to Maintain totals **£115m** and includes areas where the Council is maintaining (but extending the life of) its current assets, for example highways capital maintenance.

Invest to Save/Generate Return totals **£24m** and includes areas where the Council is investing to generate a return or saving, for example accommodation for older people and people with disabilities, and the Essex Housing Programme.

2017/18 Overview

Gross expenditure to be incurred in the delivery of Council services in 2017/18 is **£1,824m**. After taking income and specific grants into account, the net costs of services amounts to **£913m**.

Budget Breakdown

	2016/17 £m	2017/18 £m
Gross Expenditure	1,773.7	1,823.6
<i>Deduct:</i>		
Income	(186.3)	(226.5)
Specific Government Grants (excluding DSG)	(113.4)	(138.5)
Specific Government Grants (DSG)	(539.2)	(545.9)
Subtotal: Net Cost of Services	934.8	912.7
<i>Deduct:</i>		
Council Tax Requirement	(570.2)	(597.1)
Revenue Support Grant	(117.9)	(73.9)
Non-Domestic Rates	(164.3)	(168.7)
Non-Domestic Rates Deficit *	2.4	0.8
General Government Grants	(54.0)	(60.7)
Withdrawal from General Balance	(19.4)	0.0
Council Tax Collection Fund Surplus *	(11.4)	(13.1)
Subtotal: Total Funding	(934.8)	(912.7)
Surplus/ (Deficit)/ Balanced budget	0.0	0.0

* Estimate of the variation of actual council tax and non-domestic rates revenue 2016/17 compared to that budgeted (technical adjustment)

A summary of the revenue budget and capital programme by portfolio is shown on pages 11 and 12.

Where Essex County Council money comes from

Breakdown of Total Net Funding

2016/17 - £935m



2017/18 - £913m



Income

Within the budget, income of **£227m** is expected in 2017/18, an increase of **£40m** when compared to 2016/17.

Breakdown of Income Streams

	2016/17 £m	2017/18 £m
Fees and Charges	(119.8)	(124.8)
Contributions from Other Bodies	(21.7)	(63.8)
Interest Receivable	(0.7)	(0.5)
Rents and Lettings	(4.0)	(4.3)
Sales	(1.8)	(1.4)
Other Income:		
Appropriations Income *	(24.2)	(13.6)
Income Recharge	(7.4)	(9.6)
Other Recharges	(5.4)	(8.3)
Capital Grants	(0.1)	(0.1)
Dividends from Companies	(1.0)	0.0
External Income Other Accounts	(0.2)	(0.1)
TOTAL	(186.3)	(226.5)

* 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.

The breakdown of income streams by portfolio is shown on the next page.

The significant increase in contributions from other bodies reflects a change in accounting treatment of income from health partners relating to the Better Care Fund.

Over **55%** of income shown in the above table is derived from fees and charges; of this the majority is raised from means tested charges for adult social care.

Specific Government Grants

The budget also includes **£684m** of specific government grants, the most significant of which is the Dedicated Schools Grant (**£546m**), the majority of which is passed through to

schools, and Public Health grant (**£64m**) which is ring-fenced to public health activity.

Capital Programme

The Capital Programme for 2017/18 is **£263m**. The Council will deliver its biggest ever education programme, with in excess of 2,500 new primary and secondary school places being constructed. On top of this, the Council will embark on its five year **£85m** investment programme to provide 400 new special school places for children with special educational needs in Essex (**£46m** over the three years 2017/18 – 2019/20). It will significantly accelerate its plans to bring forward ambitious housing schemes and redevelop redundant Council property to provide much needed new homes across the county, supporting independent living schemes for older people and adults with disabilities. With over **£130m** being invested in maintaining and improving the highway network, it will ensure the county keeps moving.

The Council will deliver a range of schemes to enhance, maintain and deliver new assets. Schemes such as superfast broadband and investment in libraries to make them more community based. There will be a continuation of building new primary and secondary schools, at Beaulieu Park in Chelmsford, New Hall in Harlow and a significant school expansion programme in Colchester and Loughton and delivering new specialist teaching provision in Benfleet. There is also a package of highways maintenance and road congestion busting schemes countywide to support economic growth.

Revenue Budget Summary

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
382,048	392,403	402,264	Adult Social Care	523,758	(124,537)	(496)	398,725
117,394	115,723	116,512	Children and Families	126,937	(2,192)	(11,532)	113,212
13,877	13,415	17,047	Corporate and Communities	22,029	(6,310)	(25)	15,693
1,969	2,491	2,064	Digital Innovation, IT and Customer Services	2,400	(270)		2,130
6,454	5,610	6,690	Economic Growth, Infrastructure and Partnerships	5,466	(637)		4,830
51,667	45,895	48,496	Education and Lifelong Learning	668,181	(20,604)	(602,703)	44,874
75,666	78,067	78,085	Environment and Waste	83,397	(6,914)	(105)	76,378
22,304	25,084	24,248	Finance, Commerical, Traded Services, Housing and Planning	24,910	(5,506)	(408)	18,995
29,239	23,549	23,750	Health	92,325	(2,890)	(66,336)	23,099
86,308	76,633	78,355	Highways and Transport	99,157	(21,259)	(2,841)	75,056
4,327	6,825	8,578	Leader	6,750	(139)	0	6,611
21,263	63,642	41,423	Other Operating Costs	76,543	(14,213)		62,329
14,503	14,773	13,230	Corporate and Communities RSSS	14,706	(4,691)		10,015
23,865	18,066	19,915	Digital Innovation, IT and Customer Services RSSS	19,175	(1,926)		17,249
24,268	21,736	25,718	Finance, Commerical, Traded Services, Housing and Planning RSSS	28,267	(9,759)		18,507
1			Highways and Transport RSSS	(0)			(0)
37,233	30,913	29,607	Leader RSSS	29,607	(4,655)		24,953
912,386	934,826	935,982		1,823,608	(226,504)	(684,447)	912,656

Capital Programme Summary

2015/16 Actuals £000	2016/17 Latest Budget £000	Portfolio	2017/18 Budget £000	2018/19 Budget £000	2019/20 Budget £000	Three Year Total £000
2,191	4,900	Adult Social Care	4,592	975		5,567
464	241	Children and Families	550			550
391	240	Corporate and Communities	1,201	600	595	2,396
4,310	3,704	Digital Innovation, IT and Customer Services	1,983	122	122	2,227
10,331	10,844	Economic Growth, Infrastructure and Partnerships	11,532	19,339	5,456	36,327
66,253	51,365	Education and Lifelong Learning	89,093	131,622	79,969	300,684
9,209	6,396	Environment and Waste	6,350	4,100	4,500	14,950
2,905	3,381	Finance, Commercial, Traded Services, Housing and Planning	9,213	5,663	1,030	15,906
124,147	135,486	Highways and Transport	133,474	140,626	114,537	388,637
7,332	7,521	Leader	5,368	5,000	5,000	15,368
227,533	224,078	Capital programme	263,356	308,047	211,209	782,612
Financed by:						
2015/16 £000	2016/17 £000	Financing	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
128,200	98,483	Grants	104,168	89,930	78,680	272,778
12,640	15,000	Capital receipts	15,000	10,000	10,000	35,000
13,630	15,374	Contributions	16,835	12,011	4,043	32,889
14,806	8,704	Reserves	20,266	8,169	8,122	36,557
58,257	86,517	Borrowing	107,087	187,937	110,364	405,388
227,533	224,078	Total	263,356	308,047	211,209	782,612

Dedicated Schools Grant and other education funding

Schools' expenditure, predominantly funded through the Dedicated Schools Grant (DSG), lies largely outside of the Council's control. DSG is split into 3 notional blocks, being the Schools Block, High Needs Block and Early Years Block.

The estimated School Funding Settlement for 2017/18 is shown in the table. The final DSG allocation for 2017/18 will be determined after the January 2017 Pupil Census.

The estimated allocation has increased by **£30m**, of which **£9m** will be distributed to schools as part of their general funding. The remaining increase of **£21m** relates to increased hours for child care from 15 to 30 (**£18m**) and the balance will support special educational needs.

The Department for Education will undertake a wholesale review of DSG funding in 2017/18 including proposals for a National Funding Formula for schools.

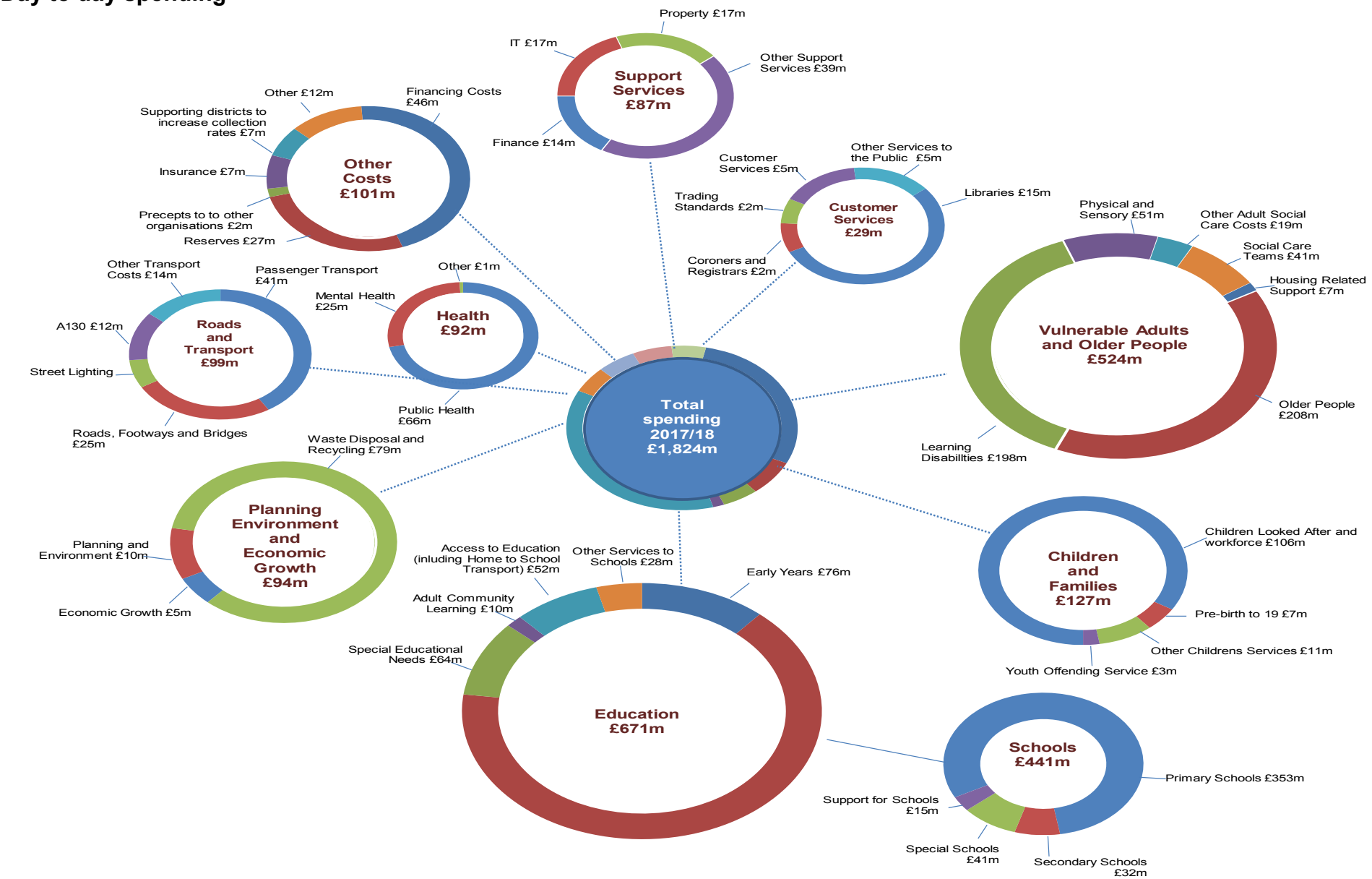
The Pupil Premium, which is a separate grant, delivers resources to schools on the basis of the number of 4 to 15 year olds who are currently or have been in the last six years entitled to a free school meal, or for looked after children or for pupils from a military background. The funding per pupil is **£1,320** for primary pupils entitled to a free school meal; **£935** for a secondary pupil entitled to a free school meal, **£1,900** for looked after children and **£300** for children from a military background. The rates per pupil remain the same as 2016/17.

The Education Services Grant (ESG) ceases in September 2017 (meaning a reduction of **£5m**). A grant of **£28** per pupil will be paid from April to August. The ESG will be partially replaced by the new School Improvement Grant, which will commence in September 2017; however the full details of the grant have yet to be announced. The School and Early Years Finance (England) Regulations have been amended to allow local authorities with the approval of Schools Forum to deduct funding from maintained schools to fund statutory duties from September 2017.

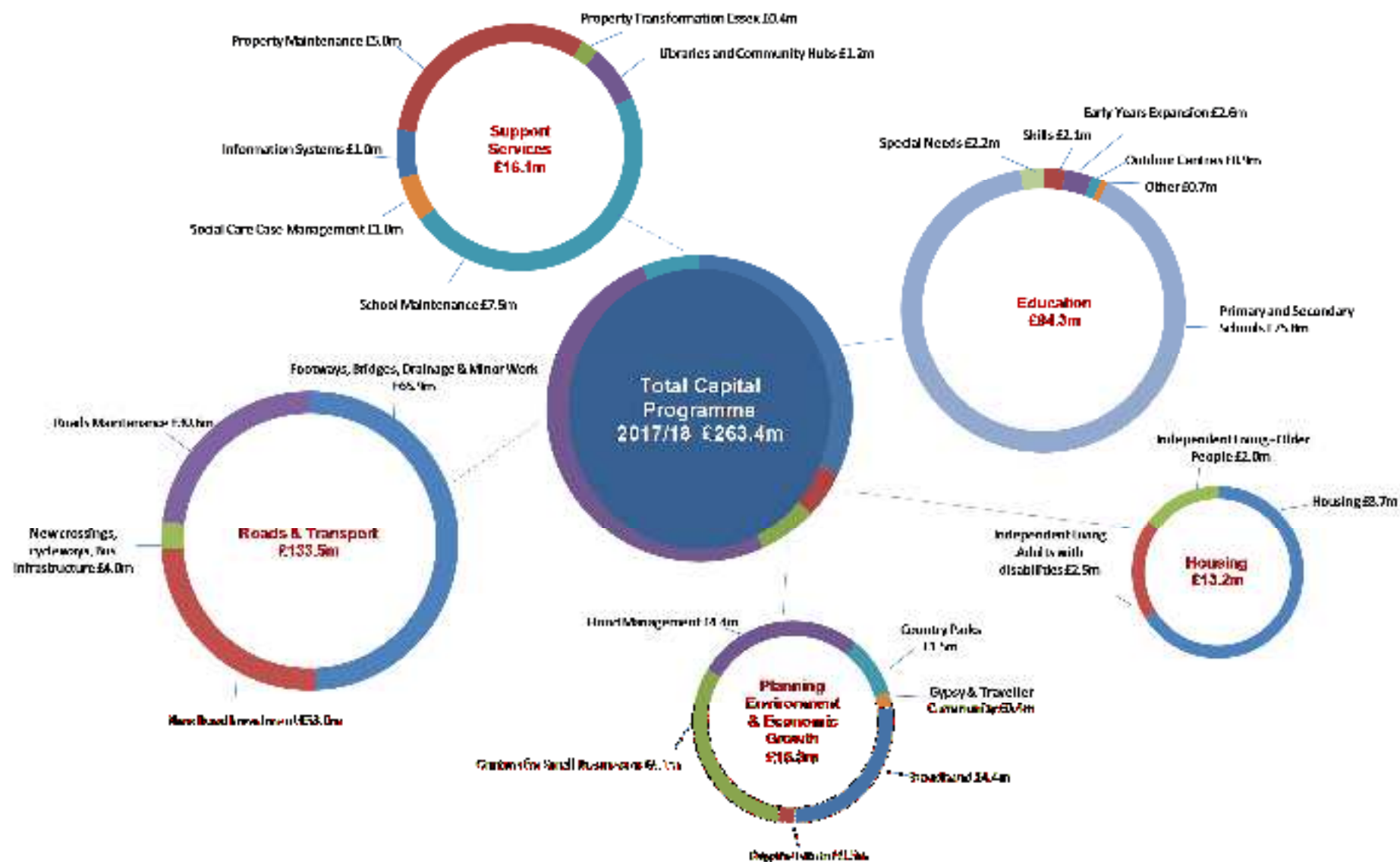
Year	Gross DSG £000	Academies Deductions £000	DSG remaining with the Council £000
2016-17(updated DSG)			
School's Block	803,200	*(460,560)	342,640
High Needs Block	126,000	*(12,510)	113,490
Early years Block	59,400	0	59,400
TOTAL	988,600	(473,070)	515,530
2017-18 (estimate)			
School's Block	819,500	*(468,129)	351,371
High Needs Block	130,400	*(12,946)	117,454
Early years Block	77,090	0	77,090
TOTAL	1,026,990	(481,075)	545,915

* the Academies deduction is based on the number of schools that have transferred to Academy status. Numbers change as more schools transfer.

Day to day spending



Capital investment programme



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 to the £

	£
Net cost of Services	912,656,395
General Government Grants*	(60,693,598)
Budget requirement	851,962,797
Less funding available:	
RSG	73,875,659
NDR	168,652,126
NDR Surplus/(Deficit)	(822,688)
Council Tax Collection fund surplus	13,121,931
	254,827,028
Council tax requirement	597,135,769
Tax base	513,135
(Band D equivalent properties)	
Band D council tax	1,163.70

*General Government Grants includes £30m PFI grants, Transition Grant £7m, New Homes Bonus £7m, Adult Social Care Support Grant £6m.

The Band D council tax charge is **£1,163.70**. The provisional council tax charge by band is set out in the following table. This represents an increase of under **65p** per week and is due to the social care precept increase.

Provisional council tax charge by band

Council Tax Band	2016/17 £	2017/18 £
Band A	753.42	775.80
Band B	878.99	905.10
Band C	1,004.56	1,034.40
Band D	1,130.13	1,163.70
Band E	1,381.27	1,422.30
Band F	1,632.41	1,680.90
Band G	1,883.55	1,939.50
Band H	2,260.26	2,327.40

Strategic Direction

An Organisation Strategy will be developed to set out the areas of focus over the next four years and how the Council can best help achieve better outcomes for Essex and achieve the ambitions set out in the Vision for Essex. Work is underway to develop these.

Strategic aims and priorities

With limited resources, and clear legal responsibilities, it is important that the Council focuses effort where it can make the biggest contribution to residents and communities. A new Organisation Strategy will set out strategic aims that will guide and drive everything that we do over the next four years and the high level proposal is that these are:

Boosting economic growth in Essex by:

1. Improving education and skills, especially in deprived areas
2. Ensuring economic growth is inclusive
3. Improving Essex infrastructure

Ensuring care and support for people in need by:

1. Keeping vulnerable children safe and support them to fulfil their potential
2. Enabling vulnerable adults to live independently without dependency on social care
3. Promoting healthy lifestyles

Helping create great places to live, work and visit by:

1. Helping secure sufficient affordable housing to meet need

2. Helping secure sustainable development and protect the environment
3. Helping secure stronger and safer communities

Be a proactive, efficient and effective organisation by:

1. Limiting cost increases and drive growth in revenue streams
2. Working jointly with partners to shape demand
3. Increasing the digital accessibility of services

The Council will do this by building its organisational capacity and capability to deliver, through its new operating principles:

- **People - Our ambition is to be system leaders:** focused on public services working together to improve outcomes and value for money for residents
- **Partners - Our ambition is to become a collaborative organisation:** by default it will work with partners, residents and communities to jointly design the best solutions
- **Enabling: Our ambition to be an enabling and facilitating Council:** shaping the conditions for people, communities and businesses to achieve their goals
- **Processes - Our ambition is to become a digital leader:** embrace digital to transform how it works and ensure a fast, inclusive digital experience
- **Planning and Resources - Our ambition is to be financially self-sustaining:** drive efficiency and generate income to maximise investment in services

The Corporate, Service and Financial Planning framework will set out the specific actions to deliver the Strategy, encompassing the resource requirements and choices for service delivery.

Adult Social Care

Revenue Budget: £399m

Capital Budget: £5m

The Adult Social Care budget for 2017/18 is **£399m**. Included within the budget figure is the assumption that the Portfolio will continue to receive the same level of Better Care Funding (**£34m**) as in 2016/17, with further guidance for 2017/18 still awaited.

The vision for Adult Social Care is to help people help themselves to live independently, enabling them to take decisions over their lives. Social care services are statutorily defined under the Health and Social Care Act with the Council's first duty to provide advice and support to people and families so that vulnerable people can be safe and in control.

The service continues to deliver strong outcomes for its customers: increasing investment in helping vulnerable adults learn or re-learn the skills they need for daily living which may have been lost through deterioration in health – this is known as Reablement.

There has been a significant fall in the number of working age adults admitted to residential care and who have moved into the community via the Increasing Independence strategy. There has been the successful introduction of the 'Good Lives' approach, which changed existing working practices to those that enable and support individuals to achieve better outcomes through their increased independence.

Key Facts:

- 16,700 care packages delivered to vulnerable adults each year
- 5,300 residential placements
- 190,000 hours of home care per week

£340m (85%) of the budget is used in the provision of care and support packages for vulnerable adults. This can be in the form of residential care, care in the individuals own home, in the community or via a cash payment. Services are provided to those assessed as having eligible care needs and **£35m** is spent on the provision of the assessment and care management service.

With the Older People population expected to grow by 21% over the next ten years **£5m** has been added to the budget for 2017/18 to cover anticipated demographic pressures. The care market is also under significant pressure from the increasing population and cost increases. There is a need to maximise savings through working closely with health partners and care providers to develop services which focus on early intervention and reablement to reduce the need for long term care.

The Housing Related Support budget for 2017/18 of **£6m** will support prevention services for a wide range of customer groups from over the age of 16.

In 2017/18, savings and new income sources of **£55m** will be delivered through a systemic approach to meeting need sustainably within a transparent decision-making framework that can be understood by people using its support and allows

the Council to demonstrate that it has discharged its statutory duty to meet need, including:

- Increasing Independence strategy for Working Age Adults is expected to deliver **£12m** through enabling people to move away from life-long dependency on services towards an independent life accessing everyday life activities.
- The Older People's programme targets **£4m** through a joint commissioning approach with Health to increase planned contact and avoid emergency access to social care and health services. This reablement allows people to regain independence reducing their ongoing care needs.
- Continued roll out of the Good Lives programme **£2m** delivering the Care Act 2014 principles of reduce, prevent and delay, fundamentally changing social work practice to support better outcomes for service users.
- Community Equipment Retail Pathway will save **£1m** moving the Council away from delivering a managed service for simple items of equipment, and instead enable residents to make their own equipment choices in high street shops.
- Maximising income opportunities **£5m**, achieved through better alignment of the Council's practices to those set out in Statute and charging for services which were previously free of charge.
- The delivery of investment in accommodation solutions enables service users to live independently for longer in

their own home reducing the need for more costly residential care placements, leading to a saving of **£1m**.

Nationally, there has been a reduction in Housing Related Support services. In Essex, the Council has prioritised those groups in highest need (young people at risk; homelessness) and sought to draw in additional funding from other sources. By doing this, the Council will reduce its spend by **£5m** but ensure that remaining services are better targeted.

The Council will be investing **£5m** of capital during 2017/18 in the development of accommodation to meet the needs of its most vulnerable residents. The Council's priority is to ensure that its residents remain independent for as long as possible within accommodation that is fit for purpose and thereby improve the lives of residents. Without this intervention its residents may have no alternative other than to enter residential care which is at significant cost to both the resident and the Council.

Revenue Budget Summary

Adult Social Care

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
			Access Assessment and Care Management				
7,634	4,713	8,468	Countywide Teams	5,776	(4)		5,772
5,381	7,038	6,705	Mid Teams	7,542	(90)		7,452
5,088	6,050	6,515	North East Teams	13,291	(5,976)		7,315
6,672	8,578	7,247	South Teams	9,000	(415)		8,585
3,642	5,197	4,874	West Teams	5,518	(90)		5,428
			Care and Support				
172,271	177,549	183,177	Learning Disabilities	198,036	(9,048)		188,988
106,405	111,354	107,551	Older People	208,418	(104,883)		103,535
43,493	45,487	46,350	Physical and Sensory Impairment	50,587	(3,393)		47,194
			Corporate and Democratic Core				
224	211	211	Corporate and Democratic Core	213			213
			Housing Related Support				
14,184	12,158	12,115	Programme Costs	6,181			6,181
			Other Social Care				
54	0	0	Essex Vulnerable Adults	287	(287)		(0)
2,124	2,060	2,185	Third Sector Funding	2,543	(100)	(350)	2,092
			Service Management Costs				
13,618	12,009	15,671	Service Management Costs	16,359	(251)	(146)	15,961
			Social Fund				
1,195		1,195	Social Fund				
			Support to Carers				
63			Carers Strategy	8			8
382,048	392,403	402,264	Net Cost of Services	523,758	(124,537)	(496)	398,725

Capital Programme Summary

Adult Social Care

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Blocks	
2,001	1,362	Independent Living - Adults with Disabilities	2,510
53	373	Changing Places	100
	3,165	Independent Living - Older People	1,982
137		Schemes completing in 2016/17 or earlier	
2,191	4,900	Total Blocks	4,592
2,191	4,900	Total Adult Social Care	4,592

Children and Families

Revenue Budget: £113m

Capital Budget: £550,000

The Children and Families budget for 2017/18 is £113m; this represents a net decrease on the 2016/17 budget of £3m. The Looked after Children Strategy has successfully reduced the number of children in care to a stable level which remains a significant achievement as Essex continues to buck the national trend and remains one of the lowest rates of children in care per 10,000 population ratio in England.

The focus remains on supporting families through relationship based social work in ways that keep them safe. Social work continues to promote the development and wellbeing of children and young people and when necessary to protect them from neglect and abuse. There is continued focus to invest in innovative and effective early help solutions that has also enabled the service to be recognised as 'good' across all judgements by Ofsted.

The Council has continued to introduce new services as part of the Strategy with its new Therapeutic Fostering Scheme which provides excellent quality stable placements for the most complex young people, plus 'Reconnecting Families' is a very new service offer that supports the reconnection of looked after children to their families.

Key Facts:

- Ofsted rating of "good" for: Children who need help and protection, Children looked after and achieving permanence, leadership, management and governance
- Providing 12 Family Hubs and 25 Family Delivery Hubs

However, Essex's children in care population is set to potentially increase due to the unprecedented international demands around Unaccompanied Asylum Seeking Children (UASC). Through the National Transfer Scheme (which enables the safe transfer of unaccompanied children from one UK local authority), Essex could see its UASC care population grow to over 200. Government funding is available to support the Council but may not cover the full costs of care depending on complexity of need.

Activities of the portfolio include supporting at any one time around 8,000 open cases of children and young people; over 400 social workers providing frontline needs based fieldwork support to all children and young people referred to the Council.

The Council also invests with partners to support the reduction of domestic violence, £2m will be spent and will deliver programmes to develop service offers that provide support and assistance to victims and help them and their families improve their lives.

In 2017/18, savings of **£5m** will be delivered, including:

- **£3m** on Early Years and Childcare via the Pre-birth to19 contract, which is an amalgamation of several different contracts, including Family Partnerships, Healthy Schools and Children's Centres, into a single, 10 year procurement
- **£750,000** Remodelling of service provision
- **£500,000** Collaborative supplier engagement, contract reviews and negotiation of external purchasing for fostering and residential care placements
- **£250,000** Creation of the Essex Social Care Academy that will generate income through the provision of social care expertise to other local authorities.

In 2017/18, **£300,000** capital is allocated for adaptation projects to enable adopters, special guardians and foster carers to meet the needs of vulnerable children by keeping sibling groups together. This includes caring for children with complex health needs in a family context. Additionally **£250,000** capital is allocated for small capital grants for children with disabilities.

Revenue Budget Summary

Children and Families

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
			Childrens Services				
40,348	39,677	39,462	Childrens Fieldwork	44,286	(828)	(2,857)	40,601
56,036	57,186	57,451	Children Looked After	58,150	(200)	(848)	57,102
5,308	3,676	4,444	Childrens Service Management	3,509	(250)	(595)	2,664
63	82	82	Clacton Joint Service Centres	168	(75)		93
230	230	230	Corporate and Democratic Core	232			232
9,673	9,546	9,491	Early Years and Childcare	6,597			6,597
			Other Childrens Services				
435	119	157	i Domestic Violence	238	(0)		238
209	210	210	Essex Local Childrens Safeguarding Board	386	(173)		214
3,292	3,510	3,403	Other Social Care	10,136	(204)	(6,094)	3,838
1,801	1,489	1,583	Youth Offending Service	3,234	(463)	(1,138)	1,634
117,394	115,723	116,512	Net Cost of Services	126,937	(2,192)	(11,532)	113,212

- i For 2017/18 £1.5m of Domestic Violence spend is reported within the Health portfolio as it is funded through Public Health grant

Capital Programme Summary

Children and Families

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Blocks	
158	241	Adaptations	300
		Children with Disabilities	250
306		Schemes completing in 2016/17 or earlier	
464	241	Total Blocks	550
464	241	Total Children and Families	550

Corporate Services and Communities

Revenue Budget: £26m

Capital Budget: £1m

The portfolio includes the Council's Face to Face Services which comprises Libraries, Coroner's Courts and Registrars. Other services include Trading Standards, Emergency Planning and Communities. The budget also includes some of the Council's support services such as Business Support, the Car Provision Scheme and Human Resources. These support services are overheads attributable to the whole organisation and are allocated out on a recharge basis.

The combined 2017/18 revenue budget covers **£16m** in the main portfolio and **£10m** for recharged strategic support services. The combined budget includes assumed delivery of **£5m** of savings.

Essex Legal Services (ELS), which operates as a separate Trading Account, is aligned to this portfolio; the total income expected to be generated from ELS in 2017/18 is **£9m** which is budgeted to give rise to a surplus of **£2m**. Trading Activity budgets are shown in more detail on page 62.

The largest budget for this portfolio (**£10m**) is the Libraries and Information Service budget. The service is part way through a significant transformation programme with

Key Facts:

- 259,000 active library members, with 9m annual visitors across 74 libraries and 10 mobile libraries
- Over 20,000 complaints were dealt with by Trading Standards

£500,000 saved in 2016/17 and a further **£1m** to be saved in 2017/18, through the start of the implementation of Community Hubs and a review of fees and charges. The Community Hubs programme will see additional co-location of services rolling out across library sites as part of a multi year transformation programme that follows the bringing together of library and registration services in 2016/17.

The budget for Business Support is **£9m**, which incorporates personal support to senior managers and members; staff who plan and book meetings, events and courses, direct call handling, financial processes and data input. In recent years this service has been subject to a transformation project which has achieved **£5m** of savings through efficiencies; further savings of **£1m** are proposed in 2017/18, through continued process efficiency.

Trading Standards has a budget of **£2m** and is responsible for the delivery of a huge range of activities which are all designed to ensure legitimate business activity, create a level playing field for businesses and protect consumers. The service works closely with other Trading Standards services within the Eastern Region (under the East of England Trading Standards Authority partnership) and nationally sharing intelligence and working in partnership on cross border

issues, and also with other public sector bodies in Essex. The service uses an intelligence led approach to swiftly and effectively tackle rogue traders and businesses that cause most detriment to consumers. It protects the economic interests of Essex residents (particularly the more vulnerable members of the community) and ensures that they are equipped to make good buying decisions. Savings of **£400,000** are to be made in the service in 2017/18 by reprioritisation of activity and operational efficiencies.

The portfolio is also responsible for managing the County's Coroners Service (**£3m**) and the Registration Service, which provides services for the registration of births, deaths and marriages and provides for a range of services including marriages and civil partnerships, naming and citizenship ceremonies.

There are two elements of the capital programme for this portfolio in the 2017/18 financial year. The Libraries Community Hubs programme referred to above, and works on the Radio Frequency Rollout Programme in the Libraries service, which enables self-serve borrowing of library stock.

Revenue Budget Summary

Corporate and Communities

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
894	675	983	Communities	690			690
1,378	2,507	2,507	Coroners' Courts	3,422	(747)		2,675
608	543	575	Emergency Planning	575			575
			Libraries and Information Service				
	34	34	Libraries Service Management				
8,366	7,071	9,885	Library Operational Services	11,219	(2,118)		9,101
1,687	1,872	1,860	Library Resources	1,957			1,957
(1,014)	(1,281)	(698)	Registrars	2,165	(3,140)		(974)
			Support Services				
(1)			Commercial Services	25		(25)	0
1,914	1,921	1,901	Trading Standards	1,975	(306)		1,669
45	75		Vehicle Lease Management				
13,877	13,415	17,047		22,029	(6,310)	(25)	15,693
9,012	10,103	8,521	Business Support	8,630			8,630
0	(25)	50	Car Provision Scheme	2,814	(2,761)		53
5,491	4,695	4,659	Human Resources	3,261	(1,930)		1,332
14,503	14,773	13,230		14,706	(4,691)		10,015
28,380	28,188	30,277	Net Cost of Services	36,734	(11,001)	(25)	25,708

Capital Programme Summary

Corporate and Communities

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Named schemes	
		Libraries Community Hubs	805
27	100	Radio Frequency Identification Rollout in Libraries	396
364	140	Schemes completing in 2016/17 or earlier	
391	240	Total Named Schemes	1,201
391	240	Total Corporate and Communities	1,201

Digital Innovation, IT and Customer Services

Revenue Budget: £19m

Capital Budget: £2m

The combined 2017/18 revenue budget covers **£2m** in the main portfolio and **£17m** for recharged strategic support services which are overheads attributable to the whole organisation and are allocated out on a recharge basis. The combined budget includes assumed delivery of **£1m** of savings.

Digital is already transforming the way we live, work and spend our leisure time. The Council's digital strategy will ensure Essex continues to utilise the latest technologies throughout the organisation and continues to invest in initiatives which will enable the design and creation of "smart" places, provide new ways to develop its skills and facilitate more intelligent transport.

The Council is also focused on prevention and early intervention strategies to promote independence, enabling people to live in their own homes and communities for as long as possible. As part of this approach, the Council will explore digital home care technologies to support vulnerable people, and so reduce reliance on more intensive solutions.

Key Facts:

- 700,000 annual customer interactions through the Customer Services Centre.
- 3.3m visits to the Essex County Council website, viewing 8.7m pages in the last year

The budget for Information Services of **£15m** is the largest part of the budget and covers the Council's telephony and computer hardware, software and infrastructure costs. This incorporates **£1m** of further savings from the completion of the new social care case management system and the reduction in use of photocopiers and printers as part of the Council's drive to use less paper in its offices.

Customer Services and Member Enquiries budgets (**£4m**) make up the remainder of the portfolio's budget. These areas are responsible for managing and supporting the different avenues by which residents and customers can contact the Council.

The capital investment for 2017/18 of **£2m** relates to three work streams:

- Information Services Delivery Programme which ensures devices are fit for purpose, that data centres are more resilient and has provided the technology to enable information sharing and collaboration
- Completion of the Social Care Case Management project
- Capital elements of the Council's network infrastructure and telephony contract.

Revenue Budget Summary

Digital Innovation, IT and Customer Services

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
1,969	2,491	2,064	Customer Services and Member Enquiries	2,400	(270)		2,130
1,969	2,491	2,064		2,400	(270)	-	2,130
1,812	2,068	2,158	Customer Services	2,072	(69)		2,003
22,053	15,998	17,757	Information Services	17,103	(1,857)		15,246
23,865	18,066	19,915		19,175	(1,926)		17,249
25,834	20,557	21,979	Net Cost of Services	21,575	(2,197)	-	19,379

Capital Programme Summary

Digital Innovation, IT and Customer Services

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Named schemes	
2,620	2,194	IS Delivery Programme / Digital Foundations	809
222	242	Next Generation Networks	202
1,200	1,268	Social Care Case Management	972
268		Schemes completing in 2016/17 or earlier	
4,310	3,704	Total Named Schemes	1,983
4,310	3,704	Total Digital Innovation, IT and Customer Services	1,983

Economic Growth, Infrastructure and Partnerships

Revenue Budget: £5m

Capital Budget: £12m

Economic Growth, Infrastructure and Partnerships aims to deliver transformational growth through increasing access to work, job creation, stimulating export routes and opportunities, supporting business growth and ensuring Essex is an attractive location for investment.

Building on the delivery in 2016 of the Growth and Infrastructure Framework, a pan-Essex picture of the infrastructure Essex needs to grow between now and 2036, The Council will be working with its partners in 2017 to take a more 'place' focussed view of what the opportunities and risks are in the Essex economy, as defined by the businesses and communities of Essex themselves. This will include a refreshed inward investment offer as well as a focus on the things that make Essex an attractive place to live, work and play.

The 2017/18 revenue budget is **£5m**, a reduction of **£1m** on the 2016/17 budget. The budget reduction will be achieved by re-prioritising activity.

Key Facts:

- Invest Essex created or secured 1,532 jobs in Essex in 2015/16
- Placed 1,945 NEET 16-19 year olds into employment, education or training in 2015/16.
- Essex Apprenticeship Programme supported 3,386 Apprenticeships for young people.
- Council funded projects have enabled over 77,000 properties to receive superfast broadband

The capital investment for 2017/18 of **£12m** focuses primarily on schemes that will enhance economic growth and the prosperity of businesses and residents, creating jobs and supporting skills development. It provides the infrastructure to support large scale commercial development.

The main projects are:

- BDUK Superfast Broadband Phase 1 project has completed ahead of schedule, under budget and over target (target homes passed 76,676, actual homes passed 77,385), achieving 87% superfast broadband coverage across the county. Together with the Phase 2 project which is already in progress will take superfast broadband coverage in the county to at least 97% by the end of 2020/21
- Two Innovation Centres, Harlow MedTech and the University of Essex Innovation Centre in Colchester,

which are aimed at supporting small and medium size businesses to grow and develop, providing flexible space and access to technology.

- Further education colleges that will deliver skill centres focussed on the teaching of science, technology, engineering and maths.

All these projects support the Council's key economic growth sectors and provide a strong platform for sustainable economic growth across the county.

The Council has delivered the following key achievements:

- Invest Essex has created or safeguarded over 5,700 jobs since 2011/12 and delivered 118 inward investment projects
- The Essex Apprenticeships Programme has delivered a pipeline of over 3,000 job ready young people to Small and Medium Enterprises (SME's). The Council's own "incentives model" contributed to an 83% increase in apprenticeship starts between 2009 and 2015, and has been rolled out at a national level
- Record low numbers of NEET (Not in Education, Employment or Training) young people have been achieved and the Council will have helped to place a further 1,900 young people into employment, education or training this year by the end of March 2017.
- Co-invested **£2m** in a state of the art Advanced Manufacturing and Engineering Centre at Harlow College, opening in January 2017. A minimum of 640 learners will

be attending courses at the centre during the 2017/18 academic year.

- Co-invested **£1m** in Braintree, helping to create a new STEM (Science, Technology, Engineering and Mathematics) Innovation Centre supporting Colchester Institute's drive to meet regional skills priorities in growth sectors, opening in April 2017.

Revenue Budget Summary

Economic Growth, Infrastructure and Partnerships

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
3,117	2,820	3,100	Economic Regeneration	2,694	(398)		2,295
225	206	206	International Trade	308	(93)		216
446	399	646	Inward Investment	253	(0)		253
2,450	2,122	2,635	Skills	2,013	(5)		2,008
216	63	103	Tourism	199	(141)		59
6,454	5,610	6,690	Net Cost of Services	5,466	(637)	-	4,830

Capital Programme Summary

Economic Growth, Infrastructure and Partnerships

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Named schemes	
	400	Basildon Craylands	450
125	375	Braintree schemes	250
		Further Education Colleges' technical training facilities	2,100
5,950	4,007	BDUK Superfast Broadband Rollout	4,382
250	1,750	University of Essex Innovation Centre	2,000
	500	Harlow Medtech	2,000
		Harwich Innovation Centre	350
4,006	3,812	Schemes completing in 2016/17 or earlier	
10,331	10,844	Total Named Schemes	11,532
10,331	10,844	Total Economic Growth, Infrastructure and Partnerships	11,532

Education and Lifelong Learning

Revenue Budget: £45m

Capital Budget: £89m

This budget includes the funding for schools which is predominantly funded by the Dedicated Schools Grant (DSG) and amounts to **£546m**. A further **£3m** is funded predominantly by the ESG (Education Services Grant), and a DSG contribution of **£3m** to central costs (including the Pupil Premium). The remaining balance of **£45m** is funded by the Council's own funding sources.

The main use of the budget funded by Council sources are the costs of providing home to school transport for approximately 15,000 of the 190,000 pupils in Essex Schools totalling **£23m**; overseeing the assessment and monitoring the quality of provision for children and young people with a special educational need **£5m**; and **£5m** for a variety of school improvement services aimed at ensuring there are sufficient school places and that standards are raised in schools across the county.

However these large areas of expenditure mask a series of high profile activities that are also delivered. These include the provision of Princes Trust courses, National Citizen Service programmes within Youth Services and Adult Community Learning where the Council is one of the largest providers of adult learning in Essex, supporting in the region of 22,000 people annually.

Key Facts:

- 90% of schools judged to be good or outstanding.
- Essex is above the national average for the percentage of pupils achieving the new expected standard in the KS2 Sats tests. Combined reading, writing and maths 56% (nationally 53%).
- 65% of pupils have achieved A*- C GCSEs in both English and maths, compared to 61% last year.

The DSG of **£546m** in 2017/18 is a ring-fenced grant from the Department for Education, of which the majority is passed through to schools and the remainder kept by the Council to fund education support services to all schools across Essex. The 2017/18 DSG budget was presented and approved at Schools Forum in January.

The Education Services Grant (ESG) is a grant provided by government to help fund local Council services to schools. The general rate element of the grant ceases in September 2017. This will be partially replaced by the new School Improvement Grant, which will commence in September 2017; however the full details of the grant have yet to be announced. For the remainder of the general rate reduction, the Schools and Early Years Finance (England) Regulations have been amended to allow the Council to request Schools Forum to top slice school funding to fund the remaining services that were funded from the ESG general rate.

Over the next year **£8m** of savings are currently planned to be delivered across Education and Lifelong Learning, some of which are outlined below:

- Education Services Grant **£4m** due to the cessation of the general rate element from September 2017, but this may be funded by DSG subject to Schools Forum approval
- Transforming Education Services is expected to deliver **£2m** focussing of the delivery of services to schools.
- The integration of transport services across the Council is expected to deliver **£1m** savings within Home to School Transport.

The 2017/18 capital allocation of **£89m** is expected to deliver new early years, primary and secondary school places throughout Essex and ensure schools are fit for purpose and safe for children, with over 2,500 school places due to be delivered in 2017/18. The Essex schools admission round for 2016 resulted in more than 93% of parents being offered their first or second preference of secondary school. Further schemes will seek to improve and expand the number of Special School Education places in response to parental consultation, which will create a diversity of provision which meets a full range of family preferences as well as to increase the availability of early years childcare.

There are free school applications contained within the programme which if approved will either secure Education

Funding Agency (EFA) funding or be delivered by EFA which will reduce the financing requirement to the Council capital programme.

Revenue Budget Summary

Education and Lifelong Learning

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
Education and Life Learning DSG							
(483,875)	(483,526)	(460,315)	Dedicated Schools Grant			(468,825)	(468,825)
44	(0)		Early Years Contingency	2,810			2,810
60,812	63,728	58,291	Education for Under Fives	73,530	(1)		73,529
75		(5)	Ethnic Minorities and Bi-Lingual Learners				
2,961	2,961	2,900	i Prudential Borrowing	2,900			2,900
(26,591)		(10,135)	ii Pupil Premium Grant			(24,996)	(24,996)
452,532	411,628	409,005	Schools Budget	441,189	(1,101)	(11,211)	428,878
201	1,770	1,770	Service Management	1,770			1,770
53,201	55,849	53,961	Special Educational Needs	58,120	(160)	0	57,960
(57,002)	(55,473)	(55,282)	Under Fives DSG			(77,090)	(77,090)
Education and Life Learning Non DSG							
32,450	28,653	31,258	iii Access To Education	39,422	(11,852)		27,570
(27)	(697)	(687)	Adult Community Learning	9,946	(2,395)	(7,896)	(345)
2,383	2,200	2,558	Education for Under Fives	2,296	(88)		2,208
3,891	6,205	3,689	Improving School Standards	6,601	(1,769)	(3,377)	1,455
792	1,317	1,731	iv Services to Children	5,873	(2,254)	(1,923)	1,696
			Special Educational Needs and Additional Educational				
6,970	5,335	5,516	Needs Service	6,143	(240)	(1,134)	4,769
10,197	12,601	10,868	Special Educational Needs School Transport	12,734	(218)		12,516
(10,948)	(11,128)	(10,585)	Education Services Grant Funding			(6,232)	(6,232)
682	664	664	Sports Development	633			633
3,001	3,808	3,408	Strategic Management	4,193	(525)		3,668
(81)		(115)	Young Person Learner Agency (YPLA) Funding	19		(19)	0
51,667	45,895	48,496	Net Cost of Services	668,181	(20,604)	(602,703)	44,874

i Borrowing costs for some capital projects in schools

ii In 2015/16 included Funding for Pupil's from deprived backgrounds (reported in the Schools budget from 2016/17)

iii Budget for Home to school transport, planning and admissions

iv Includes Youth Services

Capital Programme Summary

Education and Lifelong Learning Portfolio

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Named schemes	
16	335	Beaulieu Park Primary	4,495
		Essex Outdoors	947
833	9,937	Glenwood Relocation	5,625
572	277	Harlow New Hall Farm School	4,294
		Smiths Farm Primary School	11
13,093	126	Schemes completing in 2016/17 or earlier	
14,514	10,675	Total Named Schemes	15,372
		Blocks	
37,532	21,809	Basic Need	56,865
8,092	9,377	Capitalised Maintenance Programme	7,500
1,358	604	Early Years Expansion	2,614
		Relocatable Replacement	800
	472	Schools Feasibility	400
6	69	Special Education Needs/Pupil Referral Unit - ECC	1,900
1,604	242	Special Schools	310
858	1,765	Temporary Accommodation	1,500
628	4,162	Schemes completing in 2016/17 or earlier	
50,078	38,500	Total Blocks	71,889
		School Balances (outside ECC control)	
1,661	1,851	Devolved Formula Capital	1,832
	339	School Cash Balances	
1,661	2,190	Total school balances (outside ECC control)	1,832
66,253	51,365	Total Education and Lifelong Learning	89,093

Environment and Waste

Revenue Budget: £76m

Capital Budget: £6m

Environment and Waste covers a range of highly visible services and functions including critical infrastructure and leisure services, such as Country Parks.

The budget of **£82m** in 2017/18 comprises **£76m** of revenue and **£6m** of capital. The 2017/18 revenue budget is **£76m**, a **£2m** decrease compared to 2016/17, primarily due to various waste minimisation initiatives and new attractions delivered across the suite of green assets.

The Council has statutory responsibilities as the Waste Disposal Authority. The volume of waste is a key pressure for the Council, as housing growth across the County and continued economic recovery are driving up waste volumes, which in turn puts a growth pressure of **£700,000** on the budget.

The following key achievements have been delivered:

- Delivered all statutory duties as the Waste Disposal Authority
- Essex Waste Partnership, which consists of the Waste Disposal Authority and 12 Waste Collection Authorities, achieved a recycling rate of 51.39%

Key Facts:

- 660,000 tonnes of waste predicted to be disposed in 2017/18
- Circa 600,000 visitors to Country Parks forecast for 2016/17, 850,000 predicted in 2017/18
- 50,000 properties in Essex are at risk of surface water flooding
- Investment in the Flood Alleviation programme will help 2300 properties in total with 443 properties protected so far

- Procured bio waste treatment facilities securing price and capacity for the next four years
- The Council began generating more of its own energy through renewable sources with the installation of solar photovoltaic panels on three of the Council's buildings
- Property Level Protection grant, which awards funding to Essex residents to install flood defences within their properties, scheme was oversubscribed leading to the scheme being extended into 2017/18.

It is the Council's ambition to reach a figure of 60% of household recycling and composting by 2020 by actively promoting waste minimisation and management processes such as re-use and recycling as published in the Joint Municipal Waste Strategy (JMWS) on the Council's website.

The Waste Service will continue to work with partners on influencing public behaviour in order to reduce overall

volumes of waste by educating and influencing communities on waste minimisation.

The capital investment for 2017/18 of **£6m** focuses primarily on schemes that will enhance the public use of green space and flood prevention. The Flood Management programme aims to minimise the harm caused by flooding and reduce the level of flood risk to properties over the 5 year programme. The programme to date has reduced the flood risk to 443 properties so far for the expenditure of **£5m**. Examples of work include a several flood attenuation schemes in Maldon, Hockley, Danbury, and Runwell and an innovative “Leaky Dam” project in Thaxted.

Investment into Country Parks infrastructure aims to achieve an increase in footfall and length of stays at the parks. **£2m** is being invested in 2017/18 providing new attractions such as a new aerial runway at Great Notley, a new adventure play zone at Belhus Country Park as well as enhancing visitor facilities such as catering. This will generate increased income in future years.

Revenue Budget Summary

Environment and Waste

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
937	1,119	1,292	Development Management	1,464	(70)		1,394
365	286	60	Historic Environment				
			Leisure				
85	86	85	i Contributions To Other Bodies	85			85
163	(422)	(247)	Country Parks	2,316	(2,633)	(105)	(422)
(13)	(162)	(40)	Cressing Temple	147	(174)		(27)
			Marsh Farm				
(4)	(160)	(284)	Management and Support Services	(321)			(321)
184	178	178	Rural Issues	178			178
313	379	262	Sustainable Development	341	(10)		330
213	65	90	Travellers	641	(587)		53
			Waste Management				
11,628	11,503	11,503	Civic Amenity Service	12,102			12,102
2,622	2,914	2,914	Courtauld Road Waste Treatment	3,256			3,256
107	113	113	Exceptional Waste	116			116
366	373	393	Landfill Aftercare	429	(128)		301
22,081	23,528	23,528	Recycling Initiatives	23,810			23,810
243	252	252	Tipping Away Payments	179			179
(1,806)	(2,276)	(2,276)	Trade Waste Income		(2,311)		(2,311)
36,060	39,311	39,311	Waste Disposal	36,941	(1,000)		35,941
4	1,144	1,144	Waste Management and Support Services	1,183			1,183
2,118	(163)	(194)	Waste Strategy	531			531
75,666	78,067	78,085	Net Cost of Services	83,397	(6,914)	(105)	76,378

i Contributions to external bodies including Woodland Trust

Capital Programme Summary

Environment and Waste

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Named schemes	
140	19	Travellers	400
636	223	Country Parks	1,550
5,782	2,105	Schemes completing in 2016/17 or earlier	
6,558	2,347	Total Named Schemes	1,950
		Blocks	
1,460	3,165	Flood Management	4,400
1,191	884	Schemes completing in 2016/17 or earlier	
2,651	4,049	Total Blocks	4,400
9,209	6,396	Total Environment and Waste	6,350

Finance, Commercial, Traded Services, Housing and Planning

Revenue Budget: £38m

Capital Budget: £9m

The budget for this portfolio in 2017/18 totals **£38m** and covers **£19m** in the main portfolio which includes housing, heritage, culture and arts, outdoor education, environmental and spatial planning, plus **£19m** for recharged strategic support services which are overheads attributable to the whole organisation and are allocated out on a recharge basis.

In addition all Traded Activities, except Essex Legal Services, are aligned to this portfolio; the total income expected to be generated from these activities is **£33m** which is budgeted to give rise to a surplus of **£6m** in 2017/18. Trading Activity budgets are shown in more detail on page 62.

Central Services to the Public includes the corporate contribution to the Pension Fund, the cost of the Apprenticeship Levy (which is a government initiative applied to large employers that targets new apprenticeships) plus the budget for the Council Tax Sharing Scheme. This scheme is an innovative partnership with Districts to maximise council tax income; the **£7m** budgeted cost is expected to bring a benefit from improved council tax to the Council of **£34m** in each year, as a result of increased collection rates and the

Key Facts:

- £6m surplus expected from Trading Activities aligned to this portfolio in 2017/18
- Over 485,000 payment transactions processed per annum

implementation of a fraud campaign encompassing the use of new data matching technology.

Place related services in this portfolio account for **£3m** of the budget and include Planning Development and Control, Heritage and Cultural Services (which includes the Essex Records Office and a grant making programme to arts organisations/artists) and Outdoor Education, which is budgeted to generate a net income of **£600,000** in 2017/18.

£2m of the budget is for precepts that the Council is required to pay to the Environment Agency to support flood defence arrangements and to the Kent and Essex Sea Fisheries to manage, regulate, develop and protect the fisheries around the county's coastline. These are statutory services and the amounts are calculated based on the Essex council tax base.

The **£300,000** budget for Traded Strategy is for the Business Incubator, which supports Council services that wish to realise their trading potential.

£13m of the budget within this portfolio is to deliver the Council's financial responsibilities including Internal and External Audit, Financial Services, Debt Collection, Invoice Payments, Payroll, Treasury Management, Risk Management, Procurement, Commercial Services and Health and Safety. In

2017/18 work will commence to assess and improve the support service functions to ensure they continue to meet the needs of the changing organisation.

The overall budget for this portfolio has decreased by **£9m** compared to the original 2016/17 budget (**£6m** on the main portfolio and **£3m** on recharged strategic support services). The movement on the main portfolio is mainly due to the removal of **£6m** of National Living Wage budgets, as the relevant costs are now reflected in the Adult Social Care portfolio. The movement on the recharged strategic support services budgets is mainly due to **£3m** of additional Support Service Project savings held in this portfolio (once the delivery profile of the programme has been confirmed it is likely these will be allocated across support service budgets in other portfolios too).

The Insurance Cost Recovery Account (**£5m**) is used to meet the cost of insurance premiums and the self-insurance scheme that the council operates.

The Capital Programme implementation team supports the delivery of the Council's ambitious capital programme (**£1m**).

The capital investment within this portfolio for 2017/18 of **£9m** is primarily for the Essex Housing Strategy. Essex Housing works with partners to increase the supply of general and specialist accommodation in Essex, with the aim of maximising the number of vulnerable people who are able to live independently for longer, as well as increasing the volume of housing available which is affordable and meets the needs of the Essex population.

The Essex Housing Growth Strategy function is working to increase the pace of housebuilding across Essex to meet

projected need, to accelerate the pace of and value derived from the sale of public sector land, and to deliver the numbers of Independent Living units required by Essex County Council over the next five years. Within this, Essex Housing is actively working on 9 developments on public sector land. In addition feasibility work has been undertaken or is currently underway on a further 18 publically owned sites across the county. The 9 live developments will deliver an estimated 368 units including 180 for independent living for older people and 35 units of specialist provision for people with learning disabilities.

The programme also includes provision for a support grant to the Mercury Theatre, Colchester, to assist the Theatre's development and expansion plans.

Revenue Budget Summary

Finance, Commercial, Traded Services, Housing and Planning

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
			Central Services To The Public				
6,703	5,825	5,825	Council Tax Sharing Scheme	6,841			6,841
8,890	14,937	11,147	Other Services	6,562	(718)	(256)	5,589
804	916	916	Environmental Planning	1,098	(199)		899
			Environmental Strategy	10		(10)	0
1,270	825	1,468	Heritage And Cultural Service	2,080	(602)	(143)	1,335
769	683	1,203	Housing	711			711
(227)	(547)	(246)	Outdoor Education	3,208	(3,786)		(578)
			Precepts				
1,445	1,471	1,471	Environmental Agency	1,500			1,500
384	396	396	Kent and Essex Sea Fisheries	376			376
1,179	916	1,540	Strategic Spatial Planning	1,414	(82)		1,332
863	361	500	Service Management	747	(70)		677
225	(699)	27	Traded Strategy	363	(50)		312
22,304	25,084	24,248		24,910	(5,506)	(408)	18,995
1,301	1,369	1,418	Capital Programme Implementation and Delivery	1,345	(90)		1,255
13,861	11,034	14,342	Finance	14,469	(6,556)		7,913
4,431	4,829	4,552	Insurance Cost Recovery Account	7,535	(2,994)		4,541
4,675	4,504	5,406	Procurement and Commercial Services	4,917	(119)		4,798
24,268	21,736	25,718		28,267	(9,759)	-	18,507
46,572	46,820	49,966	Net Cost of Services	53,177	(15,266)	(408)	37,503

Capital Programme Summary

Finance, Commercial, Traded Services, Housing and Planning

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Named schemes	
		Colchester Mercury Theatre	500
2,788	1,806	Schemes completing in 2016/17 or earlier	
2,788	1,806	Total named schemes	500
		Blocks	
117	1,575	Essex Housing Strategy	8,713
117	1,575	Total Blocks	8,713
2,905	3,381	Total Finance, Commercial, Traded Services, Housing and Planning	9,213

Health

Revenue Budget: £23m

Capital Budget: £0

The Health budget for 2017/18 is **£23m** which is a decrease of **£700,000** on the 2016/17 budget. The Health budget encompasses a range of services with links to health, the largest being Adults Mental Health and Public Health.

The Adult Mental Health budget of **£20m** is used in the provision of packages of care and support for vulnerable adults with mental health needs. This can be in the form of residential care, intensive enablement to support independence, care in the individuals own home, in the community or via cash payment. Services are provided to those assessed to have eligible care needs, and circa 750 packages of care are expected to be provided. Part of this budget **£6m** is used to fund assessment and care management services for adult mental health. This service is provided by South Essex Partnership and North Essex Partnership NHS Trusts for the Council under a partnership arrangement, which enables an integrated assessment and care management approach with health partners, ensuring better outcomes for clients.

The Council will receive **£64m** Public Health grant in 2017/18 a reduction of **£2m** since 2016/17. **£25m** of the grant is used to fund the Pre-birth to 19 contract in the Children and Families Portfolio.

Key Facts:

- Circa 750 care packages delivered to vulnerable adults each year
- Circa 250 adult mental health residential placements
- 5,500 hours of home care per week

*The remainder of the Public Health grant is used to fund a range of health prevention activities including: substance misuse services (**£11m**), sexual health services (**£8m**), health checks (**£2m**), falls prevention (**£2m**) and obesity services (**£2m**).*

The budget also provides the Children and Adolescent Mental Health Services **£2m**, which funds the Council's contribution towards the Children and Young People Emotional Wellbeing and Mental Health service. This service is a partnership between Health's 7 CCGs, Essex County Council, Southend Council, Thurrock Council and NHS England.

Health Reform and Integration **£1m**, primarily funds dementia community services, which offer information, guidance, signposting, peer support, carers support groups and social inclusion provision.

In 2017/18 savings of **£1m** will be delivered by the portfolio. These relate to a variety of activities, including managing adult mental health residential demand, targeting early intervention and prevention with the newly formed Care Assessment Team in adult mental health, and continued close scrutiny of commercial costs.

Revenue Budget Summary

Health

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
2,147	1,821	1,840	Child and Adolescent Mental Health Services	1,843			1,843
50	685	753	Health Reform and Integration	723			723
452	452	452	Health Watch	680		(328)	352
19,318	20,591	20,681	Mental Health	22,937	(2,755)		20,182
7,273		24	Public Health	66,143	(135)	(66,008)	(0)
29,239	23,549	23,750	Net Cost of Services	92,325	(2,890)	(66,336)	23,099

Highways and Transport

Revenue Budget: £75m
Capital Budget: £133m

The 2017/18 budget is **£208m** comprising **£75m** of revenue funding and **£133m** of capital funding.

Of the **£75m** of revenue funding **£31m** of the budget is for Passenger Transport, primarily to fund the Concessionary Fares travel scheme (providing free bus travel to concessionary pass holders) as well as supporting local bus services and Park and Ride Facilities.

In 2016/17 the bus network continued to support the economic growth of Essex and provided a vital and sustainable travel service to many communities. Key service improvements included

- the investment of around **£4m** across the county in a wholly revised new local bus network including new areas supported by demand responsive transport
- the introduction of a permanent shuttle service between Chelmer Valley Park and Ride and Broomfield hospital
- a new service stop from Colchester Park and Ride at Colchester Hospital

Key Facts:

- 200 Local bus services serving 3.6m passenger journeys annually.
- 5,100 miles of road maintained
- 1,500 bridges and other highway structures
- 4,000 miles of public rights of way
- 127,000 street lights

- *a new partnership on the 88 route between Colchester and Halstead; the introduction of Essex's first multi-operator digital ticket in Colchester; and the roll out of real time bus information across the county.*

The remainder of the portfolio, **£44m**, ensures a safe highways network, probably the Council's most visible universal function. This affects everybody, every day and is high on the issues that the public are most concerned about. An accessible, well maintained, safe, and free-flowing highways network is a critical enabler for the economic growth of the county and ongoing prosperity of its residents and businesses.

The level of investment, on top of additional commitments in recent years, has seen the standard of the priority road network improve steadily to the point where by the end of 2015 Essex was ranked as one of the very best highways authorities in the country in terms of network condition. The majority of the highways service is delivered through the strategic partnership with industry experts Ringway Jacobs which is recognised as one of the most innovative and progressive delivery arrangements nationally. This has resulted in significant improvements to delivery, exemplified

by the recent record levels of Surface Dressing road treatments being delivered.

The investment in the priority road network which has seen such excellent improvements in condition in recent years now has a renewed focus on the local road network and non-carriageway assets (footways, safety barriers, structures etc.) over the coming few years with the intention of realising similar improvements in condition.

The improved standards have been delivered against a backdrop of increasing financial pressures; the combined revenue and capital budget of **£208m** for 2017/18 not only allows for the delivery of a comprehensive maintenance and improvement regime but is also containing inflationary cost pressures which are being mitigated by an ongoing efficiency and savings programme including reduced street lighting energy consumption from the LED replacement programme and focus on maximising income opportunities.

In addition to the routine maintenance activity, there are a number of projects currently ongoing that are improving infrastructure for residents and businesses and delivering better value for money over the long term; primary examples are the 2 year LED lighting conversion programme, which will see 20,000 lights converted by the end of the 2017/18, and, securing public transport reliability by introducing Bus Lane cameras to improve compliance.

The Council will maintain and improve highway infrastructure to support economic growth and work with the South East Local Enterprise Partnership (SELEP) to secure funding to enhance highways and transport infrastructure.

The Council will continue the delivery of Local Growth Fund (LGF) Round 1/2 schemes and anticipate further investment in LGF round 3 schemes, which will drive economic benefits and facilitate growth, such as;

- A120 Millennium Way Slips
- Basildon Integrated Transport Package
- Harlow Enterprise Zone and A414 Pinch Point Package
- M11 Junction 8
- Beaulieu Park Station

One of the Council's key priorities is a continued focus on easing congestion and enhancing connectivity across Essex, this is enabled through capital investment in known pinch points on the network. Examples of this include improvement access to Harlow, the delivery of a sustainable package of improvements for Chelmsford City centre and significant upgrades to the A127 Fairglens junction.

Revenue Budget Summary

Highways and Transport

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
Highways And Transportation							
1,574	763	1,173	Asset Management Planning	738			738
1,794	1,215	1,415	Bridges	1,551			1,551
2,300	2,731	2,647	Congestion	7,497	(5,628)		1,869
	141	141	Corporate And Democratic Core	141			141
12,784	11,697	11,697	i Ongoing Operator Payments for A130 PFI	12,058			12,058
802	1,144	1,144	Localism	1,167			1,167
31,614	29,518	30,335	Passenger Transport	40,807	(8,733)	(1,121)	30,953
1,707	2,279	2,279	Public Rights Of Way	2,469	(161)		2,308
1,005	1,009	1,108	Road Safety	1,748	(7)	(221)	1,520
21,798	15,725	16,425	Roads And Footways	14,436	(150)	(1,500)	12,786
8,161	6,568	6,482	Street Lighting	6,937	(380)		6,557
(1,878)	543	409	Support Services	2,657	(3,018)		(361)
(143)	(1,383)	(1,383)	Traffic Management Act	2,443	(3,181)		(739)
2,013	2,063	1,872	Transportation Planning	1,900	0		1,900
2,778	2,620	2,610	Winter Service	2,609			2,609
86,308	76,633	78,355		99,157	(21,259)	(2,841)	75,056
1			Highways and Transportation Recharged Strategic Support Services	0			0
1	-	-			-	-	
86,309	76,633	78,355	Net Cost of Services	99,157	(21,259)	(2,841)	75,056

i PFI= Private Finance Initiative - a means of funding large scale capital projects

Capital Programme Summary

Highways and Transport

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Economic Growth Transport	
		A120 Millennium Way Slips	250
513	2,680	A127 Capacity Enhancements; Road safety and network resilience package	500
448	1,368	A127 Fairglen Junction Improvement	1,200
	168	A131 Chelmsford to Braintree Route Based Strategy	1,500
1,633	1,683	Basildon Integrated Transport Package	2,535
46	1,197	Beaulieu Park Station	250
409	121	Chelmsford Station (Station Square/Mill Yard)	2,470
		Harlow - Gilden Way Upgrading	1,800
		Chelmsford Growth Area Scheme	1,000
955	3,645	Colchester Integrated Transport Package	400
1,527	2,353	Colchester Integrated transport package (Borough Wide)	2,730
5,842	6,883	Harlow Enterprise Zone A414 Pinch Point Delivery Packages	3,574
		M11 Junction 8	500
5,116	4,524	Schemes completing in 2016/17 or earlier	
16,489	24,622	Total Economic Growth Transport	18,709
		Named Schemes	
		A120 Harwich Road Roundabout	350
1,221	3,779	A120 Route Consultation	4,000
1,801	35	Chelmsford North Eastern Bypass	45
3,762	1,733	Jaywick Road Investment	1,500
	4,518	LED Street Lighting Rollout	4,720
2,559	3,035	M11 Junction 7A	3,396
8,466	3,480	Schemes completing in 2016/17 or earlier	
17,809	16,580	Total Named Schemes	14,011

Capital Programme Summary

Highways and Transport (continued)

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Blocks	
802	2,332	Advanced Scheme Design	5,000
802	2,332	Total Blocks	5,000
		Highways Maintenance and Small Scheme Delivery	
64,917	82,514	Highways Infrastructure	66,033
8,093	5,529	Local Highways Panels	4,000
11,897		Non-carriageway assets	25,011
		Bus Lane Camera Enforcement	210
		Structures	500
4,140	3,909	Schemes completing in 2016/17 or earlier	
89,047	91,952	Total Highways Maintenance and Small Scheme Delivery	95,754
124,147	135,486	Total Highways and Transport	133,474

Leader

Revenue Budget: £32m

Capital Budget: £5m

The combined 2017/18 revenue budget covers **£7m** in the main portfolio and **£25m** for recharged strategic support services which support all services across the organisation and are allocated out on a recharge basis. The combined budget includes assumed delivery of **£2m** of savings.

The most significant proportion of this budget (**41%**) relates to Property and Facilities Management costs of **£13m**, which covers the operational costs and routine maintenance of the estate. This area includes **£725,000** of further savings from the property transformation programme, which has introduced increased mobile and flexible working and allowed a reduction in the size of the Council's estate.

This area spends **£5m** on Performance and Commissioning Support, which includes the costs of performance monitoring across the Council as well as all of the delivery of the commissioning activity initiated by commissioners.

The budget for the Transformation Support Unit (**£3m**) provides the project management expertise to the Council's transformation projects.

The Communications and Customer Relations budget is **£2m**, which includes communications support for internal projects, externally-facing campaigns to support the achievement of

Key Facts:

- 75 elected Members of Essex County Council
- 317 Council properties (excluding schools)

Essex's commissioning outcomes, and marketing and media support.

Democratic Services (**£1m**) supports Members so they can participate in the democratic process, including scrutiny and the effective running of the decision-making process. Also within the portfolio are the allowances and support arrangements provided to elected Members of the Council of **£2m** for the year.

There is a budget of **£1m** for the costs of the 2012 Olympic legacy sites at Lee Valley and Hadleigh and **£2m** for Corporate Policy, which provides strategic support to the management of the Council. Following negotiation on the Lee Valley precept, this has reduced by 10% from 2017/18.

The capital investment within this portfolio for 2017/18 of **£5m** relates mainly to the capitalised building maintenance required to address the routine degradation of property assets across the estate (**£5m**) but also includes **£368,000** for ongoing Property Transformation projects to enable flexible working.

Revenue Budget Summary

Leader

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
288	294	294	Community Initiatives	(0)			(0)
			Democratic Core				
603	798	962	Corporate Management	996			996
27	58	58	Democratic Representation	62			62
		500	Innovation Fund	250			250
1,792	1,769	1,794	Members Support	1,768			1,768
1,622	1,595	1,677	Olympics and Sports Development	1,530	(134)		1,397
			Other				
230	261	261	Contributions and Subscriptions	261			261
106	250	250	Essex Initiatives	(0)			(0)
		137	Devolution	138			138
(342)	1,800	2,646	Corporate Policy	1,745	(6)		1,739
4,327	6,825	8,578		6,750	(139)	-	6,611
2,636	2,548	2,803	Communications And Customer Relations	2,494	(36)		2,459
1,350	1,393	1,250	Democratic Services	1,377	(205)		1,172
128	154	145	Equality And Diversity	147	(9)		138
5,157	4,960	5,090	Performance and Commissioning Support	5,446	(357)		5,088
22,424	19,110	15,405	Property and Facilities Management	16,926	(3,853)		13,073
5,536	2,748	4,914	Transformation Support Unit	3,217	(194)		3,023
37,233	30,913	29,607		29,607	(4,655)		24,953
41,559	37,738	38,186	Net Cost of Services	36,357	(4,794)	-	31,564

Capital Programme Summary

Leader

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Named schemes	
116	962	Property Transformation	368
330		Schemes completing in 2016/17 or earlier	
446	962	Total Named Schemes	368
		Blocks	
5,879	6,559	Capitalised Building Maintenance	5,000
1,007		Schemes completing in 2016/17 or earlier	
6,886	6,559	Total Blocks	5,000
7,332	7,521	Total Leader	5,368

Other Operating Costs

Revenue Budget: £62m

The revenue budget in 2017/18 is **£62m**. The expenditure includes the net appropriations to reserves and restricted use funds as described in the Reserves and Restricted use funds section (page 64) of **£13m**, the costs of financing the capital programme of **£46m** and the provision of the Emergency Contingency at **£4m**.

The provision of the Emergency Contingency budget recognises the risk for unforeseen events such as winter pressures and extreme weather conditions.

The movement since 2016/17 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.

Revenue Budget Summary

Other Operating Costs

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
Approps To/(From) Reserves and Restricted Use Funds							
(3,902)	(3,294)	(3,294)	A130 PFI Reserve		(3,635)		(3,635)
			Adults Digital Programme	7,000			7,000
(60)	(1,346)	(1,370)	Building Schools for the Future		(0)		(0)
450	1,000	(57)	Capital Receipts Pump Priming				
97	529	(188)	Carbon Reduction Reserve				
(3,620)		(9,057)	Carry Forwards Reserve				
(667)	958	140	Clacton PFI Reserve	0			0
(8,360)			Collection Fund Risk Reserve				
2,512	1,500	519	Community Initiatives Fund				
(5,674)			Consultation Reserve				
(208)	314	215	Debden PFI Reserve				
(920)			Energy Inflation Reserve				
(372)			Essex Transport Reserve				
(3,000)			Flood and Water Management Reserve				
(8,547)		(3,046)	Grant Equalisation Reserves		(2,190)		(2,190)
29		(150)	Health And Safety Reserve				
966	1,000	934	Innovation Reserve				
(391)			Insurance Reserve				
			Local Projects Reserve	1,000			1,000
(517)		(209)	Partnership Reserves				
(1,574)	(1,574)	(1,574)	Pension Deficit Reserve		(634)		(634)
500	500	475	Quadrennial Elections Reserve	500			500
(6,050)			Redundancy Reserve				
3,935	3,699	5,164	Reserve For Future Capital Funding	2,042			2,042
(1,883)			Schools Reserves				
	74	74	Tendring Public Private Partnership	0			0
(5,237)	(6,483)	(5,347)	Trading Activities Reserves		(6,649)		(6,649)
2,958	10,874	2,893	Transformation Reserve	5,424	0		5,424
22,009	9,882	9,882	Waste Reserve	10,618			10,618
(17,526)	17,634	(3,997)		26,584	(13,108)		13,476

Revenue Budget Summary

Other Operating Costs (continued)

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
26,573	27,688	27,688	Capital Financing	26,192			26,192
	4,000	4,000	Contingencies	4,000			4,000
	(1,021)	(1,021)	Dividends received				
			Interest Payable				
(758)	(530)	(530)	Contributions - Transferred Debt		(504)		(504)
15,233	16,684	16,684	External Interest Payable	19,767			19,767
(97)	(90)	(90)	Loan Charges Grant		(87)		(87)
			Interest Receivable				
(2,860)	(2,197)	(2,786)	External Interest Receivable		(941)		(941)
698	1,474	1,474	Interest Reallocated		427		427
38,789	46,008	45,419		49,959	(1,105)		48,854
21,263	63,642	41,423	Net Cost of Services	76,543	(14,213)		62,329

Trading Activities

Planned Surplus: £7m

This section sets out the budgets relating to those services that are currently set up as Trading Activities, which operate under separate Trading Accounts. As part of the organisational redesign there will be an enhanced focus on commercialism throughout the Council, which will include a review of other activities not currently set up as Trading Accounts, for instance country parks, and some registrar's services

For 2017/18, the Trading Activities have a target operating surplus of **£7m**.

Essex Education Services (EES) trades in support services to schools both locally, nationally and internationally, to enable pupil and school staff to improve performance and results. The ambition is to grow the volume of services. One in four of all primary schools nationally use EES and across the range of services 98% of customers rate the work of EES as 'Excellent' or 'Good'. Some 49% of schools in Essex buy 4-6 EES services giving an average sale of £11,500 per customer and EES has contracts in twenty other countries, in particular China and the Emirates. Trading in professional services and professional development is showing strong performance in what is a competitive market and despite the pressure on school budgets.

EES was recently awarded the 'EducationInvestor' 2016 award for School Improvement Services and is a finalist at the

Key Facts:

- 1 in 4 primary schools nationally use Essex Education Services
- Place Services trade with many other local authorities

2017 British Educational Training and Technology awards for Company of the Year.

Essex Legal Services (ELS) trades in the provision of legal advice to a varied client base and will be targeting specific growth in key sectors such as Emergency Services, Health and Education.

The use of ELS' Alternative Business Structure (ABS) provides an opportunity to increase its customer base.

Place services trades in planning and environmental services and seek to grow their customer base and has secured a number of new contracts with local planning authorities outside Essex.

Trading Activity Financial Plans

	Revenue reserve 1 April 2017	Income	Expenditure	(Surplus) / deficit	Appropriations		Revenue reserve 31 March 2018
	£000	£000	£000	£000	To County Revenue Account	To Trading Activity reserve	£000
Finance, Commercial, Traded Services, Housing and Planning							
EES (Essex Education Services)	(2,100)	(14,737)	9,527	(5,210)	(4,604)	(606)	(2,706)
Music Services Traded	(133)	(4,603)	4,496	(107)	(107)	-	(133)
School staffing insurance scheme	(816)	(4,535)	4,535	(0)	-	-	(816)
Library Services	(77)	0	(0)	(0)	-	-	(77)
Place Services	(336)	(2,915)	2,596	(319)	(319)	-	(336)
Information Services infrastructure	(400)	(6,650)	6,650	0	-	-	(400)
Smarte East	(260)	(0)	0	0	-	-	(260)
Corporate and Communities							
ELS (Essex Legal Services)	610	(9,381)	7,763	(1,618)	(1,618)	-	610
Total	(3,512)	(42,821)	35,566	(7,255)	(6,649)	(606)	(4,118)

Reserves and Balances

Any organisation which is being prudently managed, whether in 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.

The Council has 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 Use Funds' which covers the first bullet point above and 'Reserves' which covers the last two.

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

The Council also uses these specific cash backed reserves to generate interest receipts and minimise the cost of debt. The Council expects to earn **£400,000** in 2017/18 from temporarily investing surplus cash in the market, which is included in the budget, and will be used to fund services. However, it saves substantially more by using the reserves to offset what would otherwise be external borrowing costs. The Council has low debt levels compared to other authorities. It uses its reserves to reduce or delay the need to take on new debt – in 2017/18, it is estimated that this will enable the Council to avoid borrowing costs of **£8m**, thereby allowing funds to be used instead for front line service delivery.

Reserves and Balances Summary

Earmarked Reserves

	Estimated closing balances						
	Balance at 1 April 2016 £000	Balance at 1 April 2017 £000	Budgeted (Contribution)/ Withdrawal £000	2017/18 Assumed usage £000	Closing balance £000	2018/19 £000	2019/20 £000
General Balance	(79,731)	(59,216)			(59,216)	(59,216)	(59,216)
Reserves earmarked for future use							
Adults Digital Programme	-	-	(7,000)	3,500	(3,500)	-	-
Capital Receipts Pump Priming	(2,671)	(1,000)		1,000	-	-	-
Carbon Reduction	(3,172)	(2,100)		700	(1,400)	(700)	-
Carry Forward	(9,057)	-			-	-	-
Collection Fund Risk	(1,412)	(1,412)			(1,412)	(1,412)	(1,412)
Community Initiatives Fund	(2,512)	(3,763)		1,000	(2,763)	(1,763)	(763)
Future Capital Funding	(11,748)	(5,000)	(2,042)	3,474	(3,568)	(3,568)	(3,568)
Health and Safety	(236)	-			-	-	-
Innovation	(966)	(1,900)		500	(1,400)	(900)	(400)
Insurance	(8,356)	(8,356)			(8,356)	(8,356)	(8,356)
Local Projects	-	-	(1,000)	500	(500)	-	-
Pension Fund Equalisation	(2,414)	(840)	634		(206)	-	-
Quadrennial Elections	(1,000)	(1,300)	(500)	1,300	(500)	(1,000)	(1,500)
Tendring PPP	(422)	(496)			(496)	(496)	(496)
Transformation	(31,698)	(21,608)	(5,424)	10,000	(17,032)	(10,312)	(3,592)

Reserves and Balances Summary

Restricted Funds

	Estimated closing balances						
				2017/18		2018/19	2019/20
	Balance at 1 April 2016 £000	Balance at 1 April 2017 £000	Budgeted Contributions/ Withdrawals £000	Assumed usage £000	Closing balance £000	£000	£000
Long Term Contractual Commitment							
PFI Reserves							
A130 PFI	(52,101)	(48,807)	3,635		(45,172)	(41,537)	(37,902)
Building Schools for the Future PFI	(2,495)	(979)			(979)	(979)	(979)
Debden School PFI	(4,154)	(4,348)			(4,348)	(3,255)	(3,255)
Clacton Secondary Schools' PFI	(3,180)	(3,255)			(3,255)	(4,348)	(4,348)
Waste Reserve	(79,620)	(89,502)	(10,618)	659	(99,461)	(109,420)	(119,379)
Grant Equalisation Reserve	(10,039)	(7,685)	2,190		(5,495)	(5,495)	(5,495)
Trading Activities (not available for use)	(4,563)	(3,428)	6,649	(6,649)	(3,428)	(3,428)	(3,428)
Partnerships and Third Party (not available for use)	(1,687)	(1,478)			(1,478)	(1,478)	(1,478)
Schools (not available for use)	(51,939)	(51,939)			(51,939)	(51,939)	(51,939)

Appendix B

2017/18 – 2019/20 Prudential Indicators, Treasury Management Strategy and MRP Policy

1. Introduction

This report is presented in compliance with statutory regulations and Codes of Practice that require the Council to compile:

- **Prudential indicators** that are intended to demonstrate that the borrowing the Council plans to undertake for capital financing purposes is at a prudent, affordable and sustainable level;
- A **treasury management strategy** that explains how the Council's cash flows, borrowing and investments will be managed;
- A policy that explains how the Council will discharge its duty to make prudent **revenue provision for the repayment of debt**.

Further details are provided in the following paragraphs.

2. Prudential indicators

2.1 Context

The Council is required by regulation to comply with the **CIPFA Prudential Code for Capital Finance in Local Authorities** (referred to as 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 indicators are intended to collectively demonstrate 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 2015/16 through to 2019/20 is provided in **Annex A**. Explanatory comments are provided in the following paragraphs.

2.2 Capital Expenditure Plans

The proposal is for capital investment of **£263m** for 2017/18, with an indicative programme for the subsequent two years totalling **£519m**, and funding the ongoing costs of earlier years' programmes and recurring items including highways and non schools maintenance. These planning levels represent a continued major investment in the infrastructure and economy of Essex.

Actual capital expenditure and financing sources for 2015/16, together with the original and updated plans for 2016/17, proposals for 2017/18 and the indicative guidelines for the subsequent two years are summarised in **Annex A**, with further detail presented within the Budget Book.

2.3 Capital Financing Requirement

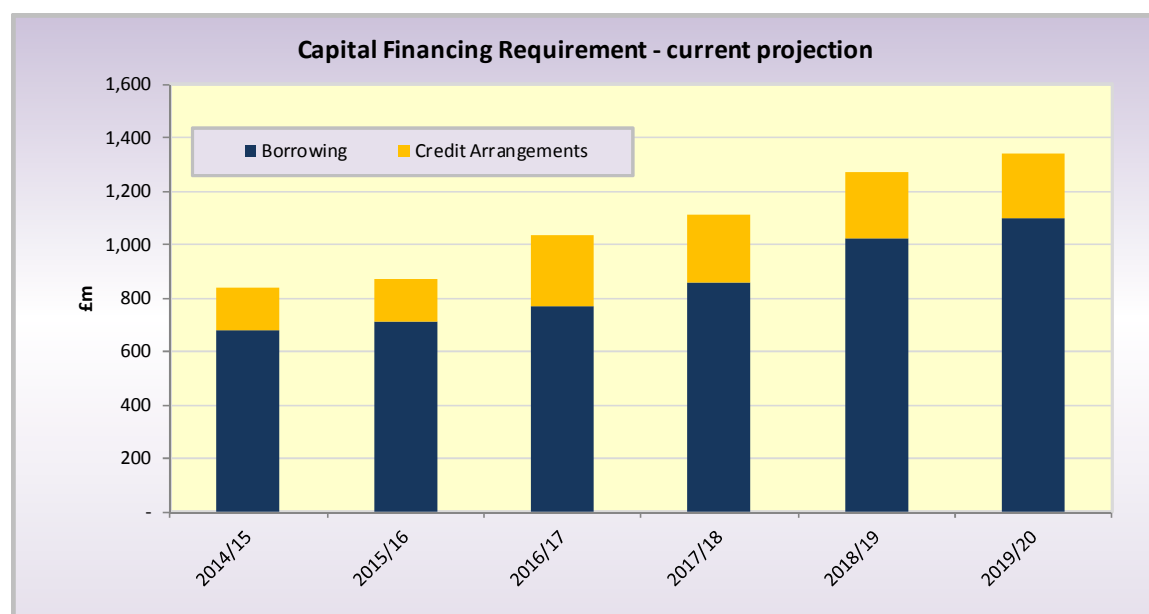
One of the key ways that the Council has of financing capital expenditure is from 'borrowing'. This means that the Council is able to incur expenditure that it does not

need to fund immediately from cash resources. Instead, the Council is able to charge the capital expenditure to the revenue budget over a number of years into the future. It does this in accordance with its policy for the repayment of debt, which is explained later within this report.

The **Capital Financing Requirement** (CFR) for 2015/16 provides a measure of the amount of capital expenditure that the Council has already spent that has yet to be funded from cash resources. That is, it provides a measure of the Council's indebtedness, and hence of its need to borrow for capital financing purposes.

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

The actual CFR for 2015/16 and forward projections for the current and forthcoming years are as follows:



The year-on-year movements in the CFR are the net result of:

- The Council's intention to finance further capital expenditure from borrowing and to enter into further credit arrangements over this period (*these both result in **increases to the CFR***); and
- Revenue budget provision being made for the repayment of debt (*which results in a **reduction to the CFR***).

The estimates of the CFR therefore show that the amount of capital expenditure that it is intended to finance from borrowing (including credit arrangements) exceeds the annual provision for the repayment of debt each year up to and including 2019/20.

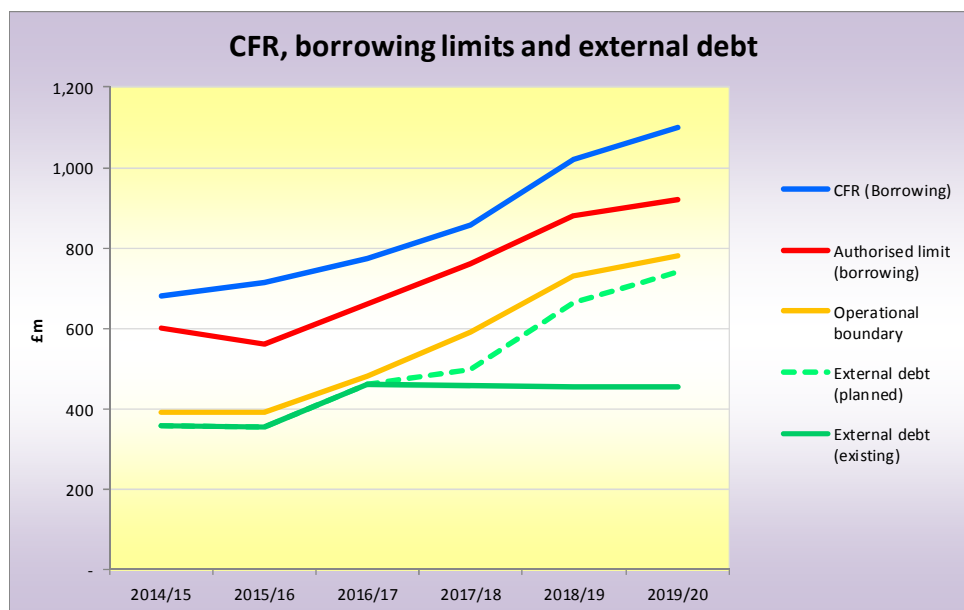
These estimates assume that the Government will continue to support local authorities' capital investment over the medium term via the provision of capital grant rather than by 'supported borrowing'. They also assume that the revised policy for the repayment of debt, which is explained later within this report, is adopted with effect from 2017/18.

2.4 External borrowing limits

The Council is only permitted to borrow externally (*including via credit arrangements*) up to the level implied by its Capital Financing Requirement (CFR). To ensure that external borrowing does not exceed the CFR, other than in the short term, limits are established for external debt, as follows:

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

The proposed limits, which are set out in **Annex A**, 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 sufficient headroom for fluctuations in the level of cash balances and in the level of the CFR.



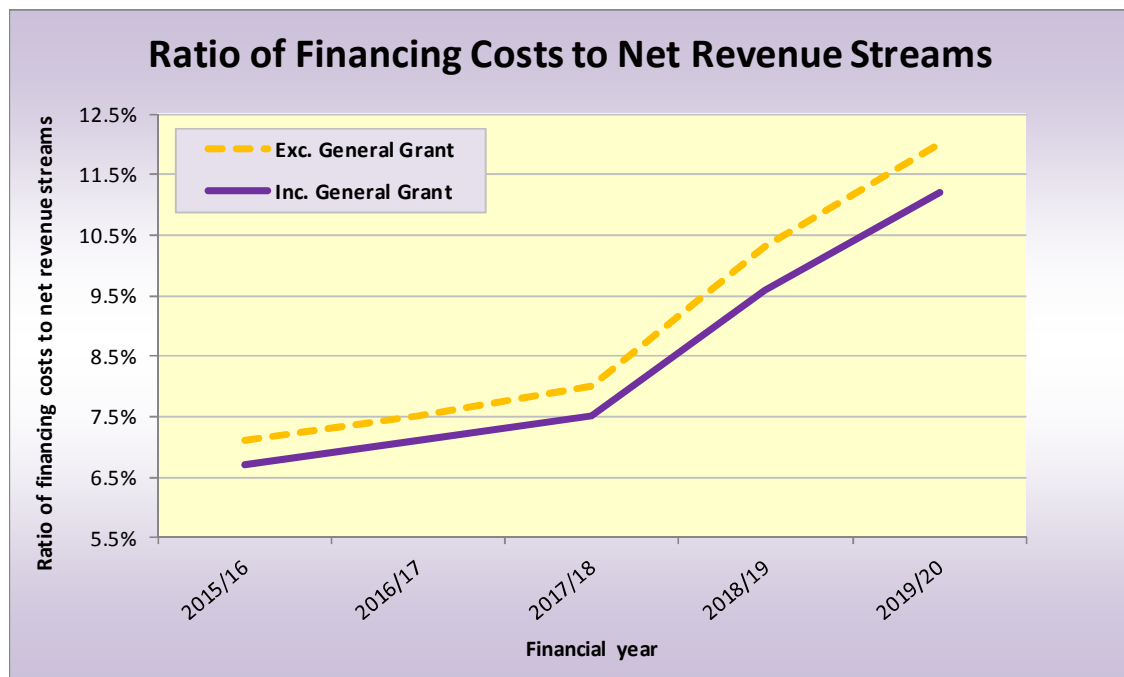
The authorised limit and operational boundary related to external borrowing are below the current estimates of the CFR for borrowing. This position is currently sustainable because the Council is able to temporarily utilise its cash balances as a short to medium term alternative to external borrowing. This practice, which is referred to as '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.

Further comments on these limits are set out within the Treasury Management Strategy, in paragraph 3.4.

2.5 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 and debt repayments, net of investment income*).

The actual ratios for 2015/16, and the latest estimates for the current and forthcoming three years, are provided in **Annex A**. The trend in this ratio over this period is illustrated as follows:



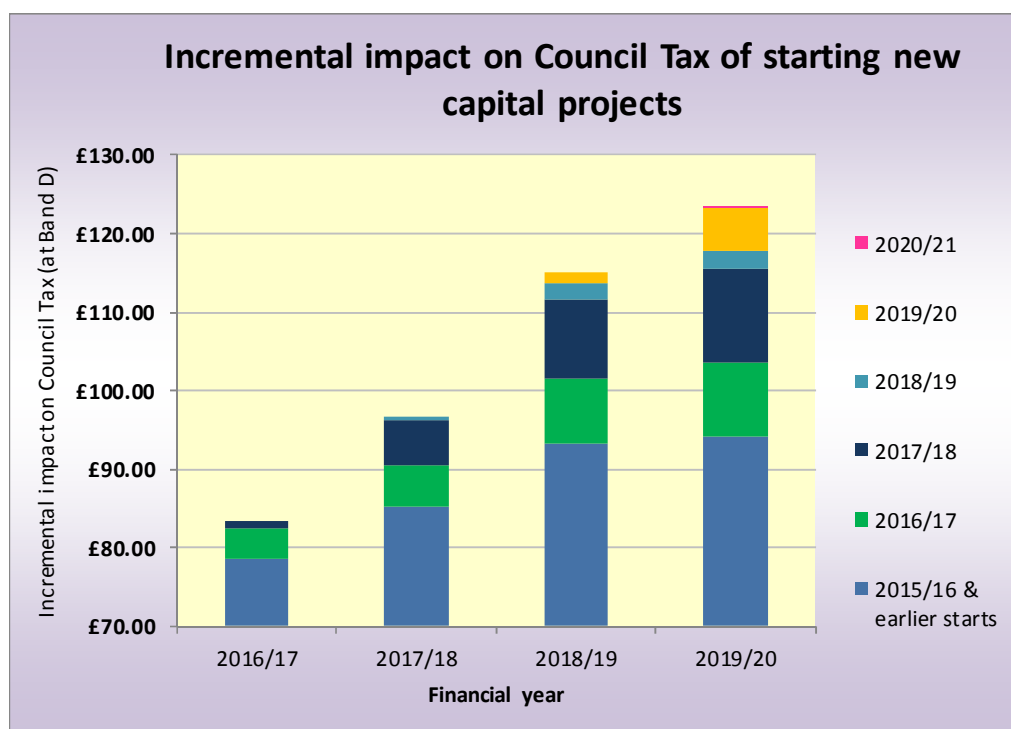
It is estimated that the proportion of the revenue budget that is required to fund borrowing costs will increase from **7.1%** in 2015/16 to **12%** by 2019/20. This increase partly reflects the impact of the Council's capital programme proposals over the forthcoming three years, but also a reduction in our net revenue streams.

2.6 Incremental impact on Council Tax

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

The prudential indicator for the **incremental impact upon council tax** shows the council tax at band D that results from continuing with capital schemes started in, and prior to, 2015/16 and the additional amounts that result from commencing new capital projects in the current and subsequent three years.

The indicators are set out in **Annex A** and are illustrated as follows:



The actual impact upon council tax may be lower than that implied by the indicators set out in **Annex A** because:

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

2.7 Treasury Management

The Prudential Code requires the Council to confirm adherence to the principles of the CIPFA Treasury Management Code. This confirmation is provided within the Treasury Management Strategy, as detailed in section 3 below.

3. Treasury Management Strategy

3.1 Introduction

The Prudential Indicators consider the affordability and impact of the Council's capital expenditure proposals. The Treasury Management Strategy considers funding of these decisions.

The Council's treasury activities must be undertaken in compliance both with the **CIPFA Treasury Management in the Public Services Code of Practice** (referred to as the Treasury Management Code) and with statutory regulations. One of the key

aspects of the Treasury Management Code, and the underlying regulations, is the requirement to produce an annual Treasury Management Strategy. The following paragraphs address this key requirement.

3.2 Economic outlook

The following paragraphs set the backdrop to the Council's treasury management activity in 2017/18 and subsequent years, by providing commentary on the economic outlook:

- **UK economy**

The referendum vote for Brexit in June 2016 delivered an immediate shock to the economy, pointing to a sharp downturn.

The Monetary Policy Committee (MPC) cut the Bank Rate from **0.50%** to **0.25%**, and announced a renewal of quantitative easing, in August 2016 in order to counteract a slowdown. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August 2016 has indicated much stronger growth than that predicted, and inflation forecasts have risen substantially. Consequently, the Bank Rate has not been cut again. The latest MPC decision included a forward view that the Bank Rate could either go up or down, depending on how economic data evolves over the coming months.

During the two year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is unlikely that the MPC will do anything to dampen growth prospects (e.g. by raising Bank Rate). Accordingly, it is not anticipated that the Bank Rate will start to increase until the second quarter of 2019, when the Brexit negotiations are expected to be concluded. However, if strong domestically generated inflation (e.g. from wage increases within the UK) were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

The number of external influences weighing down upon the UK mean that economic and interest rate forecasting remain difficult. The MPC decisions will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year.

The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation.

- **Eurozone economy**

In the Eurozone, the European Central Bank launched a €1.1 trillion programme of quantitative easing, initially intended to run until at least September 2016, but subsequently extended to March 2017. This programme has struggled to boost economic growth though, and forward indications are that economic growth in the EU is only likely to continue at moderate levels.

There are also significant specific political and other risks within the Eurozone, including but not limited to:

- Greece continuing to cause major stress due to its reluctance to implement the key reforms required by the EU.

- Spain having had two inconclusive general elections in 2015 and 2016.
- The under capitalisation of Italian and some German banks. National governments are forbidden by EU rules from providing state aid to bail out those banks that are at risk, but many of these banks are too big and too important to be allowed to fail.
- General elections in Holland, France and Germany during 2017.
- The core EU principle of free movement of people within the EU causing stress and tension between EU states.

Given the number and type of challenges the EU faces in the next eighteen months, there is an increasing risk that the EU will be called into fundamental question.

- **USA economy**

The USA is probably the best positioned of the major world economies to make solid progress towards a combination of strong growth, full employment and rising inflation. The result of the recent presidential election is expected to lead to a strengthening of US growth, if the election promise of a major increase in expenditure on infrastructure is implemented.

The Federal Reserve announced a **0.25%** hike in the federal fund rate in December 2016, and pledged a gradual pace of increases to more 'normal' levels. If the Trump package of policies is fully implemented, there is likely to be a significant increase in inflationary pressures which could, in turn, mean that the pace of further federal fund rate increases will be quicker and stronger than had previously been expected.

- **Other economies**

Financial markets could be vulnerable to risks from emerging countries that are highly exposed to falls in commodity prices, and may have to liquidate substantial amounts of investments in order to cover national budget deficits over the next few years.

3.3 Borrowing, investment and interest projections

The Council primarily undertakes external borrowing in order to manage the cash flow implications of incurring capital expenditure that it does not immediately fund from cash resources, and to manage fluctuations in its cash flows more generally too.

Separately, the Council has cash backed resources which it has set aside for longer term purposes (such as funds set aside in reserves and balances), and working capital balances, that can either be invested or temporarily utilised to defer the need for external borrowing.

Forecasts of the amount of external borrowing (*including existing long-term loans*) and investment balances for the forthcoming three years, and estimates for interest rates, are set out in **Annex B**. Revenue budget provision for interest payable and receivable in 2017/18 has been determined in accordance with these forecasts.

3.4 Borrowing

Borrowing strategy

As explained in paragraph 2.4, the **Capital Financing Requirement** (CFR) provides a measure of the Council's need to borrow in order to manage the cash flow implications of incurring capital expenditure that it does not immediately fund from cash resources.

Currently, long-term external borrowing amounts to **£460m**, including **£110m** of external loans that were secured during April – June 2016. On the assumption that no further external loans are secured during the remainder of 2016/17, external borrowing will equate to around **61%** of the estimated CFR at **31 March 2017**. The remainder of the CFR is currently funded from the cash the Council has set aside for other purposes (a practice referred to as 'internal borrowing').

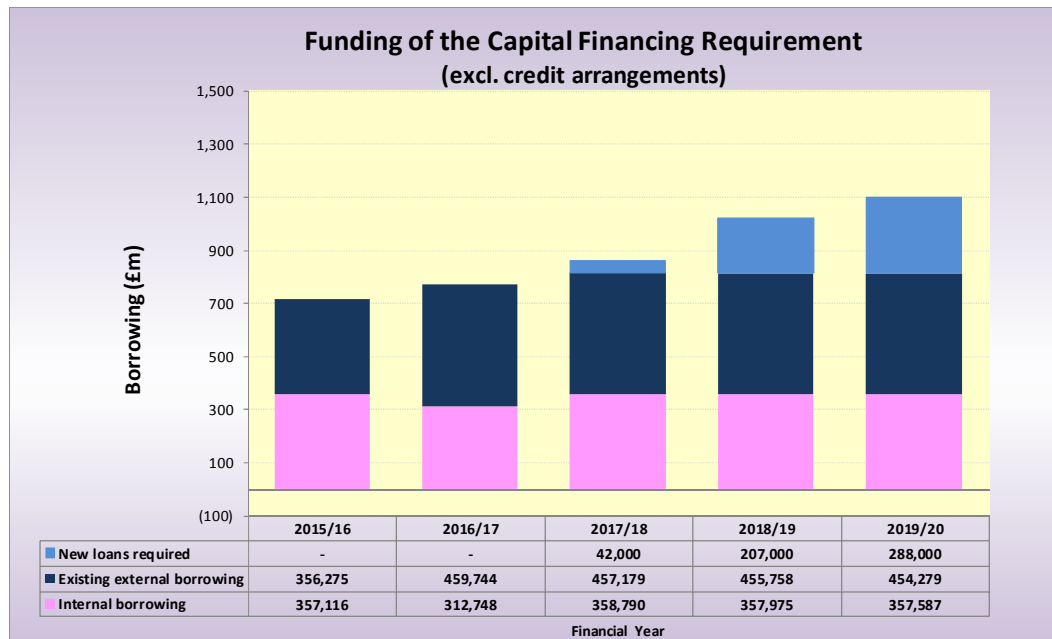
The use of internal borrowing is an effective treasury management strategy that enables the Council to:

- Avoid significant external borrowing costs (*i.e. making it possible to avoid net interest payments of around **£8.4m** in 2017/18 alone*); and
- Mitigate significantly the risks associated with investing cash in a volatile and challenging market.

The Council is likely to reach the limit of its capacity to 'internally borrow' (at around **£350m**) during 2017/18. Without undertaking new long term borrowing in 2017/18, and annually thereafter, the Council will cease to hold any cash for investment and will be borrowing short-term on a sustained basis.

It is intended to undertake sufficient new external borrowing over the period 2017/18 to 2019/20 to maintain the Council's underlying cash balances at around **£100m**; this is considered to be the '**cash baseline**' below which our underlying balances ought not drop on a sustained basis.

Working on this principle, the funding of the CFR over the period 2017/18 to 2019/20 will be as follows:



This translates into the following levels of long-term external borrowing over the period covered by this strategy:

Current Forecast	Total borrowing at 31st March			
	2017 £000	2018 £000	2019 £000	2020 £000
Existing external loans	459,744	457,179	455,758	454,279
Requirement for further borrowing				
2017/18	-	42,000	42,000	42,000
2018/19	-	-	165,000	165,000
2019/20	-	-	-	81,000
Total new borrowing	-	42,000	207,000	288,000
Total external borrowing	459,744	499,179	662,758	742,279
Internal borrowing	312,427	358,503	357,722	357,368
Total borrowing	772,171	857,682	1,020,480	1,099,647

If it not be possible or desirable to sustain internal borrowing at around **£350m**, further long term external borrowing will be required beyond that indicated in the above table.

The external borrowing requirement will be kept under review, and long term external loans will be secured within the parameters established by the **authorised limit** and **operational boundary** for external debt (as set out within **Annex A**).

Opportunities to generate savings by refinancing or prematurely repaying existing long term debt will also be kept under review. Potential savings will be considered in the light of the current treasury position and the costs associated with such actions.

Maturity structure of borrowing

Limits are proposed, in **Annex B**, 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 which 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 B** that will establish the ranges within which fixed and variable rate borrowing will be undertaken.

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 average 7 Day London Inter Bank Offer Rate (**7DLIBOR**) for the year.

3.5 Investments

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 364 days*), but up to **£50m** may be invested for periods beyond 364 days.

In accordance with regulatory requirements, the primary objectives, when investing the Council's funds, are firstly to **safeguard** the principal sums invested; secondly, to ensure adequate **liquidity**; and lastly, to consider investment returns or **yield**.

The Council's funds will primarily be invested according to the Secretary of State's definition of **specified investments**. Specified investments are sterling deposits made for periods of less than one year and offering high security and high liquidity. Specified investments may 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**. The inclusion of **non-specified investments** in the

investment strategy is solely to allow funds (up to a maximum of **£50m**) to be invested for periods of in excess of one year.

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

The criteria for choosing counterparties (as set out within **Annex C**) provide a sound approach to investing in normal market circumstances. However, the Executive Director for Corporate and Customer Services will determine the extent to which the criteria set out within **Annex C** 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 B** that will establish the ranges within which fixed and variable rate investments will be undertaken.

Liquidity

Liquidity is defined as having adequate, but not excessive cash resources, borrowing arrangements and overdraft or standby facilities to ensure that funds are available, at all times, for the achievement of the Council's objectives. In this respect, the Council will seek to maintain liquid short-term deposits of at least **£20m** available with a week's notice.

Performance

Performance on cash invested short term, in order to maintain liquidity of funds, will be benchmarked against the Seven Day London Inter Bank Bid Rate (LIBID) rate; the aim being to achieve investment returns that are equivalent to, or greater than, the average 7 day LIBID rate for the year.

3.6 Treasury management advisors

The Council has received treasury management advisory services from **Capita Asset Services (Treasury Solutions)** throughout 2016/17.

The treasury advisory services provided 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 Capita Asset Services (Treasury Solutions) are subject to regular review.

3.7 Other matters

The Council currently provides treasury management support to its local trading companies (principally Essex Cares Ltd).

As part of the agreement to provide treasury management support to these organisations, the Council may borrow their surplus funds, or lend to them to cover temporary shortfalls of cash.

Any amounts borrowed from, or lent to, these organisations are consolidated with the Council's own cash balances on a daily basis, and the Council invests or borrows on the net position. The Council charges interest on amounts lent to these organisations, or pays interest on amounts borrowed, in accordance with the terms of a formal agreement between the respective parties.

4. Revenue Provision for the Repayment of Debt Policy

4.1 Introduction

As noted elsewhere within this report, one of the key ways that the Council has of financing capital expenditure is from 'borrowing'. Financing capital expenditure in this way means the Council is able to incur capital expenditure that it does not immediately fund from cash resources. Instead, the Council sets cash resources aside from the Revenue Budget each year to repay the borrowing. This practice is referred to as making **minimum revenue provision** (or MRP) for the repayment of debt.

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

4.2 Regulatory requirements

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 1st April 2008** borrowing should (as a minimum) be made over a period commensurate with the period over which government support is provided towards the associated debt financing costs; and
- MRP charges on **unsupported** borrowing should be made over a period commensurate with the period the assets financed from borrowing continue to provide benefit.

In accordance with this statutory guidance, the Council has been determining annual MRP on its borrowing using the following methodology:

Borrowing	MRP repayment basis
Government supported and pre 1 st April 2008 borrowing	Regulatory method (i.e. MRP equates to 4% of the opening Capital Financing Requirement for the year).

Borrowing	MRP repayment basis
Unsupported borrowing	Asset life method (i.e. MRP is repaid in equal instalments of principal over the periods that benefits accrue from the resulting assets).

The **regulatory method** for repaying government **supported** and **pre 1st April 2008** borrowing described above (i.e. 4% of the opening CFR each year) works on a diminishing balance basis, meaning that it will take in excess of 350 years to fully repay the debt. Although this basis for determining MRP was made available by statutory guidance, it is now hard to conclude that the resulting MRP charges are prudent (given the payback period), and it can no longer be evidenced that revenue support grant is being provided on this basis either. It is therefore intended to vary the basis on which MRP is provided on this element of the CFR with effect from 2017/18. The new methodology will change the repayment profile, but does not alter the overall liability. Further details are provided in paragraph **4.3** below.

The current **asset life** basis for determining MRP charges on **unsupported** borrowing (i.e. by repaying the principal sums in equal instalments over the periods that benefits directly or indirectly accrue from the assets) is consistent with current statutory requirement for prudence, and so no changes are proposed to this methodology.

4.3 Government supported and pre 1st April 2008 borrowing

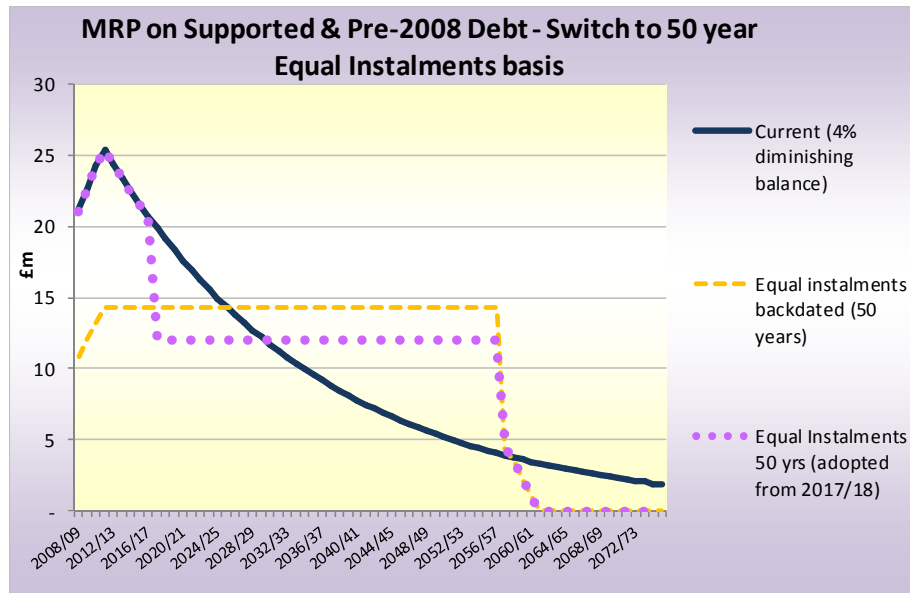
An 'equal instalments' basis for MRP on government supported and pre 1st April 2008 debt, that is aligned to the period the assets financed from borrowing continue to provide benefit, would be more 'prudent' than a continuation of the current **4%** diminishing balance basis described in the previous paragraph.

The difficulty comes in determining the period over which the assets financed from the government supported and pre 1st April 2008 borrowing continue to provide benefit. This is because, prior to 1st April 2008, it was not necessary to maintain records of the financing for individual assets, as all unfinanced expenditure was simply consolidated into the Capital Financing Requirement. However, statutory regulations state that, if no life can reasonably be attributed to an asset, the life should be taken to be a maximum of **50 years**.

The current statutory provisions for MRP took effect from **31st March 2008**, which means that they applied with effect from the 2007/08 financial year. It is therefore intended that a 50 year 'equal instalments' repayment term will be applied retrospectively with effect from 2007/08, with subsequent government supported borrowing being repayable over **50 years** from the year in which the expenditure was incurred.

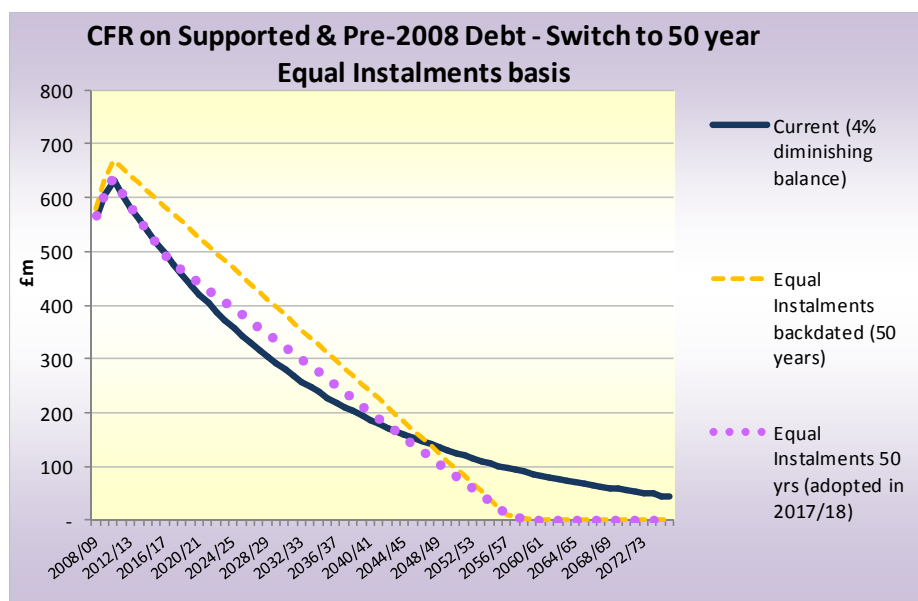
An implication of applying the 50 year 'equal instalments' methodology retrospectively is that the Council will have effectively over provided for MRP annually since 2007/08 (i.e. in aggregate, by a total of **£93.4m**). In accordance with guidance issued by the National Audit Office, this over provision will be released to reduce annual MRP charges over the remainder of the **50 year** term (i.e. from 2017/18 onwards).

The following graph compares the MRP charges on government supported and pre 1st April 2008 debt that would result from a continuation of the 4% diminishing balance basis and those that result from adopting an 'equal instalments' basis retrospectively from 2007/08 and with effect from 2017/18:



The change in the methodology for determining MRP will not alter the totality of the MRP liability, but will change the incidence of annual charges against the Revenue Budget. That is, MRP charges will initially be lower (i.e. in each year until 2030/31), and higher annually thereafter until the CFR on government supported and pre 1 April 2008 debt is fully extinguished.

The MRP payback period will be shortened too. That is, by adopting a 50 year 'equal instalments' basis, the CFR will be fully repaid by 2060/61 – in comparison, if the diminishing balance methodology were to be continued, the CFR outstanding at 1 April 2061 would still be **£79m**:



4.4 Revenue Provision for Debt Repayment Policy 2017/18

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

This is achieved by applying the following methodology:

Borrowing	MRP repayment basis
Pre 1 st April 2008 debt	<p>This element of the Capital Financing Requirement is being repaid on a 50 year 'Equal instalments' basis, with commencement of the 50 year term in 2007/08.</p> <p><i>Note: as this is a change to the approach adopted in previous years, the actual CFR at 1 April 2017 will be repaid in equal instalments over the remainder of the 50 year term.</i></p>
Government supported debt – 2008/09 onwards	<p>This element of the CFR is being repaid on a 50 year 'Equal Instalments' basis, with commencement of the 50 year term in the financial year following the capital expenditure.</p> <p><i>Note: as this is a change to the approach adopted in previous years, the actual CFR at 1 April 2017 will be repaid in equal instalments over the remainder of the relevant 50 year term.</i></p>
Unsupported borrowing	<p>This element of the CFR is being repaid using the Asset Life method. This spreads the unsupported borrowing over the useful life estimated at the start of the relevant asset lives (or over a shorter period where use of the standard useful life would not be supportable as prudent).</p>
Loans awarded for capital purposes	<p>Where expenditure does not meet the accounting classification of capital expenditure but the Council is nevertheless permitted to fund it from capital financing resources, the Capital Financing Requirement (CFR) will increase by the amount expended. Where the Council will subsequently recoup the amount expended (e.g. via the sale of an asset or repayment of an amount loaned), the income will be classified as a capital receipt. Where the capital receipts will be applied to reduce the CFR, there will be no revenue provision made for the repayment of the debt liability (i.e. unless the eventual receipt is expected to fall short of the amount expended).</p>
Credit arrangements	<p>MRP is met by a charge equal to the element of rent/charge that goes to write down the balance sheet liability.</p>

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.

The revenue budget provision for MRP charges in 2017/18 has been compiled on a basis consistent with this policy. Page 121 of 286

Prudential Indicators

Summary of prudential indicators		2015-16 Actual	2016-17		2017-18 Estimate	2018-19 Forecast	2019-20 Forecast
			Original Estimate	Updated Estimate			
Capital expenditure & financing							
Capital Expenditure	£m	227	252	224	263	308	211
Capital Financing							
Borrowing (unsupported)	£m	57	114	87	107	188	110
Grants and contributions	£m	143	111	114	121	102	83
Capital receipts and earmarked reserves	£m	27	27	23	35	18	18
Total capital financing	£m	227	252	224	263	308	211
Capital financing requirement							
Capital financing requirement (CFR)							
Opening CFR	£m	841	996	868	1,038	1,115	1,268
Add							
Additional borrowing	£m	57	114	87	107	188	110
Additional credit liabilities (PFI / Finance leases)	£m	4	10	120	-	-	-
		902	1,120	1,075	1,145	1,303	1,378
Less							
Revenue provision for debt repayment	£m	(34)	(34)	(37)	(30)	(35)	(40)
Capital Financing Requirement	£m	868	1,086	1,038	1,115	1,268	1,338
Analysis of the Capital Financing Requirement							
Supported borrowing and pre 2008/09 unsupported borrowing	£m	511	489	490	478	466	454
Unsupported borrowing (2008/09 and later)	£m	202	317	282	380	555	646
Sub total - borrowing	£m	713	806	772	858	1,021	1,100
Credit arrangements (PFI / Finance leases)	£m	155	280	266	257	247	238
Total	£m	868	1,086	1,038	1,115	1,268	1,338
Gross borrowing and the CFR							
Medium term forecast of CFR	£m	1,115	1,419	1,268	1,338	1,317	1,288
Forecast external debt (long term) and credit arrangements	£m	546	629	729	824	997	996
Headroom	£m	569	790	539	514	320	292
External debt							
Authorised limit							
Borrowing	£m	620	660	660	760	880	920
Other long term liabilities	£m	284	279	266	257	247	238
Total authorised limit	£m	904	939	926	1,017	1,127	1,158
Operational boundary							
Borrowing	£m	520	480	480	590	730	780
Other long term liabilities	£m	265	259	256	237	228	219
Total operational boundary	£m	785	739	736	827	958	999
Actual external debt (incl. credit arrangements)	£m	511	N/A	N/A	N/A	N/A	N/A
Financing & net revenue streams							
Net revenue streams excl. gen. govnt grants	%	7.1%	7.5%	7.5%	8.0%	10.3%	12.0%
Net revenue streams incl. gen. govnt grants	%	6.7%	7.1%	7.1%	7.5%	9.6%	11.2%
Incremental impact on Council Tax							
Effect of capital schemes starting in:							
2015/16 and earlier years	£	£85.81	£97.87	£90.21	£78.66	£85.33	£93.17
2016/17	£		£3.60	£0.73	£3.70	£5.13	£8.25
2017/18	£		-	-	£0.96	£5.69	£10.24
2018/19	£		-	-	-	£0.46	£2.01
2019/20	£		-	-	-	-	£1.29
Total	£	£85.81	£101.47	£90.94	£83.32	£96.61	£114.96

Treasury Management Summary

Treasury Management Summary		2015-16 Actual	2016-17		2017-18 Estimate	2018-19 Forecast	2019-20 Forecast
			Original Estimate	Latest Estimate			
Estimated debt and investments							
Investments (estimated balance at each 31st March)	£m	218	106	218	225	162	150
External debt (operational boundary for borrowing)	£m	520	480	480	590	730	780
Expected movement in interest rates							
Bank Rate (at each 31st March)	%		0.75%	0.25%	0.25%	0.25%	0.50%
PWLB (borrowing) rates							
5 year	%		2.40%	1.60%	1.60%	1.75%	1.95%
10 year	%		3.00%	2.30%	2.30%	2.40%	2.60%
25 year	%		3.70%	2.90%	2.95%	3.10%	3.30%
50 year	%		3.50%	2.70%	2.75%	2.90%	3.10%
Source: Capita Asset Services (Treasury Solutions) (December 2016)							
Effect of 1% increase in interest rates							
Interest on borrowing	£000		-	-	210	1,245	2,475
Interest on investments	£000		(1,045)	(2,234)	(1,603)	(1,478)	(1,442)
Interest attributed to reserves & balances	£000		2,282	2,229	2,292	2,355	2,419
Interest attributed to other bodies	£000		325	304	304	304	304
Net total	£000		1,562	299	1,203	2,426	3,756
Borrowing requirement (external borrowing)		£m	35	62	42	165	81
Interest rate exposures							
Upper limits for exposure to fixed rates							
Net exposure	£m	620	660	660	760	880	920
Debt	%	100%	100%	100%	100%	100%	100%
Investments	%	100%	100%	100%	100%	100%	100%
Upper limits for exposure to variable rates							
Net exposure	£m	186	198	198	228	264	276
Debt	%	30%	30%	30%	30%	30%	30%
Investments	%	100%	100%	100%	100%	100%	100%
Maturity structure of borrowing (upper limit)							
Under 12 months	%	5.60%	40%	40%	40%	40%	40%
12 months and within 24 months	%	7.80%	40%	40%	40%	40%	40%
24 months and within 5 years	%	13.50%	60%	40%	40%	40%	40%
5 years and within 10 years	%	11.30%	60%	40%	40%	40%	40%
10 years and within 25 years	%	11.80%	65%	60%	60%	60%	60%
25 years and within 40 years	%	30.00%	70%	40%	40%	40%	40%
40 years and within 50 years	%	23.00%	50%	20%	20%	20%	20%
50 years and above	%	0.00%	22%	20%	20%	20%	20%
Maturity structure of borrowing (lower limit)							
All maturity periods	%	0%	0%	0%	0%	0%	0%
Total sums invested for more than 364 days							
Upper limit for sums invested for more than 364 days	£m	4	50	50	50	50	50

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, and 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 rating	F1	A-1	P-1
Long term rating	A	A	A2

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

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

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

Credit 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' will remain on the Council's lending list at the discretion of the Executive Director for Corporate and Customer Services, in consultation with the Cabinet Member for Finance.

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.

The Council will only use MMFs with an **AAA** credit rating that are denominated in sterling and regulated within the EU.

5. Enhanced Money Market Funds

Enhanced Money Market Funds (EMMFs) are designed to produce enhanced returns, and this typically requires the manager to take more risk than the traditional money market funds referred to above. This does not mean there is necessarily a reduction in credit quality though.

The Council will only use EMMF's with an **AAA** credit rating and a minimum credit score of **1.25** that are denominated in sterling and regulated within the UK.

6. UK Government

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

7. Other local authorities

Other local authorities are included within the counterparty 'pool'. However, the amount that can be invested will be determined with regard to their size. For this purpose, top tier local authorities will include county councils, unitary and metropolitan authorities and London Boroughs and lower tier local authorities will include district / borough councils and police and fire authorities.

8. Other products

A range of other investment products may be used for investing the Council's underlying / core cash balances, including:

- **Property Funds** - this is a long term, and relatively illiquid investment, which is expected to yield both rental income and capital gains.
- **Corporate bonds** – bonds issued by companies to raise long term funding other than via issuing equity. Investing in corporate bonds offers a fixed stream of income, paid at half yearly intervals, in exchange for an initial investment of capital.
- **Corporate bond funds** – these are pooled funds investing in a diversified portfolio of corporate bonds, so provide an alternative to investing directly in individual corporate bonds.
- **UK Government Gilts / Gilt Funds** – with greater than 1 year maturity
- **UK Government Treasury bills** – with greater than 1 year maturity

The risks associated with the use of any combination of these investment products may include:

- **Liquidity risk** - Ability to realise assets in a timely manner, at an appropriate price.
- **Security or credit risk** - Capital preservation (principal is returned at contractual maturity); Payments of interest or principal not being made, or not being made in full.
- **Valuation or 'mark to market' risk** - Paper losses may be reported in year-end accounts; liquidating assets prior to maturity could lead to losses being crystallised.

The investment instrument listed above will each demonstrate some combination of these risks – they therefore all need to be weighed against potential rewards of higher returns.

The Executive Director for Corporate and Customer Services will determine the use of these alternative investment products, taking into account the acceptability or otherwise of the risks associated with their use.

9. 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 for Corporate and Customer Services will ensure appropriate operational boundaries are in place to avoid over exposure in any particular 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 & building societies	F1+	AA-	A-1+	AA-	P-1	Aa3	70	3 years
	F1	A	A-1	A	P-1	A2	60	1 year
UK banks & building societies (nationalised)							60	1 year
Non UK financial institutions	F1	A	A-1	A	P-1	A2	35	1 year
'AAA' rated Money Market Funds							50	Not fixed
'AAA' rated Enhanced Money Market Funds							25	Not fixed
UK Government							No limit	1 year
Local authorities - upper tier							50	3 years
Local authorities - lower tier							35	3 years
Property Funds							20	Not fixed
'AAA' rated Corporate Bonds							20	3 years
Corporate Bond Funds							20	3 years
UK Government Gilts / Gilt Funds							20	3 years
UK Government Treasury Bills							20	3 years

Notes:

Property Funds – these do not have a defined maturity date and the Property Fund may need to sell its underlying assets in order to repay the funds invested by the Council, so this is an illiquid form of investment.

Pay Policy Statement 2017/18

1. Introduction

Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement for 2011/12 and for each subsequent financial year.

The pay policy statement must include:

- The authority's policy on the level and elements of remuneration for each chief officer.
- The authority's policy on the remuneration of its lowest paid employees.
- The authority's policy on the relationship between the remuneration of its chief officers and other officers.
- The authority's policy on other specific aspects of chief officer remuneration such as remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.

The Act defines remuneration widely as:

- Pay.
- Charges.
- Fees.
- Allowances.
- Benefits in kind.
- Increases/enhancement of pension entitlement.
- Termination payments.

The Act also requires that the pay policy statement:

- Must be approved formally by Council.
- Must be approved by the end of March every year.
- Can be amended in year by Council.
- Must be published on the local authority's website.
- Must be complied with.

On 1 April 2017 the Council will introduce a new structure for parts of the organisation. The new structure brings new methodology.

Layer 1 of the organisation are the Executive Directors.

Layer 2 of the organisation is made up of:

- Directors
- Heads of Service whose manager is directly managed by the Chief Executive.

During 2017/18 it is anticipated that there will be a significant change to the structure of the parts of the organisation below layer 2. If this entails changes to the pay policy statement then these changes will be considered by full Council.

2. Determination of Grade

Subject to the next paragraph, ECC policy is to evaluate all job roles using:

- Local Government Single Status Job Evaluation (JE) Scheme – Bands 1 - 4.
- HAY Job Evaluation Scheme – Bands 5 - 8 and Grades A & B.

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

Both job evaluation schemes used are substantial schemes used nationally and internationally, and provide the basis for grade determination based upon a range of established factors.

As a result, the grades of the most junior and senior roles in ECC are determined by job evaluation.

Consideration will be given to the operation of a single job evaluation scheme during 2017/18 and any changes will result in amendments to the Pay Policy Statement.

3. Background

ECC Policy is that remuneration at all levels of Essex County Council (the lowest to the highest paid employees) must be sufficient to attract, appoint and retain high quality employees while at the same time recognising that pay and benefits are met from public funds.

Pay policy at ECC is currently to apply local pay and conditions with only a small group of employees retained upon National Conditions of Service (within Soulbury, Youth and Community and Teaching groupings and some employees who have TUPE'd into ECC).

The values of the incremental points contained within National grading structures (such as Soulbury, Teaching groupings and Youth & Community) are as determined by national negotiations between the Local Government Employers and the trade unions. Pay claims, generally on an annual basis, are submitted by the trade unions and considered by the Local Government Employers (following consultation with local authorities). ECC Policy is to adopt any changes made to salary scales arising from National negotiation for these groups only.

A new grading and pay structure for layers 1 and 2 of the organisation (senior roles) is being introduced on 1 April 2017. (see Annex A).

The new pay grades have been proposed by referenced to the HAY 'Public and Not for Profit' market. The grading structure comprises broad salary bands with no incremental points and all employees in layers 1 and 2 are appointed at a spot salary within the band.

Pay grades are revisited from time to time to ensure they remain appropriate when benchmarked against the identified market.

During 2017/18 the Council will be reviewing the pay for other roles in the organisation. The introduction of separate pay or allowance arrangements (for example to best fit traded services) may also be undertaken. Any changes will result in a review of the pay policy statement.

The National Living Wage is the minimum rate paid to ECC's lowest paid permanent employees irrespective of their age. This will be kept under review if the National Living Wage becomes out of step with other ECC grades.

Details of ECC's grading structure are shown at Annex A.

4. Definition of Lowest and Highest Paid Employees

As stated above, ECC Policy is that all grades applied to posts are determined by job evaluation. The lowest paid employees fall within posts currently evaluated at Band 1 (see Annex A for values).

Other than the post of Chief Executive, the highest paid posts within ECC fall within posts evaluated at A Band (see Annex A for values).

The Council's policy is that the rate should reflect the market for the post and that jobs should also be evaluated in accordance with a job evaluation scheme.

5. 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 salary of the Chief Executive compared to the median average salary in the organisation should be published.

For the financial year 2016/17 this ratio was 1:7.7

6. Publication of Pay Data

The Council complies with the Data Protection Act 1998 and will only publish information about an individual officer's pay where it is required to do so by law. In accordance with the Accounts and Audit Regulations 2015 the Council will publish, with the accounts and on the ECC website, pay information about individual posts for the Chief Executive, Corporate

Management Board members and other posts as required in the Regulations lists posts whose pay must be published by reference to individual job title.

In relation to officers whose salary is over £150,000 per annum (pro rata for part time officers) the Council's accounts will note their pay by reference to their name and job title as required by Regulations. In relation to other officers of the Council, including layer 1 and layer 2 posts pay information is published relating to salaries of £50,000 or more by reference to total numbers within bands (grouped in bands of £5,000) within the Annual Statement of Accounts which is published on the ECC website.

In the accounts for 2016/17 the Council will publish information about exit packages agreed during this year. This information is given by reference to total numbers within bands (of £20,000 up to £100,000 and thereafter £50,000 bands). Details of individual exit packages will be given as required by law.

7. Pay Policy upon Appointment

For the majority of roles current ECC Policy is that there is no restriction upon the salary at which new recruits should be appointed, and appointing managers or Members may use any point within the evaluated salary scale to recognise a successful applicant's experience, qualification, technical knowledge, technical skills and market value.

For posts within layer 1 or 2 the Council will appoint at the mid-point of the salary range unless the recruiting panel feel that there is a significant need for the employee to demonstrate capacity/competence in the role.

Where this occurs, a progression scheme will be created to set out what the employee needs to achieve in order to increase capability/competence and progress salary to mid-point

Access to the upper ranges will only occur in exceptional circumstances and must be specifically agreed by the Chief Executive or relevant Executive Director.

8. Governance

As one of the largest local authorities in the UK serving an area with approximately 1.4m residents, ECC policy is to delegate authority for decision making to the appropriate level and to detail such delegations within the Constitution.

Under ECC'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. The Chief Executive has authorised certain other officers to appoint and dismiss certain staff.

The full Council appoints members to a politically balanced "Committee to determine the Conditions of Employment of Chief & Deputy Chief Officers". This committee has authority to recommend to full Council the appointment of the Head of the Paid Service, to appoint and

dismiss Chief and Deputy Chief Officers (other than the Chief Executive, the s151 officer and the monitoring officer) and to consider and approve the recommendations of the Chief Executive and the Leader of the Council in respect of performance payments for the Chief Executive and Executive Director members of the Corporate Management Board layer 1 and 2 Officers.

This means that Councillors – by the Committee make all appointment and dismissal decisions for Directors and Executive Directors, which includes all on a salary in excess of £100,000, with the exception of a small number of head of service roles in the Organisational Development function.

A Remuneration Panel, comprised of independent persons, can be convened as and when required to advise on executive pay but has no decision making power.

The appointment or dismissal of the Head of the Paid Service is required to be approved by the full Council.

The dismissal of the section 151 Officer or the monitoring officer is required to be approved by the full Council,

9. Pay Progression and Links to Performance Management

By agreement with the trade unions, pay progression for ECC employees on local pay are subject to performance.

ECC Policy operates a five factor performance management scheme (branded as 'Supporting Success') and performance outcomes are directly linked to reward.

The performance review year runs from 1 April until 31 March. Stretching goals and behaviour statements need to be in place within two months of the start of each review year (by 31 May) in order to ensure that employees have a clear idea of what is expected of them in order to achieve a specified level of reward.

Goals are contained within a corporate system ("Perform") and should be stretching, SMART and link to the Corporate Performance Framework, Corporate and Business Plans.

The scheme rewards only effective performance; ineffective performance is not rewarded. Performance outcome ratings of Level 1 (Not Met) and Level 2 (Developing) will not attract any reward. Performance outcomes of Levels 3 (Achieving), Level 4 (Exceeds) or Level 5 (Exceptional) may attract a base pay increase (in the form of a percentage of salary).

The scheme provides for bonus opportunity under local performance pay arrangements only. Performance outcomes of Level 4 (Exceeds) or Level 5 (Exceptional) may attract a one-off bonus payment (expressed as a percentage of salary).

Levels of base pay increase and bonus payments are determined by ECC annually taking into account market conditions, benchmarking data and affordability. This decision may also result in a base pay freeze, a bonus freeze, or both. Policy allows the application of different arrangements for separate grading groups.

Guidance on the distribution of performance awards is based upon that expected in a highly performing organisation. This **does not** take the form of a “forced” distribution and guidance is as follows:

- Not Met – 5% of eligible employees.
- Developing – 10% of eligible employees.
- Achieving – 60% of eligible employees.
- Exceeds – 20% of eligible employees.
- Exceptional – 5% of eligible employees.

In addition, for posts in layers 1 and 2 of the organisation, base pay progression may also take a further form. Where an employee has been appointed to a role below the mid-point of the relevant grade, accelerated base pay progression towards mid-point may take place in accordance with a progression plan.

During 2017-18 it is anticipated that there may be changes to pay progression and performance management scheme. If this entails changes to the pay policy statement then these changes will be considered by full Council.

10. Other Reward Mechanisms

(a) In Year Adjustments to base pay

Where a post has been evaluated as within locally determined performance pay grades within Bands 5 and above, a Policy has been established and agreed by Corporate Management Board to consider business cases for in year adjustments to base pay.

Such cases are expected to be few in number, and will need to meet established criteria.

The governance arrangements to approve submitted business cases are as follows:

- Employees within Bands 5 and above who do not report to a member of the Corporate Management Board – decision to be made:
 - by Executive Director unless recommendation exceeds a 10% increase.
 - by the Executive in any other case.
- People managed by a member of CMB, decision to be made by the Chief Executive.
- In the event that a salary adjustment in year needs to be applied to a member of the Corporate Management Board, decision to be made by the Committee to determine the Conditions of Employment of Chief and Deputy Chief Officers.

(b) Career Progression Schemes

In addition, a small number of Career Progression Schemes have been developed and implemented within Functions.

These schemes allow additional base pay progression dependent upon employees achieving specified qualifications and experience.

(c) Market Supplements

As a general rule, the benchmarked local performance grades provide relevant and adequate compensation to attract and retain employees for the majority of posts and the necessity to apply a salary supplement should not exist.

There may be specific circumstances, however, where an additional market supplement may be required to either attract hard to recruit categories of employees or to retain such employees within the employment of ECC.

In all cases a business case will need to be developed to support the payment of market supplements. The business case will need to be approved by the relevant Executive Director and the Director, Organisation Development and People. All market supplements applied are required to be kept under regular review and withdrawn should the recruitment position improve.

(d) Other Pay Arrangements

As ECC further develops, for example its traded functions, it may be necessary to develop segmented pay arrangements to fit the nature of the business. All such pay variations will be approved by the Chief Executive or by the Committee if they affect posts at layer 1 or layer 2. Any such arrangements will need to consider the implications of the Equality Act 2010.

(e) Pay Protection

ECC has pay protection arrangements which provides a mechanism to assist employees to adjust to a reduction in pay arising from organisational change, job evaluation or redeployment.

Pay is protected for a period of 18 months following which the employee reverts to the maximum level of pay within the new substantive grade.

(f) Allowances

ECC has determined a range of Flat Rate Allowances to replace a number of premium payments available under National Conditions. These Allowances were negotiated and agreed with trade unions under a Single Status Agreement. In some cases, allowances available under the National Conditions remain in place.

(g) Pension

ECC operates the Local Government Pension Scheme and the Teachers Pension Scheme and makes pension contributions as required to all employees who elect to participate in either scheme. Both pension schemes are compliant with Pension Automatic Enrolment legislation.

A number of employees have transferred to ECC under a specific staff transfer arrangement which allowed them to continue membership of the NHS pension scheme. ECC makes contributions on their behalf and complies with Pension Legislation in respect of the NHS scheme.

ECC has determined and published policies around the discretions available under the LGPS.

(h) Lease Car Scheme

ECC operates a lease car scheme, and Policy is that employees at any level within the organisation may be offered participation within the scheme.

(i) Lease Car Alternative Annual Allowance Payment

ECC Policy is that employees occupying roles graded at Band 8 and above may either participate in the ECC car leasing scheme without having to demonstrate business need, or receive a an annual allowance as an alternative.

This is provided as a discretionary policy and may be withdrawn at any time, subject to the provisions of individual employees' contracts of employment.

(j) Private Medical Health Insurance

At present ECC provides the facility for employees occupying roles graded at Band 7 and above to receive Private Medical Health Insurance cover. Upon application, cover is provided for employee and either their spouse or their children.

Employees may upgrade to family cover at their own additional expense. Private Medical Health Insurance provides a Benefit in Kind and is included in P11D statements and results in a tax liability for participating employees.

This is provided as a discretionary policy and may be withdrawn at any time, subject to the provisions of individual employees' contracts of employment.

(k) Childcare Vouchers

ECC Policy is that all permanent employees may participate in the Childcare Voucher scheme through a salary sacrifice arrangement.

The Government is scheduled to launch a new scheme (introduction date to be determined during 2017/18) designed to assist employees with their childcare costs. ECC will continue to offer the Childcare Voucher scheme to existing users for as long as there is a demand and taxation advantage to offering it.

(l) Cycle to Work Scheme

ECC Policy is that all permanent employees may participate in the Cycle to Work scheme through a salary sacrifice arrangement.

(m) Buying of Annual Leave

Employees are given two opportunities per annum to purchase additional annual leave through a contractual arrangement.

(n) Individual & Team Rewards

ECC Policy is that employees or teams may receive recognition for undertaking additional duties that are significantly outside the scope of their normal role for a short period of time or excelling in the performance of their duties

Such recognition can take the form of:

- Reward payments
- Reward vouchers
- Award of additional annual leave
- Thank you letters
- E-recognition cards

11. Chief Officer Salaries 2017/18

Chief Officers are all employed at Layers 1 and 2. Council Policy on the recruitment of Chief Officers is therefore as detailed at paragraph 8 of this Statement.

The salary packages applied to posts of Chief Officers and other roles specified in the Accounts and Audit Regulations 2015 will be published on the Council website and within the Statement of Accounts.

12. Appointments to Designated Roles 2017/18

The Council Policy on the recruitment of Chief Officers and Deputy Chief Officers is as detailed at paragraphs 8 of this Statement.

13. Early Retirement/Termination of Designated Roles 2017/18

The Council Policy on the termination of Chief Officers' employment is as detailed at paragraph 8 of this Statement and within the Constitution.

ECC 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.

14. Settlement Agreements

In exceptional circumstances to avoid or settle a claim or potential dispute, ECC may agree payment of a settlement sum. All cases must be supported by a business case and take account of all legal, financial, contractual and other responsibilities.

15. Small Business, Enterprise & Employment Act 2015

ECC will implement the Repayment of Public Sector Exit Payment Regulations if and when paid.

Salary Ranges Bands

Band	Minimum	Maximum
Band 1	£14,469	£16,300
Band 2	£15,200	£23,200
Band 3	£17,300	£28,800
Band 4	£22,700	£40,750
Band 5	£28,500	£50,400
Band 6	£35,500	£59,500
Band 7	£46,000	£69,100
Band 8	£55,000	£85,500
Grade B Job Size 3	£81,000	£99,000
Grade B Job size 2	£100,000	£120,000
Grade B Job size 1	£121,000	£140,000
Grade A	£141,000	£170,000
Chief Executive	Spot Salary	£195,000

Appendix D – Equality Impact Assessments

1 Overview

- 1.1 This appendix describes the most significant equality pressures confronting each main service area, informed by an equality analysis. It highlights the effect of policy and governance changes; an overview of positive and neutral impacts; and a service impact overview. These outcomes are based upon spending decisions taken during the last two years and changes resulting from the 2017/18 budget.
- 1.2 It is important to note that the budget is a financial plan of the Council's current 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 2017/18 budget. These will be subject to specific equality impact assessments in line with the Council's equality impact assessment (EIA) guidance. Political decisions will only be taken once effective and meaningful engagement has taken place on a need by need basis. It cannot be assumed that decisions will be taken to implement all these changes.
- 1.3 In making this decision the Council must have regard to the Public Sector Equality Duty (PSED) under s149 of the Equalities 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, is only one factor that needs to be considered, and may be balanced against other relevant factors.

Policy and Governance Changes

- 1.6 The proposed social care precept may adversely impact some residents of Essex; however residents on the lowest incomes will remain eligible for support with their bills via their local council tax support schemes (operated and maintained by the district and borough councils). The increase proposed relates to a specific social care precept that will be ring-fenced for adult social care. This should positively impact on vulnerable adults within Essex by helping to protect and improve social care services.

1.7 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. As set out previously, the 12 billing authorities have sustained collection rates against this backdrop, ensuring no negative impact on other council tax payers. Given that success, the Council's budget proposes continuation of the investment into collection and hardship for 2017/18.

1.8 Essex County Council has 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.

The Council has anticipated specific increases in demand for services as a result of welfare changes but the full impact of these changes will become more apparent in the months beyond implementation. This is likely to predominantly impact on working age adults with disabilities and where families have someone with a disability. At this point it is unclear whether the impact is likely to be positive, negative or neutral.

1.9 Local authorities have taken over responsibility from NHS England for commissioning (i.e. planning and paying for) public health services for children aged 0-5. This includes health visiting and Family Nurse Partnership including targeted services for teenage mothers. Again, the Council will pay due regard to the Public Sector Equality Duty ensuring that it considers the equality implications of the change. Based on the experience of the transfer of Public Health to local authorities we anticipate these changes to be positive. However, further details will emerge in 2017/18 on the exact nature of the impact.

1.10 During 2017/18 the Council will continue to support activity to combat financial exclusion and to promote financial literacy through its education services. Financial exclusion is caused in the main by inability of individuals to access mainstream financial products and services. This exclusion, historically has affected people on lower incomes who are also impacted by other forms of social exclusion.

1.11 The budget will be discharged during a period of intense pressure on the health and care system in Essex. Five Clinical Commissioning Groups

(CCGs) covering Mid and South Essex are part of the NHS Success Regime, a new regime for those health and care economies facing particularly deep challenges.

Service Impacts Overview

Cross cutting

- 1.12 The Council is undertaking an organisation redesign to reflect the challenges that it faces; this could affect all employees (excluding teaching staff). The redesign may impact how services are delivered with a greater emphasis partnership working and the use of other channels of delivery (e.g. digital) over the longer term; however this is not expected to impact on the level of services offered to customers.
- 1.13 The Council is undertaking a significant project to review the provision of all support services throughout the organisation to ensure these are delivered as cost effectively as possible and reflect the changing size and structure of the Council's frontline services as part of the Council's new organisational design. A full business case will be produced which will include an Equalities Impact Assessment of the detailed proposals; however at this stage it is not considered that they will have an adverse impact on persons who share any relevant protected characteristic.

Adult Social Care

- 1.14 Our vision for Adult Social Care is to help people help themselves to live independently, enabling them to take decisions over their lives. Our first duty is to provide advice and support to people and families so that vulnerable people can be safe and in control.
- 1.15 Demand is rising because of demography, ill-health and expectations, whilst our revenue is not keeping up through grants and income. We therefore need to change the way we work so that our budgets are sustainable over three years. This means that people will do more for themselves and we will support them to do it. Our legal framework, the Care Act 2014, allows us to balance meeting the needs of an individual with our wider obligations to all citizens, and to 'meet needs', not just to 'provide services'. Needs are set out in the Care & Support Guidance (DH 2016).
- 1.16 In line with the reductions in the Council's budget, the Adults Social Care portfolio needs to achieve efficiency savings of £55m for the 2017/18 financial year. Given the reductions in central government funding, there is a need to ensure that Council develops policies to ensure delivery of core services within our financial envelope. There is also a need to ensure that Council subsidies are reduced where people have the financial means to pay for services. It is our policy to charge for adult social care support in line with the statutory guidance set out in the Care and Support guidance (see above).

- 1.17 Detailed equality impact assessments will take place where required, ensuring that we actively engage and consult with those service users and their carers that are likely to be affected by any proposed changes. This will help us understand any equality impacts, including the impacts on protected characteristics, and where possible identify mitigating factors.
- 1.18 There are an estimated 255,433 people across Essex aged over 65 and 17,500 people receiving a commissioned care service. There are estimated to be 41,900 adults with a moderate or serious physical disability living in Essex with personal care needs.
- 1.19 The 2011 Census tells us that an estimated 146,211 adults in Essex provide informal care to relatives, friends or neighbours. This represents 10% of the population. In 2015/16: the Council completed 4,900 assessments and reviews, and supported 6,400 adult carers and 749 young carers through various third sector contracts and agreements. As a local authority, that gives us a rough total number supported of 12,049 (there is likely to be significant overlap, with carers drawing from multiple avenues of support). This is significantly lower than the number enumerated by means of self-identification in the census (146,211). Also, evidence shows that self-identified carers from particular BME communities are less likely to seek support.
- 1.20 Of the savings for 2017/18, the majority of savings activities relate to the following initiatives:
- a) The introduction and embedding of the new ‘three-conversation’ approach across Adult Social Care, which we have termed “Good Lives”, saving £2m. This asset-strength based approach looks to actively connect adults to the most appropriate family and community resources and networks for their circumstances, only intervene when crises occur, and introduce a full social care package only where necessary.
 - b) Continuing with the Increasing Independence approach to transform the model of support for adults with disabilities, enabling people to move out of residential care and developing a progressive approach to social work practice that is fully aligned with the Adults vision. The programme, which will save £12m, is aiming to support 110 adults with disabilities in residential care by enabling them to move into their own homes. The approach was also support other people who live at home to become more independent.
 - c) We are committed to reviewing spend on Housing Related Support Services. We aim to save £5m through decommissioning a number of current contracts and reviewing the level of floating support services provided. The decommissioning contracts will impact on approximately 10,800 people in Essex, the majority of who are Older People and/or have a disability. The impacts will be offset by better use of and access to community resources. The proposed reduction

in funding to Floating Support will impact on potentially over 6,000 working age adults across Essex with a wide variety of support needs. Impacts will be lessened by re-focusing the remaining service on the most vulnerable and those at imminent risk of homelessness. Individual and more detailed EIA(s) will be undertaken to understand the impact of each decommissioned contract and in turn any potential mitigating factors.

- d) We will develop a fundamental operational policy and infrastructure for the delivery of Adult Social Care going forward, saving £7m. This will be designed to enable us to achieve best value and sustainability in the medium term in the context of the overall resources available to the Council. In doing so, we will review practice to ensure that social workers take a more consistent approach within the law and policy, whilst seeking to provide assurance that expenditure is as low as possible. Any changes that occur as a result will likely apply to all client groups.
- e) We will make changes to the procurement of supported living packages of care to generate savings of £2m and improve delivery of the service model for tenants through clearer quality indicators and service specification. The majority of tenants in supported living schemes have a learning disability, but other client groups may be affected.
- f) We will implement changes to some policies relating to charging for Adult Social Care services in order to ensure that those people who have the financial means to pay for services do so. These changes will affect approximately 4,700 Service Users receiving care in their own homes (non-residential), across the County. This work is expected to generate additional income of £5m. A separate EIA has already been published which sets out the impact of those groups likely to be affected and potential mitigations.
- g) We will work with our wholly owned traded company 'ECL' to transform a number of services they deliver on our behalf. Some of this work will be complementary to and build on other initiatives elsewhere in the Council. We anticipate savings of £1m in undertaking this work.
- h) We plan to offer prepaid cards as the preferred direct payment mechanism to all new direct payments service users, while keeping the other payment methods e.g. Essex Pass and bank accounts. This follows positive feedback from service users on a pilot process undertaken earlier this year. This will provide Essex County Council with much needed transparency and visibility on service users' expenditure of the direct payment monies. We anticipate savings of £1m from this initiative.

- i) Our Transport Integration Programme will make savings of £500,000 in 2017/18. These savings will be delivered through contract efficiencies and a reduction of the costs associated with Day Opportunities. Removal of funding will be delivered in such a way so that day services can continue to run and meet customers' eligible needs. Care will be taken to ensure that there are no negative impacts on their ability to access services. It is anticipated that there will be positive impacts with support in accessing different transport arrangements, particularly increasing people's independence and avoiding isolation.
- j) We are planning to maximise the use of technology and digital solutions to support people to maintain their independence. This programme will save £500,000.
- k) Supporting frail elderly people (especially those over the age of 65) to live independently at home. Our objective is to reduce demand for social care by maximising the independence of Older People in the community and following admission to hospital. This will be achieved by investing more into reablement services and making reablement the default pathway before ongoing and longer term care is assessed for. It is expected that by 2020/21 as many as 13,000 cases annually would be suitable for reablement.

Children and Families

- 1.21 Our vision for Children's Social Care is to ensure that children and young people are protected from significant harm and their development and well-being are promoted. We do this by delivering a range of early help, family support and social work interventions together with our partner agencies, with families in need in Essex. We have a specific responsibility to ensure that children in our care and care leavers receive high quality support from us as corporate parents. We will be in the forefront of best practice in early help and social work for children and young people and we will always learn from and respond to the most forward thinking innovations and changes in the profession, learning from feedback and the voice of the child.
- 1.22 £250,000 of income is forecast from the sale of professional services. Services have been provided to central government and other local authorities in the past. The service are currently developing options around improvement; commissioning for outcomes and Good Lives
- 1.23 The service is aiming to release £750,000 of savings from the remodelling of service provision. This will require placement reviews for individual young people and ensure no negative impact on their care and support. This work will commence April 2017 and completed by March 2018
- 1.24 £3m saving has been achieved from the Pre-birth-19 contract, an amalgamation of several different contracts, including Family Partnerships, Healthy Schools and Children's Centres, into a single, 10 year procurement.

- 1.25 £500,000 Collaborative Supplier Engagement, Contract reviews and negotiation of external purchasing for fostering and residential care placements.

None of the proposed changes will adversely discriminate against any disadvantage or vulnerable groups of children and young people.

Corporate and Communities

- 1.26 The staffing budgets in this portfolio are likely to be affected by the Support Services savings to be found in 2017/18; however as per paragraph 1.12 the detail of this project is still to be worked through and an EIA will be completed as part of the business case.
- 1.27 The Community Hubs Programme supports Face to Face Services in establishing vibrant hubs in our communities that include our library and registration services with other partners, creating places where people can learn, read, share, be inspired and take an active role in community life, as well as accessing the services that they need. No negative equality impacts are expected as a result of this review; however a separate EIA will be completed as part of the business case.
- 1.28 The Trading Standards service is being reviewed for 2017/18, with savings to be achieved through income generation from additional services and from operational efficiencies. No negative equality impacts are expected as a result of this review; however a separate EIA will be completed as part of the business case.

Digital Innovation, IT and Customer Services

- 1.29 The staffing budgets in this portfolio are likely to be affected by the Support Services savings to be found in 2017/18; however as per paragraph 1.12 the detail of this project is still to be worked through and an EIA will be completed as part of the business case.
- 1.30 The successful roll-out of new technology enabling mobile and flexible working has given staff the tools to improve their work/life balance. The Access to Work budget will be centralised in 2017/18 to ensure the best provision of support for staff with disabilities working at the Council.
- 1.31 Information Services (IS) projects also enable front line staff to work more effectively with our most vulnerable residents. The IS project for the delivery of the Social Care Case Management system will deliver over £500,000 of savings in 2017/18 as part of this journey.
- 1.32 The Digital Channels transformation programme has made it easier and more convenient for service users to access council services. Additional customer channels have been introduced creating consumer choice whilst simplifying customer journeys. The opportunity to transact online 24/7 at a time that suits customers is now available. Aspects of the Essex County

Council website have been redesigned making information easier to find and instant online translation functionality makes information accessible to all.

Economic Growth, Infrastructure and Partnerships

- 1.33 Efficiency savings of £1m have been identified for the 2017/18 financial year. Of the efficiency savings for 2017/18, the major areas of activity relate to:
- Reforming and recommissioning the Inward Investment service, this is expected to deliver savings of £150,000. There will be no direct impact on the manner in which the service is delivered.
 - The Employability and Skills Board will be funded from the core Skills budget, with additional savings of £125,000 in the Apprentice Hub. There will be no direct impact on the manner in which the service is delivered.
 - Economic Regeneration activities will be re-prioritised and focussed on areas that are not being adequately provided by the market, this will generate savings of £1m, with no direct impact on service users.

It is not considered that these proposals above will have a disproportionate impact on persons who share any relevant protected characteristic

Education and Lifelong Learning

- 1.34 The Education Services Grant (ESG) is allocated to local authorities and academies on a simple per-pupil basis according to the number of pupils for whom they are responsible. The Government confirmed in November 2016 that reduction to the ESG for the financial year 2017/18 will go ahead. The transitional arrangements for ESG for April to August 2017 are still to be finalised but the general funding rate will provisionally be £50 per pupil which is a reduction of £27 per pupil compared to the current £77 per pupil. This equates to a 35% reduction compared to 2016/17. Savings of £4m are expected to be delivered for 2017/18. A briefing paper will be presented to the Schools Forum in January 2017 to agree which services will no longer be possible to be funded by the Council.
- 1.35 The £2m savings identified within the Transforming Education Services (TES) are on track to deliver full benefits by 2017/18. A new model for the School Improvement is in the process of being designed. The provision currently costs £3.3m and will reduce by £1.5m to £1.8m in line with agreed TES savings. The current level of service provision will be maintained until the end of August 2017.
- 1.36 Home to School Transport is expected to deliver £1m of savings through the integration of home to school with local bus procurement via a dynamic purchasing system (DPS).

Environment and Waste

- 1.37 Efficiency savings of £3m have been identified for the 2017/18 financial year. In addition to these efficiencies the service has absorbed and continues to absorb significant pressures in relation to increase growth in tonnages (primarily residual waste) which reflect current disposal levels and the anticipated growth in the number of dwellings within Essex.
- 1.38 Of the efficiency savings for 2017/18, the major areas of activity relate to:
- The development and delivery of a waste prevention and minimisation programme including 'Love Food Hate Waste' waste reduction project consisting of a public engagement and education programme to encourage the adoption of waste avoidance behaviours. The programme aims to deliver waste reduction across Essex with associated savings of £386,000. There will be no direct impact on the manner in which waste services are delivered and therefore no equality impacts are expected.
 - Three Essex Waste Collection Authorities are expected to introduce alternate weekly collections in 2017/18, realising savings on residual waste disposal in the region of £560,000. As these changes are progressed, individual equality impact assessments will be undertaken.
 - There are a range of other savings concepts which form part of a £1m savings programme aimed at reducing the waste budget by 1%. These projects are at a very early stage in development. There are not expected to be any impacts to protected groups at this stage but an equality impact assessment will be completed as part of the governance and decision making for each individual project.

Finance, Commercial, Traded Services, Housing and Planning

- 1.39 The staffing budgets in this portfolio are likely to be affected by the Support Services savings to be found in 2017/18; however as per paragraph 1.12 the detail of this project is still to be worked through and an EIA will be completed as part of the business case.
- 1.40 Savings within this portfolio mainly relate to projects to find efficiencies across the Council, for example, reducing the amount of paper consumed, reducing the amount of travel undertaken and improving debt management. These are about changing the way the Council works in order to use our limited resources wisely. The detail of how these proposals will be implemented is still to be determined in some cases; however at this stage it is not considered that they will have an adverse impact on persons who share any relevant protected characteristic.
- 1.41 A review of the Archive Service is currently being undertaken, which will identify opportunities to maximise income and reduce costs in 2017/18. No

negative equality impacts are expected as a result of this review; however a separate EIA will be completed as part of the business case.

Health

- 1.42 In line with the reductions in the Council's budget the Health portfolio needs to achieve £1m of savings in 2017/18. Our approach to these savings is in line with our Adult Social Care vision to help people help themselves to live independently, enabling them to take decisions over their lives. Our first duty is to provide advice and support to people and families so that vulnerable people can be safe and in control.
- 1.43 In our mental health services we are taking 3 approaches to enable us to achieve these savings within the framework of our vision. These are:
- a) Earlier intervention, through development of the new Care and Assessment Team to pick up demand before a need for Secondary Care support develops.
 - b) Building greater independence and resilience through redesign of the mental health accommodation pathway, including varied support options for stepping down from residential care.
 - c) Back-office efficiencies through our annual negotiation with the Secondary Mental Health trusts.

The changes do not focus specifically on any of the protected characteristics and we do not anticipate adverse impacts in relation to equalities.

Highways and Transportation

- 1.44 Efficiency savings of £7m have been identified for the 2017/18 financial year. The efficiencies within the portfolio should be noted in the context of also absorbing pressures in relation to increased demand through demographics and economic growth.
- 1.45 The ongoing redesign of the Passenger Transport network is being developed so as to have a positive impact overall, however, individual changes to services may potentially have localised or very specific adverse impacts. Additionally the commercialisation of supported services whilst it results in the continuation of those services and the ability to support an overall wider network than could otherwise be supported, does result in individual changes such as fare increases and occasionally route and timetable changes. Specific EIA's will be undertaken to analyse any localised or specific adverse impact that may result in the ongoing redesign of Passenger Transport.

- 1.46 Further efficiencies are categorised into the 3 main areas outlined below, which will result in a generally maintained service provision and cost reduction.
- Partnership and Contract efficiencies within the Ringway Jacobs partnership (highways maintenance); whilst benefits are being achieved through seeking continuous improvements, different ways to deliver services more efficiently, and economies in scale, an element of saving will result in reduced service outputs. The effect could see an overall reduction in the level of reactive maintenance on the highway network. This could negatively impact service users generally.
 - Combined approach to work with other partners including Police and the Parking Partnerships. Financial benefits will be achieved through one-off opportunities, different methodologies, reducing subsidies and increasing income opportunities.
 - Increased income for fees and charges, including in the main Bus Lane Enforcement, Records Management and Green Claims. Failure to enforce could lead to safety and congestion issues. Increased enforcement activity will result initially in higher penalties issued to non-compliant users of the Essex Highway Network. It should be noted that performance and behaviour will improve over time and there should be a significant reduction in penalties issued. It is anticipated that Bus Lane enforcement and Records Management income will decrease over time.

It is not considered that these proposals above will have a disproportionate impact on persons who share any relevant protected characteristic

Leader

- 1.47 The staffing budgets in this portfolio are likely to be affected by the Support Services savings to be found in 2017/18; however as per paragraph 1.12 the detail of this project is still to be worked through and an EIA will be completed as part of the business case.
- 1.48 The current phase of the Property Transformation programme will conclude in 2017/18, delivering £725,000 of additional savings from a rationalised property estate and efficiency developments to deliver mobile and flexible working for employees. As well as benefiting employees this should provide environmental benefits via a reduced need to travel and a smaller property estate to maintain.

Financial Regulations and Scheme of Delegation for Financial Management

1. Financial Regulations and Scheme of Delegation for Financial Management

Report by Cllr John Spence, Cabinet Member for Finance, Housing and Planning

Enquiries to Margaret Lee, Executive Director for Corporate and Customer Services Tel. No. 03330 134558

Purpose of report

On the recommendation of the Cabinet, Council is asked to approve the revised Financial Regulations and Scheme of Delegation for Financial Management.

Recommended:

That the revised Financial Regulations and Scheme of Delegation for Financial Management, as set out in Appendix A to this report be approved.

Background and proposals

The Financial Regulations and Scheme of Delegation for Financial Management set out the financial policies and the framework for managing the Council's affairs. They seek to ensure that the Council conducts its affairs in a way that complies with specific statutory provisions, generally accepted accounting principles and professional good practice. The Financial Regulations and Scheme of Delegation for Financial Management are kept under continuous review.

Many of the thresholds for financial decision making that are defined within Financial Regulations are aligned to the Council's key decision threshold, which is defined within the Constitution. As the key decision threshold was recently increased, from £500,000 to £2m, it is appropriate to review financial thresholds within Financial Regulations.

Whilst reviewing the financial thresholds, the opportunity has also been taken to undertake a general review of the Financial Regulations.

The aim of the amendments is to ensure we manage ECC's risks appropriately, whilst having a process and procedures framework that is proportionate to ECC's risk.

The proposed revisions to the Financial Regulations and Scheme of Delegation for Financial Management were considered by the Audit Committee on 12 December 2016, and subsequently by the Cabinet on 24 January 2017. Both supported the proposed revisions to the Financial Regulations and Scheme of Delegation for Financial Management, and recommended their adoption by full Council.

Policy context

The Financial Regulations set out the financial policies and the framework for managing the Council's financial affairs, and the Scheme of Delegation for Financial Management explains how the Council's Financial Regulations are implemented and operated in practice. Together, they aim to ensure that the Council conducts its financial affairs in a way that complies with specific statutory provisions and best practice and that an effective internal controls framework is maintained.

Financial Implications

There are no specific financial implications associated with this report.

Legal Implications

Financial Regulations form part of the standing orders of the Council and therefore form part of the Constitution. It is important that the Regulations are internally consistent and are consistent with other documents – otherwise decisions taken by the Council may be subject to challenge. It is also important that rules are as clear as possible.

Staffing and other resource implications

There are no staffing or other resource implications associated with this report.

Equality and Diversity implications

These Regulations relate to the Council's internal processes. They are designed to make the Council more efficient and thus help ensure that the use of resources is maximised for the benefit of all Essex residents. There are no specific equality and diversity implications associated with this report.

Financial Regulations & Scheme of Delegation for Financial Management

Draft

Council – 14 February 2017



Essex County Council

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Part 1 – Financial Regulations

1. Introduction

1.1. Context

These Financial Regulations set out the financial policies and the framework for managing the Council's financial affairs.

The Regulations are organised around seven themes, as follows:

- (i) [Financial planning](#) (see Section 3)
- (ii) [Financial management](#) (see Section 4)
- (iii) [Accounting records and financial systems](#) (see Section 5)
- (iv) [Risk management and internal control](#) (see Section 6)
- (v) [Control of resources](#) (see Section 7)
- (vi) [Income and expenditure](#) (see Section 8)
- (vii) [External arrangements](#) (see Section 9)

They seek to ensure that the Council conducts its affairs in a way that complies with specific statutory provisions, generally accepted accounting principles and professional good practice.

Officers and Members are authorised to make decisions in accordance with these Financial Regulations, but they do not authorise any person to make a decision which is contrary to any provision in the [Constitution](#).

1.2. Financial responsibilities

An overview of the financial responsibilities of the Council, the Cabinet, various Committees, the Chief Executive, the Executive Director, Corporate Services, other Executive Directors, and the Monitoring Officer is provided in **Section 2** of the Financial Regulations. Specific responsibilities are explained, in context, throughout the Financial Regulations.

The Executive Director, Corporate Services is the Council's Responsible Finance Officer under Section 151 of the Local Government Act 1972, and is responsible for maintaining a continuous review of the Financial Regulations and for updating them, as necessary, for Council to approve. The Executive Director, Corporate Services is also responsible for reporting, where appropriate, breaches of the Financial Regulations to the Cabinet and/or to the Council.

1.3. Advice and guidance to underpin Financial Regulations

The Executive Director, Corporate Services will, from time to time, issue advice, guidance and accounting instruction notes to underpin the Financial Regulations, ensure compliance with specific statutory provisions and reinforce best professional practice. Members, officers and others acting on behalf of the Council are required to comply with such advice and guidance.

1.4. Compliance

All financial and accounting procedures must be carried out in accordance with the Financial Regulations and with any accounting instruction notes and other corporate guidance issued by, or on behalf of, the Executive Director, Corporate Services.

Executive Directors will ensure that their staff are aware of the existence, and content, of the Council's Financial Regulations, accounting instruction notes and other corporate guidance, and ensure compliance with them.

Non-compliance with these Financial Regulations, and with any accounting instruction notes and other corporate guidance issued by the Executive Director, Corporate Services, constitutes a disciplinary matter that will be pursued, as appropriate, in accordance with the [Disciplinary Policy](#).

1.5. Scope of the Regulations

The Financial Regulations, including advice, guidance and accounting instruction notes issued to underpin the Financial Regulations, apply to all services of the Council.

Whilst Schools have their own Financial Regulations, some specific references are made to schools' operations within these Regulations (i.e. where particular responsibilities are placed upon Council officers that are not employed within schools and upon Members of the Council). Advice and guidance given to schools by the Council's officers will not be contrary to the Council's own Financial Regulations.

1.6. Scheme of Delegation for Financial Management

The Scheme of Delegation for Financial Management, as set out within Part Two of this document, defines how the responsibilities set out within the Financial Regulations are reserved or delegated to officers. This has to be read in conjunction with the general scheme of delegation to Officers which is set out in the [Constitution](#).

2. Financial roles and responsibilities

2.1. Introduction

The roles and responsibilities of Members and Officers are set out within the Council's [Constitution](#). The purpose of the Financial Regulations is to provide an overview of the respective financial roles and responsibilities of Members and Officers within the Council. Specific financial responsibilities are set out in more detail throughout the subsequent sections of the Regulations.

2.2. Council

The Council is responsible for:

- (i) Adopting and changing the [Constitution](#) *(including the Financial Regulations)*, which sets out how the Council works, how decisions are made and the procedures to be followed to ensure efficiency, transparency and accountability to local people.
- (ii) Approving and adopting the policy framework which incorporates the Council's Corporate Plan and [Corporate Outcomes Framework](#) and various other plans and strategies, and is developed in line with the Council's Budget and [Code of Corporate Governance](#).
- (iii) Approving the annual budget, which includes:
 - The allocation of financial resources to different services and to capital projects, and the setting of trading activities' financial targets.
 - The level of contingency funds, reserves and balances to be held.
 - The Council Tax base and setting the Council Tax.
 - The Non-Domestic Rates tax base and setting the precept for Business Rates.
 - Decisions relating to the control of the Council's borrowing requirement, including setting of Prudential Indicators which define the parameters for borrowing activity, and the approval of the Council's Minimum Revenue Provision (MRP) policy for the repayment of debt.
 - The annual Treasury Management Strategy.
 - The annual pay policy statement.
- (iv) Making arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs.
- (v) Making arrangements for approving the statutory annual statement of accounts by dates specified by relevant regulations.

2.3. Cabinet

The Cabinet, under the direction and authority of the Leader, is responsible for:

- (i) The preparation of the Council's policies and budget and making recommendations on them to Council.
- (ii) Taking decisions on resources and priorities to deliver and implement the Council's policies and budget.
- (iii) Determining overall Council priorities within the Budget and the Policy Framework set by full Council, to keep under review those priorities and to approve specific plans and strategies.

2.4. Overview and Scrutiny Committees

The Overview and Scrutiny committees exercise the function of call-in of decisions made by Cabinet Members which fall within their remit in order to consider whether:

- (i) To refer the decision back to the person who made it; or
- (ii) To refer the matter to the full Council to decide whether to refer the decision back to the person who made it; or
- (iii) To accept that the decision is implemented.

In this context, the Corporate Scrutiny Committee is responsible for scrutinising the financial arrangements and performance of the Council, including considering the budget and accounting processes. It also contributes to the Council's objectives in relation to the overall strategic direction, policies and priorities of the Cabinet and of the Council, including the overall corporate revenue and capital budget strategy, financial resources, precepts and levies.

2.5. Audit Committee

The functions of the Audit Committee are set out in full in the Council's [Constitution](#). However, in summary, the Committee's responsibilities with regard to the financial management of the Council include:

- (i) Approving the Council's Annual Statement of Accounts.
- (ii) Considering the Council's arrangements for corporate governance and risk management.
- (iii) Considering and commenting on the External Auditor's Annual Audit Letter and reports about the effectiveness of the Council's financial and operational arrangements.
- (iv) Ensuring that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit is actively promoted.

- (v) All matters related to the appointment of the Council's external auditor.
- (vi) Approving the annual Internal Audit plan, and receiving reports from the Council's Internal Auditor, including the annual report of the **Head of Internal Audit**.
- (vii) Monitoring the effectiveness of the Council's Financial Regulations, [Procurement Policy and Procedures](#) and other strategies for [counter fraud and anti-bribery](#), [declarations of interest](#), [gifts and hospitality](#), [whistle blowing](#) and [anti-money laundering](#).

2.6. Statutory Officers

2.6.1. Head of Paid Service

The **Chief Executive** is the **Head of Paid Service** and is responsible for the corporate and strategic management of the Council as a whole. The functions of the **Head of Paid Service** are explained fully in the Council's [Constitution](#).

2.6.2. Responsible Finance Officer

Section 151 of the Local Government Act 1972 specifies that every authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs. The Council's **Executive Director, Corporate Services** is the designated officer for this purpose. The **Director for Financial Services** fulfils the role of **Section 151 Officer** in the absence of the Executive Director, Corporate Services.

Throughout the remainder of this document, where it is stated that **Section 151 Officer** approval is required, this means the **Executive Director, Corporate Services**, or the **Director for Financial Services**, when acting in the capacity of Responsible Financial Officer for the Council in the absence of the **Executive Director, Corporate Services**.

The **Section 151 Officer** has statutory duties in relation to the financial administration and stewardship of the Council that cannot be overridden. These statutory duties arise from:

- (i) Section 151 of the Local Government Act 1972 which makes the **Section 151 Officer** responsible for the proper administration of the Council's financial affairs.
- (ii) Section 114 of the Local Government Finance Act 1988 which places a duty on the **Section 151 Officer** to report to all Members of the Council if it is considered that the Council, Cabinet or an employee has made (or is about to make) a decision involving expenditure or loss which is unlawful.
- (iii) The Local Government and Housing Act 1989 which requires the **Section 151 Officer** to consult with the **Monitoring Officer** and the **Head of Paid Service** before making a Section 114 report to Council.

- (iv) The Local Government Act which requires the **Section 151 Officer** to make a report to the Council, when it is considering its budget and council tax, that addresses the robustness of the estimates and adequacy of reserves.
- (v) The Accounts and Audit Regulations, which require the **Section 151 Officer** to ensure that the accounting control systems are observed, that the accounting records are maintained in accordance with proper practices and that they are kept up to date.

In order to fulfil these statutory duties and legislative requirements the **Section 151 Officer** will:

- (vi) Set appropriate financial management standards for the Council which comply with the Council's policies and proper accounting practices, and monitor compliance with them.
- (vii) Determine the accounting records to be kept by the Council.
- (viii) Ensure there is an appropriate framework of budgetary management and control.
- (ix) Monitor performance against the Council's budget and advise upon the corporate financial position.
- (x) Ensure proper professional practices are adhered to and to act as Head of Profession in relation to the standards, performances and development of finance staff throughout the Council; all finance staff will have a direct reporting line to the **Section 151 Officer**.
- (xi) Prepare and publish the Council's Statement of Accounts for each financial year, in accordance with the statutory timetable and arrangements specified by law.
- (xii) Make proper arrangements for the audit of the Council's accounts.
- (xiii) Ensure that claims for funds, including grants, are made by the due date and in compliance with the grant terms and conditions.
- (xiv) Make proper arrangements for the overall management of the Council's [Internal Audit](#) function.
- (xv) Manage the [treasury management](#) activities in accordance with the Council's Treasury Management Policy Statement, Treasury Management Strategy and Prudential Indicators.
- (xvi) Manage the Pension Fund within the scope of the Local Government Pension Scheme Regulations.

2.6.3. Monitoring Officer

The functions of the Monitoring are explained fully in the Council's [Constitution](#). However, the functions that are pertinent in the context of the Financial Regulations include:

- (i) Reporting, after consultation with the Head of Paid Service and the Section 151 Officer, any actual or potential breaches of the law or mal-administration to the Council and/or to the Cabinet.
- (ii) Advising whether the decisions of Cabinet are in accordance with the budget and policy framework.
- (iii) Provision of advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all councillors.

2.7. Executive Directors

Executive Directors have delegated responsibility for the management of the finances of their services.

This responsibility must be exercised within the corporate financial management framework determined by the **Section 151 Officer**, and includes:

- (i) Putting in place appropriate budget management and delegation arrangements to ensure the effective use of resources, the safeguarding of assets and the operation of a system of appropriate internal controls.
- (ii) Promoting appropriate financial management standards within their Services, and monitoring adherence to the standards and practices, liaising as necessary with the **Section 151 Officer**, and ensuring that relevant training is provided to those staff with financial management responsibilities.
- (iii) Promoting sound financial practices in relation to the standards, performance and development of staff in their services.
- (iv) Advising Cabinet Members and the **Section 151 Officer** of the financial implications of all proposals.
- (v) Seeking approval, in conjunction with the **Section 151 Officer**, on any matter liable to affect the Council's finances materially, before any commitments are incurred.
- (vi) Consulting with, and obtaining the approval of, the **Section 151 Officer** before making any changes to accounting records or procedures.
- (vii) Complying with the following principles when allocating accounting duties:

- Separating the duties of providing information about sums due to or from the Council and calculating, checking (*including reconciling the accounts*) and recording these sums from the duty of collecting or disbursing them.
- Employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- (viii) Ensuring that claims for funds (*including grants and 'match funding'*) are made, in accordance with accounting instructions issued by the **Section 151 Officer** and the conditions defined by the grant awarding body, by the due date and that appropriate records are maintained.
- (ix) Contributing to the development of performance plans in line with statutory requirements.
- (x) Contributing to the development of corporate and service targets and objectives and performance information.

2.8. Internal Audit

Internal Audit will review, appraise and report upon:

- (i) The extent of compliance with, and effectiveness of, relevant policies, plans and procedures.
- (ii) The adequacy and application of financial and other related management controls.
- (iii) The suitability of financial and other related management data.
- (iv) The extent to which the Council's assets and interests are accounted for and safeguarded from loss of any kind from:
 - Fraud and other offences.
 - Waste, extravagance and inefficient administration.
 - Inefficient value for money or other causes.
- (v) Executive Directors' self-assessments of the status of the governance framework, including systems of internal controls in place, for each of their service areas.

Further details on the internal audit function are set out in paragraph **6.6.2**.

3. Financial Planning

3.1. Policy framework

The Council is responsible for agreeing the Council's Corporate Plan and budget. In terms of financial planning, the key elements of the Budget are the:

- (i) Revenue budget
- (ii) Capital programme
- (iii) Trading activities' financial plans
- (iv) Treasury Management, Prudential Indicators and Minimum Revenue Provision Policy
- (v) Medium term resources strategy
- (vi) Income and charging policy
- (vii) Pay policy

3.2. Corporate Plan

The Council's ambitions are outlined in corporate policies. At the time of writing, the highest level document is the Council's [Vision for Essex](#). A [Corporate Outcomes Framework](#) translates the Council's ambitions into a set of outcomes and supporting indicators that guide the work of commissioners across the Council. A suite of supporting [Commissioning Strategies](#) describes the activities through which the Council will secure this progress.

The [Vision for Essex](#), [Corporate Outcomes Framework](#) and [Commissioning Strategies](#) are key elements of the Council's Strategic and Resource Planning Framework – through which the Council ensures that its resources are used to secure progress against a consistent and enduring set of aspirations.

3.3. Revenue budget

3.3.1. Revenue income and expenditure

Revenue income and expenditure represents the current or day to day running costs, and associated receipts, of the Council; including salaries, heating and lighting, travelling and office expenses, income raised by charging service users and government grants.

3.3.2. Revenue budget

Budgets (spending plans) ensure that the Council can plan, authorise, monitor and control the way money is allocated and spent.

The revenue budget must be constructed so as to ensure that resources are allocated in a way that reflects the service plans and priorities of the Council. The **Section 151 Officer** is responsible for developing and maintaining a resource allocation process that ensures this is achieved.

3.3.3. Budget preparation

The **Cabinet Member for Finance** and the **Leader**, in conjunction with the **Section 151 Officer**, will manage the preparation of the budget on an annual basis for consideration by the Council. The annual budget will include allocations to different services and projects, proposed taxation levels and contingencies.

The **Section 151 Officer**, in consultation with the **Cabinet Member for Finance**, will issue detailed guidance and a timetable for production of the budget. Executive Directors must prepare detailed draft revenue and capital budgets, in consultation with the **Section 151 Officer** and the **Cabinet Member for Finance**, and in accordance with the laid-down guidance and timetable, for consideration by the appropriate Cabinet Member.

Detailed budgets, as proposed by Executive Directors, will be subject to challenge and review through a process determined by the **Section 151 Officer**. Any proposed changes to service levels as a result of budget plans will be subject to an **Equalities Impact Assessment** as part of the consideration process before approval and implementation. The Council will engage partners in the budget preparation process where possible and appropriate.

The **Section 151 Officer** has a statutory duty to report upon the budget proposals presented to Council (see paragraph 2.6.2). Executive Directors must provide the **Section 151 Officer** with any information required to enable the robustness of the budget proposals to be assessed.

The budget and the implied level of taxation will be presented for approval by Full Council, following recommendation by the Cabinet. Council Tax and Non-domestic rates must be set by **1st March** in the year prior to the year of taxation.

3.3.4. Format of the budget

The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate and sets the level at which funds may be reallocated within budgets (*see paragraph 4.3.3 for further details*).

3.3.5. Maintenance of reserves and balances

Reserves are maintained to enable the Council to cope with unpredictable financial pressures, and to plan for future spending commitments. A general reserve (*i.e. the General Balance*) is maintained as a contingency to protect the budget against cost pressures, whilst earmarked reserves are held to protect funds for specific purposes.

The creation of any reserve will be subject to the approval of the **Cabinet Member for Finance**, upon the advice of the **Section 151 Officer**. For each reserve established, the purpose, usage (*including the timeframe for usage*) and basis of transactions will be clearly articulated.

Increases in existing reserves come about through three routes:

- i) Through the budget setting process, the setting of which requires full council approval;
- ii) By returning funds previously drawn from reserves which are no longer required for the agreed purpose, which requires approval by the Section 151 Officer; and
- iii) By transfer of an under spend into reserves in accordance with the table below:

Amount	Minimum approval required
Up to and including £500,000	Director (<i>following consultation with the Budget Holder</i>)
In excess of £500,000, but no more than £2m	Executive Director (<i>following consultation with Section 151 Officer and Service Cabinet member(s)</i>).
More than £2m and above, but no more than £5m	Cabinet Member for Finance (<i>following consultation with Executive Director, Section 151 Officer and Service Cabinet Member(s)</i>)
More than £5m	Cabinet (<i>following consultation with Cabinet Members as above, Executive Director and Section 151 Officer</i>)

The withdrawal of funds from reserves is subject to approval in accordance with paragraph 4.3.4 on supplementary estimates.

The **Section 151 Officer** will advise upon prudent levels of reserves and balances for the Council, taking into account the degree of risk in the budget for the Council over the medium and longer term.

Under section 114 of the Local Government Finance Act 1988 the **Section 151 Officer** must report to Council if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the Council will not have the resources to meet its expenditure in a particular financial year.

No funds withdrawn from a reserve may be spent, other than for the purpose agreed at the time the withdrawal was approved, without the prior agreement of the **Cabinet Member for Finance**.

3.4. Capital financial planning

3.4.1. Capital expenditure

Expenditure is classified as capital expenditure when it results in the acquisition or construction of an asset (e.g. land, buildings, roads and bridges, vehicles, plant and equipment etc.) that:

- (i) Will be held for use in the delivery of services; and
- (ii) Is expected to be used during more than one financial year.

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

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

- (i) Where the Council has no direct future control or benefit from the resulting assets, but would have treated the expenditure as capital if it did control or benefit from the resulting assets.
- (ii) Where the Government has given explicit permission to apply capital financing resources to fund expenditure that would not otherwise meet the criteria for capitalisation (this is rare though).

The Council operates a number of de-minimis limits for capital expenditure. This means that items below these limits are charged to revenue rather than capital. The limits are currently as follows:

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

The **Section 151 Officer** is responsible for the application of these de-minimis limits and will report any exceptions to the **Cabinet Member for Finance**.

Where expenditure meets the 'capital expenditure' definition and is in excess of the Council's de-minimis limits, it will be classified as capital expenditure, even if provision exists within the Revenue Budget to fund the work (*and vice versa*).

Similarly, where specific financing (*e.g. government grant*) is provided to facilitate a project, this will not determine the accounting treatment of the expenditure. That is, the accounting treatment is determined according to the type of expenditure, and not by the funding source (*see paragraph 5.1*).

3.4.2. Capital programme

The **Cabinet Member for Finance**, in conjunction with the **Section 151 Officer**, will manage the preparation of a capital programme, on behalf of the Council, on an annual basis in accordance with the Council's capital projects' governance arrangements and capitalisation criteria.

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

- (i) A '**start date**' for planning purposes;
- (ii) An overall '**scheme approval**' which sets the overall budget for the scheme; and
- (iii) An '**annual payments guideline**' which sets the parameters for expenditure in each of the financial year's over which the scheme is expected to span.

3.4.3. Financing of capital expenditure

The **Cabinet Member for Finance**, in conjunction with the **Section 151 Officer**, will determine the financing of the capital programme, taking into consideration the availability of reserves and balances, funding from other bodies and the affordability of borrowing.

3.5. Leasing and rental arrangements

Leases of land or buildings and other property agreements will only be authorised for completion, on the Council's behalf, in accordance with the delegations set out in paragraph 7.1.4 (page 45). The relevant Finance support will be consulted as part of this process.

Other leasing arrangements (*including rental agreements and hire purchase arrangements*) will only be entered into with prior approval, as follows:

Type of lease	Approval required
Vehicles, plant and equipment	▪ Section 151 Officer
Cars secured through the Car Provision Scheme	▪ Executive Directors; or ▪ Directors

Prior approval to enter into leases is required to ensure that:

- Leases that constitute credit arrangements are taken into account when the Council determines its borrowing limits;
- Such arrangements represent best value for money and are accounted for appropriately.

3.6. Internal Trading Activities

3.6.1. Definition and framework

The main types of internal trading activity permitted by the Council include those who are:

- Providing all, or the majority, of their services in an environment where their customers have the option to use them or an alternative service provider; and
- Charging for the full cost of the goods / services they provide, on the basis of an agreed charge or rate.

Services are only permitted to operate as a trading activity with the prior approval of the Cabinet, following consultation with the **Section 151 Officer**.

Trading activities are each required to maintain a Trading Account into which all expenditure related to the provision their services will be charged (i.e. *including direct costs, the full costs of services provided by the Council's support services, any service management provided by senior managers and asset and other accounting charges*). Trading Accounts will also receive all income due for work done by the trading activity.

Trading activities are required to balance their budget by generating sufficient income to cover the full costs of service provision.

Trading activities must operate within the Council's overall arrangements and rules for personnel and resource management. Cabinet may approve special arrangements in exceptional circumstances, where it can be demonstrated that adherence to these rules and arrangements would lead to the unit becoming uncompetitive and losing work and that the proposed departure does not expose the Council to significant risk.

3.6.2. Financial targets

Each trading activity must prepare an annual financial plan for approval by the Council as part of the annual budget setting (*see paragraph 3.1, on page 14*), and which defines the expected levels of income and expenditure for the year.

Trading activities must, as a minimum, aim to break-even (*i.e. only incur expenditure that can be financed from the income the activity expects to generate during the year*). It is only permissible to plan for a deficit in exceptional circumstances, and then only if the deficit can be met from the trading activity's own accumulated revenue reserves or, in exceptional circumstances, from an approved contribution from the General Fund.

3.6.3. Trading reserves

Trading activities are permitted to retain the surpluses they generate, provided they can demonstrate that these are necessary for the future business needs of their operations. The **Section 151 Officer** will advise Cabinet, after consultation with the relevant Executive Director(s), if the level of cash balances held by a trading activity are in excess of those deemed necessary to meet the business needs of the operation. The **Cabinet Member for Finance** will then determine whether the excess balances are transferred to the General Fund Balance or another reserve.

The approval of the **Cabinet Member for Finance** is required where it is proposed to transfer part of a trading activity's reserves to finance expenditure by a Service, or to make a contribution from a Service to a trading activity.

3.7. Treasury management, prudential and MRP policy

The **Cabinet Member for Finance**, in conjunction with the **Section 151 Officer**, will propose an annual Treasury Management Strategy, a set of Prudential Indicators and a policy for making revenue provision for the repayment of debt (*referred to as the 'Minimum Revenue Provision' policy*) to the Council in advance of the start of the relevant financial year. These will be consistent with the Council's revenue budget and capital programme proposals.

These documents are required to comply with CIPFA's Codes of Practice on Treasury Management and the Prudential Framework for Capital Finance, relevant Regulations and with the Council's own Treasury Management Policy Statement and Treasury Management Practices; they will set the parameters within which investment and borrowing activity will be managed during the forthcoming financial year.

3.8. Medium term resources strategy (MTRS)

The MTRS brings together the key assumptions about financing resources (including council tax, non-domestic rates and revenue support grant) and spending pressures over the medium to longer term. This enables the Council to plan for financial risks and thus inform the setting of service financial targets for the annual revenue budget and capital payments guidelines.

The **Section 151 Officer** will ensure that reports are presented to Council, as part of the annual budget setting, upon the medium term budget prospects and the resource constraints set by the Government.

3.9. Income and charging policy

Executive Directors, in consultation with the **Section 151 Officer**, will follow the Council's charging policy for the supply of goods or services where charges may be lawfully applied and the annual forecast of the recoverable amount is **£250,000** or more. Charges will be reviewed annually. All new charges, and amendments to existing charges, will be subject to formal approval in accordance with the Council's Constitution. Further guidance is contained in the Council's [Fees and Charges policy](#).

Further detail on income is provided in Section 8.1, which commences on page 52.

3.10. Pay Policy Statement

The pay policy statement will be prepared as required by law. At present it is required to set out the Council's policy on the level and elements of remuneration for each chief officer, the remuneration of its lowest paid employees, and the relationship between the remuneration of its chief and other officers. It is also required to address other specific aspects of chief officer remuneration such as remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.

4. Financial Management

4.1. Introduction

Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework, revenue budget, trading activities' financial plans, capital programme and treasury management.

4.2. Financial management standards

All officers and Members have a duty to abide by the highest standards of probity in dealing with public money. This is facilitated by ensuring everyone is clear about the standards to which they are working and by the controls that are in place to ensure that these standards are met.

4.3. Revenue budget monitoring and control

4.3.1. Budget management

The Council operates within an annual cash limit, approved when the annual budget is set. To ensure that the Council does not over spend in total, each service is required to manage its own expenditure and income recovery within the cash limited budget allocated to it. Budget management also ensures that once the Council has approved the budget, the resources are used for their intended purposes and are properly accounted for.

4.3.2. Framework for budgetary control

Once the budget is approved by the Council, Executive Directors are authorised to incur expenditure in accordance with the approved budget, subject to the limits in the Constitution and the scheme of delegation to officers. Executive Directors must however maintain effective budgetary control within their service(s) to ensure that spending is contained within the annual cash limit and to secure value for money (i.e. as measured by cost efficiency and output effectiveness).

Executive Directors must ensure that no commitments are made that would result in an approved budget being exceeded. Prior approval must be obtained to increase the budget either by virement (*see paragraph 4.3.3*) or by a supplementary estimate (*see paragraph 4.3.4*) before additional commitments are made.

In addition, subject to the limits in the Constitution and the scheme of delegation to officers, Executive Directors may exceptionally incur additional expenditure in an emergency (*see paragraph 8.7 for the approval required to make an emergency payment*). In such situations, retrospective approval must be sought, as soon after the event as possible, to offset the additional expenditure by virement or supplementary estimate.

Executive Directors will:

(i) Ensure that all income and expenditure is properly recorded and accounted for

Executive Directors will ensure that all officers responsible for committing expenditure comply with all relevant guidance, and follow approved certification processes.

(ii) Ensure that an appropriate budget holder structure is in place to ensure that responsibility is assigned for each item of income and expenditure under their control

Budget holders will be accountable for the effective management of the budgets allocated to them to either oversee or directly manage, even where they put delegations in place that enable officers to commit expenditure on their behalf.

(iii) Ensure that individual policy budgets are not over spent

It is expected that Portfolio budgets will be managed within the agreed cash limit budget, and Executive Directors, in consultation with the relevant Cabinet Member(s), will use the virement scheme (see paragraph 4.3.3) to achieve this by moving the under spend to the area of over spend. Where more specific management actions are required to save funds, then this needs to be clearly set out in a budget recovery plan which can be monitored to ensure the safe delivery of the budget at both portfolio and policy budget level.

In ensuring compliance with this requirement, the Executive Director, the **Section 151 Officer** and / or Cabinet Members may require a budget holder with a projected over spend to prepare a budget recovery plan which explains the actions being taken to mitigate the position.

(iv) Ensure that a monitoring process is in place

A monitoring process is required to review performance and / or service levels in conjunction with the budget and to ensure they are operating effectively.

(v) Regularly report to the relevant Cabinet member(s)

Such reports will be prepared, in consultation with the **Section 151 Officer**, upon the service's projected 'controllable net expenditure' compared with its budget. Cabinet Members must be fully briefed, as part of this process, on any budget pressures and any proposal to address these pressures by virement (*see bullet point (vii) below*).

(vi) Ensure prior approval by the Cabinet (as appropriate) for new proposals

Prior approval of the Cabinet or Cabinet Members may be required for key decisions or for proposals that create financial commitments in future years or which materially extend or reduce the Council's services, or which initiate new ones.

(vii) Ensure compliance with the Scheme of Virement

The scheme of virement is explained within paragraph **4.3.3**.

- (viii) Agree with the relevant Executive Director(s) where it appears that a budget proposal, including a virement proposal, may impact on their service area
- (ix) Ensure that relevant training is delivered to all staff assigned responsibility for budget management

Officers will undertake approved finance training prior to commencement as an operational budget holder and/or as an authorised signatory, to ensure they have the necessary knowledge and skills to effectively perform their financial responsibilities; refresher training will be undertaken at 24 monthly intervals thereafter, or as specified by the S151 Officer.

The **Section 151 Officer** will ensure that each budget holder receives or has access to timely information on income and expenditure for each budget, which is sufficiently detailed to enable them and their managers to fulfil their budgetary responsibilities.

The **Section 151 Officer** will monitor performance against the Council's budget on an on-going basis, and will advise upon the Council's overall financial position. Specifically, the **Section 151 Officer** will prepare financial overview reports for the **Cabinet Member for Finance** to present to Cabinet on a regular basis. These financial overview reports will:

- Provide a comparison of the Council's projected income and expenditure with the latest approved budget;
- Include an assessment of the Council's reserves and balances and overall financial position; and
- Seek approval to changes to the approved budget (*including virements between policy budgets, supplementary estimate requests and changes to the scheme and payment approvals for capital projects*).

4.3.3. Scheme of virement

As detailed in paragraph 4.3.2, Executive Directors must ensure that spending remains within the service's overall cash limit, and that spending does not exceed individual policy budget headings. It is however permissible, in certain circumstances, to switch resources between approved budget headings, subject to obtaining the necessary approval. The switching of resources between approved policy budget headings is referred to as a virement.

The virement rules are as follows:

- (i) No expenditure shall be incurred without appropriate budget provision and, if necessary, a virement should be undertaken to put this in place before the expenditure is incurred.

- (ii) No virement relating to a specific financial year should be made at the end of the financial year after the date specified within the **Section 151 Officer**' timetable for closure of the accounts.
- (iii) Virements are not permitted in relation to asset charges or other budget headings that are deemed to be outside the control of the relevant budget holder, or where a proposal would adversely affect long-term revenue commitments.
- (iv) Virements are not permitted between revenue and capital budgets. Changes to the capital programme will be dealt with in accordance with section 4.5 (see page 29).
- (v) A virement that is likely to impact on the level of service activity of another budget holder can be implemented only with the agreement of the relevant budget holder(s).
- (vi) Amounts that require Member approval must specify the proposed expenditure and the source of funding, and must explain the implications in the current and future financial years.
- (vii) Where a Cabinet Member's approval is required to a virement, this approval will normally be sought via a 'Cabinet Member Action' or a report to Cabinet.
- (viii) When a Cabinet Member is making a decision on an operational matter, any necessary virements must be included as part of that decision.
- (ix) Virements that are being actioned to effect a change in policy or priorities (*either within the same portfolio or between portfolios*) will be subject to the following approval:

Amount	Minimum approval required
Up to and including £500,000 <i>(Subject to the aggregation rule in 4.3.3 (xiii))</i>	Director <i>(following consultation with the Budget Holder)</i>
In excess of £500,000, but no more than £2m <i>(Subject to the aggregation rule in 4.3.3 (xiii))</i>	Executive Director <i>(following consultation with Section 151 Officer and Service Cabinet member(s)).</i>
More than £2m and above, but no more than £5m	Cabinet Member for Finance <i>(following consultation with Executive Director, Section 151 Officer and Service Cabinet Member(s))</i>
More than £5m	Cabinet <i>(following consultation with Cabinet Members as above, Executive Director and Section 151 Officer)</i>

Exceptions to the virement rules are as follows:

- (x) The virement rules do not apply to the movement of budget between the individual budget headings of an individual trading activity, because trading activities are controlled to an overall financial target rather than against individual expenditure and income headings (see paragraph 3.6.1). The approval of the **Cabinet Member for Finance** is however required to transfer resources between individual trading activities and to/from the General Fund - see paragraph 3.6.3.
- (xi) Member approval is not required where a budget will continue to be used for the approved purpose but is being moved, for example, to reflect a change in budget holder responsibilities. Such transfers will however require the approval of the relevant Head(s) of Finance or the Chief Accountant.
- (xii) Member approval is not required for budget movements arising in order to comply with the CIPFA Service Expenditure Reporting Code of Practice guidance on accounting for overheads, or budget movements arising in order to comply with proper accounting practice. Approval is required from the relevant Head of Finance and/or the Chief Accountant.
- (xiii) If the proposed virement, together with the total of previous virements within the same financial year, would result in an aggregate increase or decrease in the original 'controllable net' budget for any of the portfolios affected of more than:
 - 25%; or
 - £5mthe decision shall be taken by the **Cabinet Member for Finance**, in consultation with the **Section 151 Officer**.

4.3.4. Supplementary estimates

In the event that it is not possible to move resources between budget headings to meet a liability, a request may be made for additional funding from the General Balance, an earmarked revenue reserve or from the Emergency Contingency. Requests for additional funding are referred to as supplementary estimates.

Supplementary estimates can only be requested for one-off purposes, although it may be possible to request funding for a project that spans more than one financial year. Where additional funding is required on an on-going basis, the full year effect must be addressed through the revenue budget setting process (see paragraph 3.3.3).

A request for a supplementary estimate must specify:

- (i) the total amount of funding required, including the profile across financial years of the proposed expenditure;

- (ii) the source(s) of the supplementary funding (*which will be advised by the **Section 151 Officer***); and
- (iii) why the supplementary funding is required and whether there are any on-going cost implications.

Following consultation with the **Section 151 Officer**, supplementary estimates are subject to the approval of the **Cabinet** (*via the Financial Overview Reports*), or the **Cabinet Member for Finance**.

Where supplementary funding is requested for a project that slips into the following financial year, or which progresses ahead of schedule, the supplementary funding can be re-profiled between financial years without the need for further approval up to a threshold of **£500,000** and provided that:

- (i) the funding is still being used for the approved purpose; and
- (ii) the agreed amount is not exceeded.

The approval of the **Cabinet Member for Finance** is required to re-profile supplementary estimates in excess of **£500,000** between financial years.

Any supplementary funding provided **must** only be spent for the purposes for which it was approved. This means that:

- (i) The **Section 151 Officer** may withdraw supplementary funding if it becomes apparent that the funding is not being used for the agreed purpose; and
- (ii) Funding that is no longer needed for the approved use must be returned to the reserve from which it was allocated unless directed otherwise by the **Section 151 Officer**.

4.4. Treatment of year end balances

(i) Carry forward scheme

In certain circumstances, it is permissible to transfer resources between accounting years (*i.e. carry unspent budget forward for use in the following year or fund an over spend in the current year from next year's budget allocation*).

The **Section 151 Officer** is responsible for agreeing with the **Cabinet Member for Finance** the procedures for carrying forward under or over spends. The **Section 151 Officer** administers the agreed scheme in accordance with the guidelines set by the **Cabinet Member for Finance**.

Approval to carry forward under spends will not be given prior to consideration by Cabinet of the final outturn position and overall financial position of the Council upon closure of the accounts, as the Council's ability to support the carry forward requests will need to be assessed in the context of the overall financial position of the authority.

Where supplementary estimates (*see paragraph 4.3.4*) have been provided during the year, for the purpose of funding controllable expenditure, the value of the supplementary estimate shall be deducted from any amounts that the relevant service may be permitted to carry forward into the following financial year. The Cabinet has discretion to waive this restriction.

Over spends will be carried forward and deducted from the relevant service's budget in the following year, unless the Cabinet agrees otherwise.

Where a Service identifies the need to incur expenditure in the current financial year for which budget provision has been made in the following year's budget, a supplementary estimate can be requested when this is done in a planned way, and in advance of the expenditure being incurred. In this instance the following year's budget will be correspondingly reduced and the current year's increased expenditure will not be categorised as an over spend.

(ii) Trading activities

Internal trading activities' surpluses are carried forward, unless determined otherwise by the **Section 151 Officer** (and subject to the considerations outlined in paragraph 3.6.3). Any deficits, however they arise, will be financed by a withdrawal from the relevant Trading Activity's accumulated reserves, or from an approved contribution from the General Fund Balance (*see paragraph 3.6.2*).

(iii) Partnership schemes

The funding of some partnership schemes is ring-fenced (*including the contribution made by the Council*) and is not therefore available for alternative use by the Council. The unspent balances on approved partnership schemes will be carried into an earmarked Partnerships Reserve, which can be drawn upon to finance expenditure by the partnerships in a subsequent year.

(iv) Grant funded schemes

Where revenue grants and contributions are recognised as income in advance of the related expenditure being incurred, the unspent grant will be carried into an earmarked Grants Equalisation reserve, which can be applied, and matched with the related expenditure, in a subsequent year.

(v) Dividends received

Dividends received from subsidiaries of the Council will be treated as corporate income and use of such income will be determined by the **Cabinet Member for Finance**.

(vi) Individual Schools' budgets

Individual Schools' budgets are ring-fenced in accordance with statutory provisions.

Under spends against individual schools' budgets are appropriated into the Schools' reserve to support expenditure in a later year by the school(s) concerned.

School over spends are financed by a withdrawal from the Schools' reserves accumulated in previous years. Where an unplanned deficit occurs, the governing body must prepare a detailed financial recovery plan, which will be evaluated by the **Executive Director** with responsibility for Education and the **Section 151 Officer**. If the deficit exceeds **5%** of the school's budget, the plan will be referred to the Service Cabinet Member. Schools will be expected to agree a plan to recover the deficit within a defined period.

4.5. Capital monitoring and control

4.5.1. Approval to spend

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

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

4.5.2. Framework for budgetary control

The principles and framework for managing the revenue budget (*as set out within paragraphs 4.3.1 and 4.3.2*) apply equally with regards to the monitoring and management of individual capital projects (*i.e. named schemes and 'block' approvals*) within their scheme and payment approvals.

4.5.3. Scheme of Virement

In the event that an over spend arises against one scheme or 'block' approval, corrective action must be taken to remedy the position.

Where it is intended to redress an over spend by utilising savings against another approved project (or 'block' approval) the following permission will be required to vary the payment guidelines and scheme approvals for both projects:

Amount	Minimum approval required
Up to and including £500,000	Director (<i>following consultation with the Section 151 Officer, to ensure that there are no adverse implications upon capital financing resource, and Budget Holder</i>)
In excess of £500,000, but not more than £2m	Executive Director (<i>following consultation with Section 151 Officer and Service Cabinet Member(s)</i>) unless the

Amount	Minimum approval required
	saving being utilised is greater than 25% of the project or block approval that it is to come from, in which case the next level of approval is required.
More than £2m, but not more than £5m	Cabinet Member for Finance (<i>following consultation with Executive Director, Section 151 Officer and Service Cabinet Member(s)</i>)
More than £5m	Cabinet (<i>following consultation with Cabinet Members as above, Executive Director and Section 151 Officer</i>)

The scheme of virement, as set out in paragraph 4.3.3, does not otherwise apply to capital expenditure, as approval to capital expenditure is given on a scheme by scheme (or 'block' approval) basis, rather than by portfolio/service.

4.5.4. Re-profiling of payment guidelines between years

Where it is anticipated that a scheme with approval to 'start' will be progressed at a different rate to that scheduled (such that expenditure is expected to vary from the approved payment guideline for the year) approval must be sought to re-profile the payment guidelines for the scheme (or block approval).

For a scheme with approval to 'start', the re-profiling of the capital payment guidelines between financial years is subject to agreement as follows:

Amount	Minimum approval required
Up to and including £500,000	Director (<i>following consultation with the Section 151 Officer, to ensure that there are no adverse implications upon capital financing resources, and Budget Holder</i>)
In excess of £500,000, but not more than £2m	Executive Director (<i>following consultation with Section 151 Officer, Cabinet Member for Finance and Service Cabinet Member</i> , unless the amount being re-profiled is greater than 25% of the project or block approval, in which case the £2m and above level of approval is required.
More than £2m above, but not more than £5m	Cabinet Member for Finance (<i>following consultation with Executive Director, Section 151 Officer and Service Cabinet Member</i>)
More than £5m	Cabinet (<i>following consultation with Cabinet Members as above, Executive Director and Section 151 Officer</i>)

The above approval will also be required where it is intended to accelerate a scheme that is within the Capital Programme with an indicative start beyond the current financial year, where it is proposed to change the start date to within the current financial year.

4.5.5. Adding scheme and payment approvals to the Capital Programme

Schemes will usually only be added to, or removed from, the Capital Programme as part of the annual budget setting process referred to in paragraph 3.4.2 (see page 18).

Any request outside of this process to change the capital programme by adding or removing schemes, or by allocating additional scheme and payment approvals to an approved scheme, must be approved as follows:

Amount	Minimum approval required
Up to £5m	Cabinet Member for Finance (<i>following consultation with the Executive Director, Section 151 Officer and the Service Cabinet Member</i>)
£5m and above	Cabinet (<i>following consultation with all of the above</i>)

4.6. Trading activities

Trading activities must manage their income and expenditure to an overall financial target (see paragraph 3.6.2); in doing so, trading activities must operate within the Council's framework for budgetary control (as outlined within paragraph 4.3.2).

Cabinet approval is required to alter a trading activity's overall financial target (*via the quarterly Financial Overview Reports*).

Where the proposed target reflects a worsening position that will result in a loss for the year, the request to amend the financial target must explain how the loss is to be financed and the plans for recovery from this position. Where a surplus is now forecast, above that previously reported, the request to amend the target must explain whether and why the additional surplus is to be retained by the trading account.

5. Accounting records and financial systems

5.1. Accounting records

Maintenance of proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources.

The **Section 151 Officer** is responsible for determining the accounting procedures and records for the Council, and for the compilation of all accounts and accounting records.

The Council's accounting records are maintained within its General Ledger. A standard coding convention is maintained within the General Ledger that enables actual and budgeted income and expenditure to be analysed in a variety of ways (*i.e. according to the political and management structures of the Council, as well as satisfying the Council's statutory reporting requirements*). The integrity of the Council's financial reporting for management and statutory purposes is therefore dependent upon transactions being coded correctly at source.

Executive Directors are responsible for ensuring that their services (*including those delivered through strategic partnerships*) comply with the coding conventions adopted within the General Ledger. This includes adherence to the standard subjective classifications for categories of income and expenditure. The requirement to adhere to this standard classification applies even where expenditure on projects have 'net nil' budgets (*i.e. expenditure is matched with income*).

In the event that application of this standard classification results in under or over spends, appropriate action must be taken to re-align the budgets (*see paragraphs 4.3.3 and 4.3.4*); the guiding principle being that budget provision should follow expenditure and/or income, and not vice versa.

5.2. Annual statement of accounts

The Council has a statutory responsibility to prepare its accounts to present a true and fair view of the financial performance and results of its activities during the year, and is responsible for approving and publishing those annual statements in accordance with the timetable specified in the Accounts and Audit Regulations.

The **Section 151 Officer** is responsible for selecting suitable accounting policies, and for applying them consistently, to ensure that the Council's annual statement of accounts is prepared in compliance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom and other relevant accounting standards and statutory provisions. In addition, the **Section 151 Officer** will ensure that the Statement of Accounts is compiled, approved and published in accordance with the statutory timetable specified within the Accounts and Audit Regulations.

The **Section 151 Officer** will issue accounting instructions on closure of the accounts, including a timetable, annually. All budget holders must comply with these accounting instructions and supply the information requested by the dates specified.

The **Section 151 Officer** must sign and date the Statement of Accounts, thereby confirming that the accounts give a 'true and fair' view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March.

The **Section 151 Officer** is responsible for making proper arrangements for the audit of the Council's accounts.

5.3. Financial Systems

The **Section 151 Officer** has responsibility for ensuring that the Council's financial systems (*including any financial elements of non-financial or integrated systems*) are sound, properly maintained and that they are held securely. The **Section 151 Officer** will therefore determine the accounting systems, form of accounts and supporting financial records.

Executive Directors must ensure that prior approval is obtained from the **Section 151 Officer** and the officer designated as the **Chief Information Officer** to operate any financial system (including any elements of a non-financial or integrated system relied upon for financial reporting purposes) within or on behalf of their area of responsibility. Prior approval must also be obtained from the **Section 151 Officer** and **Director for Information Services** (CIO) to make changes to any such systems already being operated within a service area. The 'go live' sign-off criteria, as defined by the **Director for Information Services** (CIO), must be complied with in respect of implementation or amendment to any financial systems (*or non-financial or integrated system relied upon for financial reporting purposes*) operated within, or on behalf of, a Service area. A S151 Officer Change Request must be submitted to the **Section 151 Officer** for approval prior to making any changes to such systems.

Systems must be documented and backed up, and disaster recovery and business continuity plans must be maintained to allow information system processing to resume quickly in the event of an interruption. Executive Directors will ensure that an adequate audit trail exists through the computerised system and that audit reviews are being carried out, as necessary.

Where appropriate, the data processed by computer systems will be notified to the Information Commissioner in accordance with [data protection legislation](#).

Relevant policies and guidelines for computer systems and equipment that are issued by the Director for Information Services (CIO) will be observed.

6. Risk Management and Internal Control

6.1. Introduction

It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant strategic and operational risks to the Council. This should include the proactive participation of all those associated with planning and delivering services.

6.2. Risk management

Risk management is concerned with evaluating the measures in place, and the actions needed, to identify and control risks effectively. The objectives are to secure the Council's assets and to ensure the Council's continued financial and organisational wellbeing.

The Audit Committee consider the Council's [Risk Management Policy and Strategy](#), and advise on any action necessary to ensure compliance with best practice, and the Cabinet approves it. The Corporate Management Board and Political Leadership team keep under review the strategic risk register and promote a culture of risk management awareness throughout the Council.

The **Director** with responsibility for **Organisation Risk** is responsible for preparing the Council's [Risk Management Policy and Strategy](#), and for promoting it throughout the Council where appropriate. The **Director** with responsibility for **Organisational Risk** will:

- (i) Ensure that procedures are in place to identify, assess and prevent or contain material risks, and also allow for the identification and management of positive opportunities.
- (ii) Regularly review the effectiveness of risk reduction strategies and controls.
- (iii) Engender a positive attitude towards the control of risk.
- (iv) Provide relevant information on risk management initiatives, and training on risk management.
- (v) Ensure that acceptable levels of risk are determined.

The **Director** with responsibility for **Organisational Risk** is also responsible for:

- (vi) Developing risk management controls, including Business Continuity Planning, in conjunction with Executive Directors.
- (vii) Ensuring that the Council has effective business continuity plans for implementation in the event of disaster which results in significant loss or damage to its resources, and threatens its activities.

Executive Directors must have regard to the advice of the **Director** with responsibility for **Organisational Risk**, and adhere to the Council's [Risk Management Policy and Strategy](#). Specifically, Executive Directors must:

- (viii) Take full ownership of all risks within their areas of responsibility, including those related to partnerships in which their services participate.
- (ix) Ensure that risk management is implemented in line with the Council's Risk Management Strategy and the minimum standard for business planning process.
- (x) Appoint a Risk Champion and authorise him/her to progress effective risk management that adheres to corporate guidelines.
- (xi) Identify and manage risks and ensure that mitigating actions are regularly reported.
- (xii) Have regard to other specialist officers (*e.g. crime prevention, fire prevention, information governance, health and safety*).
- (xiii) Ensure there are appropriate arrangements within their service area to identify risk issues and take appropriate action to mitigate the effects of them and maximise opportunities. This includes ensuring that the relevant officers are trained to manage risk and where required provide a defence for the Council.
- (xiv) Make sure that consideration is given and appropriate arrangements are made to ensure service delivery by 3rd party providers and delivery vehicles.
- (xv) Ensure that service programme, project and partnership risk registers are compiled, and kept up to date.

6.3. Insurance

The Cabinet is responsible for ensuring that proper insurance arrangements exist. The **Section 151 Officer** is responsible for advising the Cabinet on proper insurance cover, and will:

- (i) Effect corporate insurance cover, through external insurance and internal funding, and negotiate all claims in consultation with other officers, where necessary.
- (ii) Include all appropriate employees of the Council in suitable fidelity guarantee insurance.
- (iii) Offer insurance cover to schools in accordance with arrangements for financing schools.
- (iv) Ensure that provision is made for losses that might result from identified risks.
- (v) Ensure that procedures are in place to investigate claims within required timescales.
- (vi) Be aware of and manage effectively operational risk to the Council.

The settling of insurance claims against the Council will be subject to approval as follows:

Amount	Minimum approval required
Up to £20,000	Senior Claims Handler
In excess of £20,000 and up to £150,000	Insurance Manager
In excess of £150,000 and up to £1m	Director with responsibility for insurance arrangements (<i>in consultation with Insurance Manager</i>)
In excess of £1m	Section 151 Officer (<i>in consultation with Director as above</i>)

The **Section 151 Officer** shall notify the **Cabinet Member for Finance** if the total amount paid to claimants during a financial year exceeds **£2m** with respect to any of the following classes of claim:

- (i) Employer Liability
- (ii) Public Liability (Highways claims)
- (iii) Public Liability (Non Highways claims)
- (iv) Property
- (v) Motor
- (vi) Other

If the **£2m** threshold is exceeded for any financial year the **Cabinet Member for Finance** may ask to be consulted on further proposed settlements in the category concerned for the remainder of that financial year.

Executive Directors must comply with all relevant Insurance terms and conditions, and in particular must:

- (i) Notify the **Section 151 Officer** immediately of any loss, liability or damage that may lead to a claim against the Council, together with any information or explanation required by the **Section 151 Officer** or the Council's insurers.
- (ii) Notify the **Section 151 Officer** promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- (iii) Consult the **Section 151 Officer** and the **Monitoring Officer** on the terms of any indemnity that the Council is proposing to give.
- (iv) Ensure that employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

6.4. Internal Control and the governance framework

The Council faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its strategic objectives and statutory obligations. Internal controls are devised by management to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.

It is the responsibility of the **Section 151 Officer** to assist the Council to put in place an appropriate control environment and effective internal controls that adhere with proper practices, and provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

The system of internal control is a significant part of the Council's governance framework. The **Section 151 Officer** will compile an Annual Governance Statement each year. The Governance Statement will be compiled with reference to proper practices in relation to governance (*principally the CIPFA/SOLACE guidance 'Delivering Good Governance in Local Government'*).

The governance framework, control environment and internal controls include:

- (i) Identification and communication of the Council's vision of its purpose and intended outcomes for citizens and service users.
- (ii) Reviewing the Council's vision and its implications for the Council's governance arrangements.
- (iii) Measuring the quality of services for users, and ensuring they are delivered in accordance with the Council's objectives and that they represent the best use of resources.
- (iv) Making proper arrangements for project management.
- (v) Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.
- (vi) Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff.
- (vii) Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedural notes/manuals, which clearly define how decisions are taken and the processes and controls required for managing risks.
- (viii) Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities.
- (ix) Ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.

- (x) Whistle blowing and arrangements for receiving and investigating complaints from the public.
- (xi) Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
- (xii) Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report Governing Partnerships: Bridging the Accountability Gap, and reflecting these in the Council's overall governance arrangements.
- (xiii) Policies, objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action.
- (xiv) Financial and operational control systems and procedures which comprise physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems.
- (xv) Maintaining an effective internal audit function that is appropriately resourced, and which operates in accordance with the principles contained in the Auditing Practices Board's auditing guideline Guidance for Internal Auditors, CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom and with any other statutory obligations and regulations.

It is the responsibility of Executive Directors to:

- (xvi) Establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness; and for achieving their financial performance targets.
- (xvii) Manage processes to check that controls are adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.
- (xviii) Communicate responsibilities, codes of conduct and the importance of good governance arrangements to their staff and ensure that they understand the consequences of lack of control and inadequate governance arrangements.
- (xix) Review existing controls in the light of changes affecting the Council and to establish and implement new ones in line with guidance from the **Section 151 Officer**. Executive Directors should also be responsible, after consultation with the **Section 151 Officer**, for removing controls that are unnecessary.
- (xx) Undertake self-assessments of the status of the governance framework, including systems of internal control for each of their service areas, as directed by the **Section 151 Officer**.
- (xxi) Support internal audit in any review being undertaken within their area, and respond to issues raised within audit reports within the agreed timescale.

6.5. Preventing fraud and corruption

6.5.1. Counter fraud and anti-bribery strategy

The Council has an effective [anti-fraud and corruption policy](#) and maintains a culture that will not tolerate fraud or corruption. It is the responsibility of the **Section 151 Officer** to maintain the Council's anti-fraud and anti-corruption policy.

Executive Directors must ensure that this policy is adhered to and that all appropriate action is taken. This will include reporting all suspected irregularities to the **Head of Internal Audit** (see paragraph 6.6.2).

6.5.2. Declaration of Interests

To avoid giving rise to suspicion about the honesty and integrity of the Council or its employees, or giving the impression of corruption or improper behaviour, all interests of a personal and/or financial nature with external bodies or persons who have dealings with the Council, or any other interests which could conflict with an officer's duties, must be declared in accordance with the [Officer Declaration of Interests policy](#).

6.5.3. Gifts and hospitality

Officers must be cautious regarding offers of gifts and hospitality as acceptance can easily give the impression of improper behaviour or favour.

The Council's [Officer Gift and Hospitality Policy](#) explains how offers of gifts and hospitality are to be dealt with, including what can be accepted, what cannot be accepted and what must be declared. In accordance with the Gift and Hospitality Policy, Executive Directors must ensure that a Gifts and Hospitality register is established and maintained for the services for which they are responsible.

6.5.4. Whistle blowing

In accordance with the Council's [whistle blowing policy](#), all suspected irregularities must be reported to the **Head of Internal Audit** (see paragraph 6.6.2). The **Head of Internal Audit** will report significant matters to the Chief Executive, Cabinet and the Audit Committee.

In addition to the whistle blowing policy the Council's '[Speak up!](#)' service provides further guidance on how employees can raise issues or concerns about inappropriate behaviour.

6.5.5. Standards of conduct

The full responsibilities with regard to standards of conduct for officers are set out in the [Officers' Code of Conduct](#) and the standards for members are set out in Article 3 of the [Constitution](#)

6.5.6. Money laundering

Money laundering is defined as:

- (i) Concealing, disguising, converting, transferring or removing criminal property from the Country.
- (ii) Being concerned in an arrangement which a person knows of, suspects or facilitates the acquisition, retention, use or control of criminal property.

In accordance with the Council's [Anti money laundering policy](#), all suspected attempts to use the Council to launder money must be reported to the **Head of Internal Audit** who is the Council's Money Laundering Reporting Officer.

Executive Directors must ensure that their staff understand what money laundering is and of their obligations under the money laundering legislation, so that they can recognise situations that might lead to suspicions of money laundering arising.

When a person knows or suspects that money laundering activity is taking place (or has taken place), or becomes concerned that their involvement in a matter may amount to a prohibited act under the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2011, they must disclose this as soon as practicable or risk prosecution.

To mitigate the risks of the Council being used to launder money, cash payments in excess of **£10,000** will not be accepted except with the prior approval of the **Section 151 Officer**.

6.5.7. Anti-Bribery Policy

In accordance with the Council's [Anti-bribery Policy](#), the detection, prevention and reporting of bribery and other forms of corruption are the responsibility of all those working for Essex County Council or under its control. Bribery is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage. The Bribery Act has been enacted to enable robust action against such activity.

6.5.8. Promoting good governance

Executive Directors are responsible for ensuring that all members of staff in their services complete mandatory governance training provided via e-learning modules on the Council website. Executive Directors are also responsible for ensuring that new employees

undertake the relevant modules of the e-learning training within six weeks of the commencement of their employment, and that all staff refresh their learning every 24 months, or as specified.

6.6. Audit requirements

6.6.1. External audit

The basic duties of the external auditor are governed by the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations as well as the relevant Code of Practice.

The Council may, from time to time, also be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs and the Inland Revenue, who have statutory rights of access.

The External Auditors and other statutory inspectors must be given reasonable access to premises, personnel, documents and assets that it is considered necessary for the purposes of their work. Regard must be given to sensitivity of data though, and if there is any doubt about whether it is appropriate to provide such data to the external auditor or other statutory inspector, advice should be sought from the **Section 151 Officer**.

Services must respond to external audit and inspection reports in writing, within a timescale agreed by the appropriate Executive Directors and the External Auditor, detailing the action intended to address any recommendations.

6.6.2. Internal Audit

The requirement for an internal audit function for local authorities is imposed by regulation 5 of the Accounts and Audit Regulations and reinforced by Section 151 of the Local Government Act 1972, which requires that authorities 'make arrangements for the proper administration of their financial affairs'.

The Accounts and Audit Regulations more specifically require authorities to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The findings of these internal audits are considered by the Audit Committee on behalf of the Council as part of the consideration of the system of internal control referred to in paragraph 6.4.

Internal audit is an independent and objective appraisal function, established by the Council for reviewing the systems of internal control and assists the Council's stakeholders on business objectives and related risks and, thereby, contributes strategically to the organisation.

The internal auditors adhere to proper practices in relation to internal control; specifically, the CIPFA Code of Practice on Internal Audit in Local Government in the United Kingdom, IIA (Institute of Internal Auditors) and the COSO (Committee of Sponsoring Organisations) risk framework. They examine, evaluate and report upon the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

The internal auditors have the authority to:

- (i) Access any Council premises, assets, records, documents and correspondence, and control systems.
- (ii) Receive any information and explanation related to any matter under consideration.
- (iii) Require any employee of the Council or school maintained by the Council to account for cash, stores or any other asset under his or her control.
- (iv) Access records belonging to third parties (e.g. Contractors) when required.
- (v) Directly access the Chief Executive, the Cabinet, the Audit Committee and Executive Scrutiny Committee.

The **Section 151 Officer** and the **Audit Committee** are required to approve an Annual Audit Plan, a draft of which will be submitted by the **Head of Internal Audit**. The Annual Audit Plan will take account of the characteristics and relative risks of the Council's activities. The **Section 151 Officer** and the **Audit Committee** will also ensure that effective procedures are in place to investigate promptly any suspected fraud or irregularity.

Services must respond to internal audit reports in writing, within a timescale agreed as part of the internal audit methodology detailing the action intended, responsible officer, timescale for implementation and whether the action will require additional resources, to address all agreed recommendations. The relevant Executive Directors must ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion. This is validated by a quarterly follow-up process undertaken by internal audit.

The **Head of Internal Audit** will maintain a record of all reports and allegations of suspected fraud, corruption or other financial irregularity in respect of funds and assets that are the responsibility of the Council, and will ensure that appropriate action is taken to investigate these.

The **Head of Internal Audit** will be given the opportunity to evaluate the adequacy of new systems, or changes to existing systems, for maintaining financial records or records of assets, in a timely manner before live operation.

7. Control of resources

7.1. Assets

7.1.1. Security of assets

The Council holds non-current assets in the form of property, land, infrastructure, vehicles, plant and equipment which are collectively worth many millions of pounds. These assets must be safeguarded and used efficiently.

All staff have a responsibility for safeguarding the Council's assets and information, including safeguarding the security of the Council's computer systems and paper records, and for ensuring compliance with the Council's computer and Internet security policies.

The **Director** with responsibility for **Property Management**, on behalf of the **Executive Director, Corporate Services**, will undertake the role of 'corporate landlord' and will:

- (i) Ensure the proper security and maintenance of all premises occupied and/or owned by the Council.
- (ii) Hold the title deeds for all Council properties.

Executive Directors will:

- (i) Advise the **Director** with responsibility for **Property Management** in any case where security of Council premises is thought to be defective or where it is considered that special security arrangements may be needed.
- (ii) Ensure that no Council asset is subject to personal use by an employee without proper authority.
- (iii) Ensure the safe custody of vehicles, equipment, furniture, inventory, stores and other property belonging to the Council.
- (iv) Ensure cash holdings on premises are kept to a minimum.
- (v) Ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of any such keys must be reported to the relevant Head of Service and the **Head of Internal Audit**.

7.1.2. Asset registers

The **Section 151 Officer** is responsible for the maintenance of a corporate register of the Council's property, plant and equipment assets. This register forms the basis of Balance Sheet reporting on all property, plant and equipment assets held by the Council.

This 'Assets Register' is maintained, in accordance with the requirements of the CIPFA Code of Practice on Local Authority Accounting in the UK and the underlying accounting standards, for all items capitalised in accordance the guidelines set out with paragraph **3.4.1** that are expected to be used and controlled by the Council during more than one financial year; items that the Council has acquired for a prolonged period under the terms of a lease or similar arrangement are also recorded. This means that the 'Assets Register' is maintained for:

- (i) All land held by the Council.
- (ii) Buildings held and being used by the Council for operational purposes, including those held under the terms of a finance lease, and those held for investment purposes, for disposal or deemed to be surplus to current requirements.
- (iii) All highways infrastructure (*e.g. roads, structures, traffic management systems etc.*) that, when acquired, was capitalised in accordance with the guidance set out within paragraph **3.4.1**.
- (iv) All vehicles, plant and equipment (*including IT hardware*) and intangible assets (*mainly IT software*) that, when acquired, were capitalised in accordance with the guidance set out within paragraph **3.4.1**.

Executive Directors will provide the **Section 151 Officer** with any information necessary to maintain the Assets Register. This will include confirmation, and the location, of moveable assets, which should be appropriately marked and insured.

Property, Plant and Equipment assets that are required to be measured at 'current value' will be re-valued in accordance with:

- (i) The requirements of the CIPFA Code of Practice on Local Authority Accounting in the UK; and
- (ii) Methodologies and bases for estimation set out in relevant professional standards and codes of practice (*including those of the Royal Institute of Chartered Surveyors (RICS) and the Chartered Institute of Public Finance and Accountancy*).

7.1.3. Use of property other than for direct service delivery

The use of property other than for direct service delivery will be subject to prior agreement of, and in accordance with terms and conditions specified by, the **Director** with responsibility for **Property Management**.

Prospective occupiers of Council land and buildings are not permitted to take possession or enter the land and buildings until a lease or agreement, in a form approved by the **Director** with responsibility for **Property Management**, has been put in place.

7.1.4. Property Transactions

In the course of its day to day business, the Council enters into a variety of property agreements, including (but not limited to):

- (i) Freehold acquisitions and disposals;
- (ii) Long leasehold acquisitions and disposals;
- (iii) Short leases as tenant and as landlord;
- (iv) Entering into section 106 agreements as landowner;
- (v) Release of covenants;
- (vi) Compulsory acquisitions and land compensation claims;
- (vii) Taking and granting easements;
- (viii) Option Agreements; and
- (ix) Lease surrenders and exit agreements (including dilapidations).

Each of these transactions has a financial consequence for the Council. Approval is therefore required to authorise such property transactions for completion, and to declare properties surplus to requirements, as follows:

Amount	Minimum approval required
Up to £250,000	Head of Property Management.
In excess of £250,000, but less than £500,000	Director with responsibility for Property Management (<i>following consultation with the Head of Property Management.</i>)
£500,000 and above, but less than £2m	Executive Director with responsibility for Property Management (<i>following consultation with the Director as above and the Cabinet Member with responsibility for Property Management</i>)
£2m and above but less than £5m	Cabinet Member with responsibility for Property Management (<i>following consultation with Executive Director as above and the Cabinet Member for Finance</i>)
£5m and above	Cabinet (<i>following consultation with Cabinet Members as above and Executive Director as above</i>)

Notes:

- (i) These financial thresholds apply to decisions based on the open market value (i.e. the value based on **highest and best use**, taking account of any information the Council has about the purchaser's proposals for the land acquired) of the interest in the land or property reasonably foreseeable at the date of the approval, and not to the actual money involved.

- (ii) *Any moveable assets located within properties proposed for sale, that would be included as part of the sale (e.g. paintings), will be subject to separate consideration in accordance with paragraph 7.1.5.*
- (iii) *In addition to the financial thresholds above, property transactions must also be subject to considered against the key decisions criteria as per the Constitution.*

Once land and buildings have been declared surplus to requirements, the **Director** with responsibility for **Property Management** will arrange for the disposal of these assets in accordance with the Council's property strategy and only then when it is in the best interests of the Council and when best value is obtained.

The approval of the **Cabinet Member for Finance** must be obtained (*after consulting the Cabinet Member with responsibility for Property*) if it is proposed to dispose of the freehold (or a leasehold interest with at least seven years unexpired) in the whole of the Council's interest in a property at a value which is below market value and/or the book value in the previous year's Balance Sheet. The approval of the **Cabinet Member for Finance** must also be obtained (*after consulting the Cabinet Member with responsibility for Property*) if the amount to be realised from the sale of part of an asset will reduce the book value of the remaining asset by more than is being realised.

The proceeds from the sale of all land and buildings (*subject to certain statutory limitations*) will not be earmarked for use by a specific service, but will be pooled and applied to finance future capital investment or for any other purpose permitted by Regulation.

The **Director** with responsibility for **Property Management** will advise on best practice for disposal of other assets that are deemed surplus to requirements, bearing in mind factors such as environmental issues, security and data protection.

7.1.5. Disposal of Other Assets

From time to time there is a need to dispose of other assets that are not Property Assets. In these situations the below approval is required:

Amount	Minimum approval required
Up to £250,000	Head of Service
In excess of £250,000, but not more than £500,000	Director (<i>following consultation with the Head of Property Management.</i>)
£500,000 and above, but not more than £2m	Executive Director (<i>following consultation with the Director and Service Cabinet Member</i>)
£2m and above but not more than £5m	Cabinet Member for Finance (<i>following consultation with Executive Director as above and the Cabinet Member</i>)

Amount	Minimum approval required
More than £5m	Cabinet (following consultation with Cabinet Member as above and Executive Director)

The officer designated as **Chief Information Officer** is responsible for ensuring that the standards, policies and guidelines of decommissioning of IT equipment are well defined and communicated to all staff within the Council. The Data Protection Act must be a key consideration in the decommissioning of IT equipment.

7.2. Consumable stocks and stores

Executive Directors will make adequate arrangements for the care and custody of consumable stocks and stores held by their services, and will maintain inventory records that document the purchase and usage of these items.

The stock of such items should be subject to a regular independent physical check. Discrepancies between inventory records and the physical stock must be investigated and pursued to a satisfactory conclusion.

Stocks and stores purchased and held in a 'control account' must be charged to the Service revenue account when consumed. The Head of Service (or operational budget holder) must complete a certificate at each financial year end, confirming the number and value (*i.e. value represents the lower of cost and net realisable value*) of items held in stock as at 31st March.

Obsolete stocks and stores (*i.e. items that cannot be sold or consumed*) or items no longer held (*i.e. due to theft or other loss*) must be written off (*i.e. charged to the revenue account as an expense*) straight away. The minimum levels of approval required to write off stock balances per annum are as follows:

Amount	Minimum approval required
Up to and including £10,000	Budget Holder.
In excess of £10,000, but not more than £25,000	Director (following consultation with Budget Holder)
In excess of £25,000, but not more than £50,000	Executive Director (following consultation with Director)
In excess of £50,000, but not more than £100,000	Section 151 Officer (following consultation with Executive Director)
In excess of £100,000 not more than £250,000	Service Cabinet Member (following consultation with the Executive Director and Section 151 Officer)

Amount	Minimum approval required
More than £250,000	Cabinet Member for Finance <i>(following consultation with the Section 151 Officer and the Service Cabinet Member)</i>

7.3. Cash

7.3.1. Introduction

All money in the hands of the Council is controlled by the **Section 151 Officer**. The **Section 151 Officer** is thereby responsible for providing assurances that the Council's money is properly managed in a way that balances risk with return, with the overriding consideration being given to security.

In accordance with the Council's [Anti Money Laundering Policy](#), all suspected attempts to use the Council to launder money must be reported to the **Head of Internal Audit** who is the Council's Money Laundering Reporting Officer (see paragraph 6.5.6).

7.3.2. Treasury Management

Treasury management is an important aspect of the overall financial management of the Council. Treasury management activities are those associated with the management of the Council's cash flows and its borrowing and investments. A fundamental aim is to effectively control the risks associated with these activities and to pursue best value, in so far as that is consistent with the effective management of risk.

The Council complies with the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes, and has approved:

- A **Treasury Management Policy Statement**, which sets out the policies and objectives of its treasury management activities; and
- A series of **treasury management practices** (TMP's) which set out the manner in which the Council will seek to achieve its policies and objectives for treasury management.

The **Section 151 Officer** is responsible for maintaining the Treasury Management Policy Statement and TMP's, and for recommending any changes to Council for approval.

As noted in paragraph 3.7 (see page 20), the **Section 151 Officer** will propose an annual Treasury Management Strategy to the Council in advance of the start of the relevant financial year. This Strategy will comply with CIPFA's Code of Practice on Treasury Management, relevant Regulations and with the Council's own Treasury Management Policy Statement and TMP's; it will set the parameters within which investment and borrowing activity will be managed during the forthcoming financial year. The **Section 151 Officer** is responsible for ensuring that all borrowing and investment activity is undertaken in compliance with the approved Treasury Management Strategy.

The **Section 151 Officer** will report to the Cabinet at regular intervals in each financial year, on treasury management activities undertaken within delegated powers.

All investments of money, and borrowings undertaken, on behalf of the Council will be made in the name of the Council. The **Section 151 Officer** will maintain records of such transactions.

7.3.3. Loans to third parties

The following table sets out the circumstances in which loans may be provided by the Council to third parties, and the approval required to each type of loan:

Type of loan	Minimum approval required
1. Season ticket and similar loans made to employees	To be made in accordance with the 'My Employment' guidance on the Council's Intranet.
2. Monies invested with banks and other financial institutions	To be undertaken in accordance with the Council's Annual Treasury Management Strategy (<i>see paragraph 7.3.2 above</i>).
3. Loans to third parties for the purpose of financing expenditure which, if incurred by the Council, would constitute capital expenditure	Such a loan would constitute capital expenditure by the Council (<i>and the repayment would constitute a capital receipt</i>) and so would require Capital Programme approval (<i>see paragraphs 3.4.2 and 4.5</i>).
4. Loans to third parties for other purposes (e.g. where a service is being outsourced and the potential provider seeks an up-front payment to support cash flows)	Subject to the following approval: <ul style="list-style-type: none"> • Less than £2m - Section 151 Officer • £2m and above but less than £5m - Cabinet Member for Finance (<i>following consultation with the Section 151 Officer</i>) • £5m and above - Cabinet (<i>following consultation with Cabinet Member for Finance and Section 151 Officer</i>)

Note: *The rate of interest chargeable on loans within categories 3 and 4 above will be determined in consultation with the Section 151 Officer, and having due regard to State Aid rules.*

7.3.4. Bank accounts

The opening or closing of any Council bank account will require the prior approval of the **Section 151 Officer** and must be managed in accordance with directions issued by the **Section 151 Officer**.

The opening of additional bank accounts in the Council's name is to be avoided if possible. Where money is to be held temporarily as a bond or in joint names, this can usually be more readily achieved by use of a holding account within the Council's accounts.

7.3.5. Imprest accounts

Wherever possible, purchase cards will be used for low value transactions and where there are no mandated procurement contracts in place (*the use of purchase cards is covered further in section 8.2, which commences on page 54*). However, in the limited circumstances when purchase cards cannot be used, the **Section 151 Officer** may provide bank imprest (petty cash) accounts to meet minor expenditure on behalf of the Council.

The **Section 151 Officer** will:

- (i) Prescribe rules for operating these account;
- (ii) Determine the amount of each imprest account;
- (iii) Will maintain a record of all transactions and cash advances made; and
- (iv) Periodically review the arrangements for the safe custody and control of these advances.

Employees operating an imprest account will:

- (i) Obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained.
- (ii) Make adequate arrangements for the safe custody of the account.
- (iii) Produce cash and all vouchers to the total value of the imprest amount.
- (iv) Record transactions promptly.
- (v) Reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder.
- (vi) Ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made.
- (vii) Provide the **Section 151 Officer** with a certificate of the value of the account held at 31 March each year.

7.3.6. Trust funds and funds held for third parties

All trust funds will, wherever possible, be held in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities relating to the trust with the **Section 151 Officer**, unless the deed provides otherwise.

Trust funds will be operated within any relevant legislation and the specific requirements for each trust.

Where funds are held on behalf of third parties, for their secure administration, written records will be maintained of all transactions.

7.4. Staffing

The **Head of Paid Service** is responsible for providing overall management to staff and is also responsible for ensuring that there is proper use of evaluation or other agreed systems for determining the remuneration of a job.

Executive Directors have primary responsibility for their establishment and are accountable for compliance with establishment and financial controls. Executive Directors are responsible for ensuring that positions are only created as new requirements and associated funding emerge, and are deleted or modified as needs and funding change. They will ensure that the staffing budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided.

The **Section 151 Officer** will advise Executive Directors on areas such as National Insurance and pension contributions, as appropriate.

7.5. Intellectual property

Intellectual property is a generic term that includes inventions and writing. If an employee creates these during the course of employment then, as a general rule, they belong to the Council, not to the employee.

Executive Directors will ensure that their staff are not carrying out private work in Council time and that their staff are aware of the Council's rights with regard to intellectual property.

Instances where intellectual property has been (or may be) created which has, or may have, commercial value to the Council should be referred to the relevant Executive Director(s).

8. Income and Expenditure

8.1. Income

8.1.1. Introduction

Effective income collection systems are necessary to ensure that all income due to the Council is identified, collected, receipted and banked properly.

Wherever possible, income should be collected in advance of supplying goods or services. Such an approach will avoid the time and cost of administering debts, and negates the possibility of a bad debt.

It is the responsibility of Executive Directors to ensure that staff authorised to act on their behalf in respect of income collection are clearly identified.

Executive Directors will supply the **Section 151 Officer** with details relating to work done, goods supplied, services rendered or other amounts due, to enable invoices to be raised promptly for sums due to the Council, and to ensure that such amounts are properly recorded as due to the Council.

8.1.2. Income collection

The **Section 151 Officer** will agree the arrangements for the collection of all income due to the Council and approve the procedures, systems and documentation for its collection. In relation to the collection of income, the **Section 151 Officer** and Executive Directors will ensure that:

- (i) All money received by, or on behalf of, the Council is paid fully and promptly into the appropriate Council bank account in the form in which it is received.
- (ii) Income is not used to cash personal cheques or other payments.
- (iii) Appropriate details are recorded onto paying-in slips to provide an audit trail.
- (iv) A record is kept of money received directly by employees of the Council.
- (v) The receiving officer signs for the transfer of funds, and the transferor must retain a copy.
- (vi) Wherever possible, at least two employees are present when post is opened so that money received by post is properly identified and recorded; this requirement must be met where post regularly contains money.
- (vii) Money collected and deposited is reconciled to the appropriate bank account on a regular basis.

- (viii) The responsibility for cash collection is separated from that for identifying the amount due and that responsibility for reconciling the amount due is separated from handling of the amount received.
- (ix) Income is only held on premises up to levels approved by the **Section 151 Officer**. All such income will be locked away to safeguard against loss or theft, and to ensure the security of cash handling.
- (x) All appropriate income documents are retained and stored for the defined period in accordance with the Council's [Information Management policies and guidance](#).
- (xi) The **Section 151 Officer** is advised of outstanding income relating to the previous financial year as soon as possible after 31 March, and in line with the timetable for closure of the accounts determined by the **Section 151 Officer**.

8.1.3. Debt recovery

Amounts owed to the Council will be recorded by billing the customer or client in accordance with the Council's Income Management framework.

Executive Directors will ensure that a clear framework is in place within their areas of responsibility which defines who is empowered to raise a debt on the Council's behalf.

Once debts are raised, Executive Directors have a responsibility to assist the **Section 151 Officer** in collecting the debts that they have originated by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf.

8.1.4. Writing off debts

Executive Directors will critically review outstanding debts on a regular basis, in conjunction with the **Section 151 Officer**, and take prompt action to write off debts no longer deemed to be recoverable.

No bona fide debt may be cancelled, other than by formal write off. The approval required to write off any debt is as follows:

Amount	Minimum approval required
Up to £10,000	Budget Holder
In excess of £10,000, and not more than £25,000	Director (<i>following consultation with the Budget Holder</i>)
In excess of £25,000, and not more than £50,000	Executive Director (<i>following consultation with Director</i>)
In excess of £50,000, and not more than £100,000	Section 151 Officer (<i>following consultation with Executive Director</i>)

Amount	Minimum approval required
In excess of £100,000 not more than £250,000	Service Cabinet Member (following consultation with the the Executive Director and Section 151 Officer)
More than £250,000	Cabinet Member for Finance (following consultation with the Section 151 Officer and the Service Cabinet Member)

A record must be maintained for all debts written off. The appropriate accounting adjustments must be made following approval to write-off a debt.

Where debts have been referred to Essex Legal Services, the **Section 151 Officer** will have due regard to their advice when considering action relating to bad debts.

8.1.5. Credit notes

A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt, and once it is confirmed that the debt is not payable.

Credit notes will not be issued:

- (i) For irrecoverable debts, as the formal write off procedure should be followed.
- (ii) Where the debtor cannot afford to pay at that time. The debt should remain, and revised payment terms agreed, as appropriate.
- (iii) Where a debt is to be recovered through deductions from payments. In such instances, the deductions made should be offset against the debtor.

Credit notes will be subject to the approval of the Head of Service / operational budget holder.

8.2. Purchasing and procurement

8.2.1. Introduction

The Council applies a standardised approach to purchasing and procurement, according to the complexity and level of risk involved. Sourcing activity therefore depends on whether the work, goods or services are available via one of the Council's corporate mandated contracts and, if not, on:

- (i) What is being procured;
- (ii) The value of the procurement;
- (iii) The contract terms; and
- (iv) Whether there is likely to be a transfer of staff, safeguarding, clinical governance or information security requirements as a consequence of the procurement.

Compliance with the Council's procedures helps to ensure that value for money is obtained from its purchasing arrangements.

8.2.2. Purchasing via corporate contracts

The Council has a number of corporate mandated contracts in place through which standardised supplies and materials must be procured. Details of the corporate mandated contracts are available on the Intranet.

The Council's Purchase-to-Pay system must be used for ordering goods via a corporate mandated contract.

8.2.3. Procurement

Where there is no corporate mandated contract in place, it is necessary to follow the procurement approach laid out within the Council's [Procurement Rules](#).

There is no requirement for competition for very low risk procurements (i.e. those up to **£10,000** or such other limit set out in the Procurement Rules). Such procurements can be made using:

- (i) An ECC Purchase Card (*the use of which is set out in the Council's [Purchase Card Policy](#)*);
- (ii) The Council's Purchase to Pay system; or
- (iii) The Council's Electronic Payments Tool.

All other work, goods and services must be procured following a competitive process that reflects the relative risks of the procurement (i.e. as laid out within the Council's [Procurement Rules](#)).

Officers involved with engaging contractors, and/or with purchasing decisions, have a responsibility to declare:

- (i) Any links or personal interests that they may have with purchasers, suppliers and/or contractors; and
- (ii) Any gifts or hospitality offered by, or received from, purchasers, suppliers and/or contractors.

The necessity to make such declarations arises from the requirements outlined in paragraphs **6.5.2** and **6.5.3**.

All new contracts must also be recorded and retained in the corporate contracts register in accordance with the [Procurement Rules](#).

Where a third party is procuring goods, work or services on behalf of the Council then the relevant officer(s) must ensure that the third party is aware of and complies with the Council's procurement procedures.

Managers responsible for letting contracts should regularly review contractors' performance and address errors, poor performance and/or mis-representation, and to invoke service credits where applicable.

8.3. Ordering and paying for work, goods and services

8.3.1. Orders for work, goods and services

Orders for work, goods and services must:

- (i) Be in a form approved by the **Section 151 Officer**.
- (ii) Be raised via one of the Council's Purchase-to-Pay systems and issued to the supplier prior to receipt of goods or services or commencement of works. The only exceptions are for periodic payments such as rent or rates and petty cash or purchase card purchases.
- (iii) Not be raised for any personal or private purchases.
- (iv) Be authorised in accordance with the Council's Constitution and by someone of at least the seniority set out below:
 - a. Where the order is issued to reflect a procurement decision taken by Members then the order may be authorised by the operational budget holder;
 - b. Where (a) does not apply, and the order will have effect for more than a year and have a value in excess of **£150,000**, then the order must be authorised by an Executive Director;
 - c. In other cases the order must be authorised in accordance with the table below:

Level	Financial limit	Minimum approval required	Allocated cost centres
L3	Up to £2m	Directors	As defined by Executive Director
L4	Up to £500,000	Heads of Service (i.e. when designated as the operational budget holder)	As defined by Director
L5	Up to £150,000	Officers authorised to act on behalf of the Operational Budget Holder	As defined by the Head of Service

Contracts with a value of under **£1m** may be signed by:

- (i) A person who is authorised to issue an order for that contract; or
- (ii) The **Monitoring Officer** or **Section 151 Officer** or the **Director** with responsibility for **Essex Legal Services** (or a person authorised by any of them).

Contracts with a value of more than **£1m** must be in writing and must be signed in accordance with the Constitution (i.e. by an **Executive Director** or the **Chief Executive** or be affixed under the **common seal** of the Council). Electronic signatures are acceptable if in a form approved by the **Monitoring Officer**.

Executive Directors must maintain a list of staff designated as authorised signatories, identifying in each case the limits of their authority. The authorised signatory list underpins and supports the signatory process, as any officer seeking to commit expenditure will be verified against the database to ensure they have the delegated power to do so.

No one may authorise an order unless they are satisfied that:

- (i) The work, goods and services ordered are appropriate and needed;
- (ii) There is adequate budgetary provision;
- (iii) Where a suitable corporate mandated contract exists, this has been used;
- (iv) Where there is no corporate mandated contract, the Council's [Procurement Rules](#) have been adhered to.

8.3.2. Receipt of work, goods and services

Work, goods and services must be checked upon receipt to ensure they are in accordance with the order. Wherever possible, goods should not be received by the person who approved the order.

For work, goods or services obtained using a **Purchase Card** it is the cardholder's responsibility to ensure that this is done in compliance with the Council's [Purchase Card Policy](#).

For work, goods or services ordered via the Council's Purchase-to-Pay system, the receipt of work, goods and services must be recorded against the original purchase order prior to receipt of an invoice, in order to provide approval to pay the invoice.

8.3.3. Payment of suppliers

For items ordered via the Council's Purchase-to-Pay system, the **Section 151 Officer** will make payments from the Council's funds upon the receipt of proper original, certified copy or valid electronic VAT invoice provided that:

- (i) A valid **purchase order number** is quoted on the suppliers' invoice; and

- (ii) Confirmation of receipt of the work, goods or services has been provided and the invoice is consistent with the receipted amount.

Invoices received which do not quote an approved purchase order number are not valid and will be returned to the supplier unpaid.

The **Section 151 Officer** will also make payments from the Council's funds upon the receipt of proper original, certified copy or valid electronic VAT invoices that have been checked, coded and certified in accordance with the thresholds set out on page 56, confirming:

- (i) The receipt of goods or services to the correct price, quantity and quality standards;
- (ii) That the invoice has not previously been paid;
- (iii) That expenditure has been properly incurred and is within budget provision;
- (iv) That prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices;
- (v) That discounts have been taken where available; and
- (vi) The correct accounting treatment of tax.

Payments to creditors will be made as soon as possible within agreed payment terms, in order to avoid late payment charges under the **Late Payment of Commercial Debts (Interest) Act 1998**, as amended by the **Late Payment of Commercial Debts Regulations 2013**.

Any invoice in dispute with a supplier must be clearly identified and processed in accordance with guidance issued by the **Section 151 Officer**.

It is not permissible to make a payment in advance of the delivery of works, goods or services, or to vary the Council's standard settlement terms, other than with the prior approval of the **Section 151 Officer**.

Executive Directors will notify the **Section 151 Officer** immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision. In such cases, appropriate budget provision should be sought, either by way of a virement (see paragraph 4.3.3) or by way of a supplementary estimate (see paragraph 4.3.4).

The normal methods of payment by the Council shall be by:

- (i) BACS payments direct into suppliers' bank accounts;
- (ii) Purchase Card (*in accordance with the Council's [Purchase Card Policy](#)*).

In exceptional circumstances, where suppliers are unable to accept payment via BACS, cheques will be issued by the **Section 151 Officer**. The use of direct debits to make payments will require the prior agreement of the **Section 151 Officer**.

All appropriate evidence of the transaction and payment documents will be retained and stored in accordance with the Council's [Information Management policies and guidance](#). Executive Directors must advise the **Section 151 Officer**, at the end of each financial year, of outstanding expenditure relating to the financial year just ended, in line with the timetable for closure of the accounts determined by the **Section 151 Officer**.

8.3.4. Contracts for construction and alterations to buildings / civil engineering works

The systems and procedures for dealing with the financial aspects of contracts for construction and alterations to buildings and for civil engineering works must be agreed with the **Section 151 Officer**. This will include the systems and procedures for the certification of interim and final payments, checking, recording and authorising payments, for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status.

8.4. Authority to make payments

For payments other than those arising from purchasing and procurement, transactions must be authorised in accordance with the table below:

Level	Financial limit	Minimum approval required	Allocated cost centres
L1	Over £2m	Chief Executive	All
L2	Over £2m	Section 151 Officer	All
L2	Up to £2m	Executive Directors	All related to areas of responsibility
L3	Up to £1m	Directors	As defined by Executive Director
L4	Up to £500,000	Heads of Service (i.e. when designated as the operational budget holder)	As defined by Director
L5	Up to £150,000	Officers with delegated authority to act on Operational Budget Holder's behalf	As defined by the Head of Service

8.5. Payments to Employees and Members

8.5.1. Salaries

Staff appointments will be made in accordance with the Council's [Recruitment Guidance](#), establishments, grades and scales of pay.

The **Section 151 Officer** is responsible for all payments of salaries and overtime to staff (*with the exception of those schools that have the delegated power to procure their payroll function from elsewhere*). The **Section 151 Officer** will therefore:

- (i) Arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with prescribed procedures, on the due date.
- (ii) Record and make arrangements for the accurate and timely payment of tax, pensions and other deductions.

The **Section 151 Officer** is responsible for ensuring there are adequate arrangements for administering pension matters on a day-to-day basis.

Executive Directors must ensure that effective systems and procedures are operated, so that:

- (i) Payments are only made to bona fide employees.
- (ii) Payments are only made where there is a valid entitlement.
- (iii) Conditions and contracts of employment are correctly applied.
- (iv) Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.

The **Section 151 Officer** and **Director** with responsibility for **organisation development and people** will advise upon the employment status of individuals employed on a self-employed consultant or sub-contract basis.

8.5.2. Expenses and allowances

The **Section 151 Officer** is responsible for the payment of certified expense claims submitted by employees that are made in accordance with the Council's [travel and subsistence guidance](#). Certification of travel and subsistence claims is taken to mean that journeys were authorised and expenses properly and necessarily incurred for business purposes, and that allowances are properly payable by the Council, ensuring that cost-effective use of travel arrangements is achieved. Further guidance is provided in the Travel and Subsistence Guidance.

The **Section 151 Officer** is also responsible for the payment of Members' travel or other allowances. Members expenses must be claimed in accordance with the provisions set out in the Payments and Claims section of the [Constitution](#).

The **Section 151 Officer** will ensure that taxable allowances and benefits are accounted for, recorded and returned, where appropriate, to HM Revenue and Customs. Details of any employee benefits in kind must be notified to the **Section 151 Officer** to enable full and complete reporting within the income tax self-assessment system.

Due consideration should be given to tax implications, ensuring that advice is sought and the **Section 151 Officer** is informed where appropriate.

8.5.3. Ex-gratia payments

Ex-gratia payments are one-off payments made to an employee or former employee as a gesture of goodwill, and not because there is a legal or contractual obligation to do so. They include compromise and other payments made for loss of office.

Ex-gratia payments can be made to employees or former employees subject to obtaining the following approval:

Amount	Minimum approval required
Up to £5,000	Budget Holder.
In excess of £5,000, but not more than £10,000	Director (<i>following consultation with the Budget Holder</i>)
In excess of £10,000 but not more than £50,000	Executive Director (<i>following consultation with the Director</i>)
More than £50,000	Section 151 Officer (<i>following consultation with the Executive Director</i>)

The circumstances of the proposed payment must not have the effect of circumventing other Council pay and allowance policies, tax rules or other legislation.

8.6. Taxation

The **Section 151 Officer** is responsible for ensuring compliance with all relevant taxation regulations and guidance that affect the Council either directly, as a consequence its own activities, or indirectly, as a consequence of service delivery through external partners.

To enable the **Section 151 Officer** to fulfil the requirements of this role, Executive Directors will:

- (i) Ensure that the **Section 151 Officer** is consulted on all proposals that may alter or affect the Council's tax liability, including proposals to implement alternative service delivery models (as outlined in section 9.1, which commences on page 63).
- (ii) Ensure that the [VAT guidance](#) issued by the **Section 151 Officer** is complied with (*i.e. to ensure that the correct liability is attached to all income due and that all amounts recoverable on purchases can be claimed*).
- (iii) Ensure that, where construction and maintenance works are undertaken, the sub-contractor fulfils the necessary **construction industry tax scheme** requirements (*as advised by the Section 151 Officer*).

- (iv) Ensure that the **Executive Director for Corporate Service's** guidance on [fee payments](#) to consultants, individuals or partners is complied with.

The **Section 151 Officer** will maintain the Council's tax records, make all tax payments, receive tax credits and submit tax returns by their due date, as appropriate.

8.7. Emergency Payments

Emergency payments may arise as a consequence of unforeseen circumstances (e.g. as a consequence of a natural disaster, a civil emergency or a court order etc.) where budget provision has not been made and the payment cannot be covered within the relevant service's existing budget.

Emergency payments can only be made in extenuating circumstances with the following approval (as a minimum):

Amount	Approval required
Up to £500,000	Executive Director <i>The Executive Director will notify the Section 151 Officer as soon as practicable after the event that the emergency payment has been made.</i>
In excess of £500,000, but not more than £2m	Chief Executive or the Section 151 Officer (following consultation with the Cabinet Member for Finance)
More than £2m	Cabinet Member for Finance (following consultation with all of the above)

Details of emergency payments made within the financial year will be reported retrospectively to the Cabinet.

8.8. Transparency

To provide transparency in its stewardship of public funds the Council makes information available to the public in relation to its spending, regardless of value. Monthly payment transactions made via purchase card, employee expenses and accounts payable are available to download via the Council's [ECC Spending Information](#) website.

9. External Arrangements

9.1. Alternative delivery models

9.1.1. Introduction

Services may be commissioned from retained services within the Council or via an alternative delivery models. There are various types of alternative delivery model, including, but not limited to:

- (i) **Local Authority Trading Company (LATC)** - separate legal entity in which the Council has an interest that trades for profit with both public and private bodies. An LATC could have a number of legal forms including a company limited by shares, a company limited by guarantee, a community benefit society or a cooperative society.
- (ii) **Joint Ventures** - set up as separate corporate entities joining two or more parties for the purpose of executing a business undertaking. They are able to trade for profit.
- (iii) **Charitable incorporated organisation** - a corporate entity which is regulated by the Charities Commission; surpluses are reinvested in the company.
- (iv) **Social Enterprises** - businesses trading for social and environmental purposes.
- (v) **Outsourcing** - contractual arrangement between the Council and a private provider for the delivery of an agreed service, which involves the transfer of Council staff to the private provider. The outsourced provider can charge its customers and make a profit.
- (vi) **Social Impact Bonds** – contract to achieve agreed social outcomes through a programme of interventions delivered by a number of service providers.
- (vii) **Joint Committee** – joint bodies set up, by agreement, to discharge or carry out activities in conjunction with others.
- (viii) **Unincorporated association** – pooling of resources with other public sector bodies as a means of facilitating joint working in the provision of services.

This list is not intended to be exhaustive, but is provided to illustrate the range and diversity of alternative service delivery models. Any intention to commission services through such a model must only be pursued in compliance with the decision making process outlined in paragraph 9.1.2 below.

9.1.2. Business Cases for alternative delivery vehicles

Any proposal to commission services via an alternative delivery vehicle must be developed through the Council's business case governance framework and using the [business case template](#), to ensure that there is a robust planning and decision-making process in place.

In the event that it is proposed to establish a local authority owned company, the Council's Company Compliance Protocol must also be adhered to.

The Business Case must clearly articulate the options being considered and measure these against the desired outcomes. It should also set out whether there is a statutory basis for the provision of the service or activity under consideration.

Executive Directors are responsible for ensuring that the Council's governance framework is followed through all stages of the business case development and decision making process, and that specialist advice is sought from the following key stakeholders across the Council, at all each stage in the development of the business case:

- (i) **Section 151 Officer** (*including financial, cash management and tax advice*);
- (ii) **Director, Legal and Assurance** (*including Monitoring Officer, Internal Audit and Organisational Risk advice*);
- (iii) **Director, Essex Pension Fund**;
- (iv) **Director, Business Operations** (*including payroll, purchase to pay, income collection, facilities management and business support advice*); and
- (v) **Director, Transformation**;
- (vi) **Director, Commercial and Traded Services**;
- (vii) **Director, Organisation Development and People**.

Executive Directors are also responsible for ensuring that Cabinet approval is obtained before any contract negotiations and/or financial transactions are entered into, and that all agreements and arrangements are properly documented.

The Cabinet is responsible for approving the Council's participation in all significant partnerships / joint working arrangements with other local public, private, voluntary and community sector organisations.

Executive Directors, following advice from the key stakeholders listed above (*including the **Section 151 Officer** and **Monitoring Officer***), will advise the Cabinet on the key elements of arrangements for commissioning services via an alternative delivery model, including:

- (i) The financial roles and responsibilities of the Council with respect to monitoring of the alternative delivery model provider.
- (ii) Appraisal of financial and non-financial risks, together with mitigation plans. The reputational impact of failure to deliver services should be considered, with clear plans on how this would be addressed.
- (iii) A comprehensive list of all the financial commitments the Council will enter into as a result of adopting the alternative service delivery model.
- (iv) The governance arrangements for decision making, and how these will be carried out to ensure that the services provided remain aligned to those of the Council.
- (v) Performance measurement arrangements.

- (vi) Exit arrangements, and what would be done to ensure services continue to be delivered in the event of non-delivery by the service provider.
- (vii) The financial implication (including taxation and cash management issues) arising as a consequence of the proposed alternative delivery model.
- (viii) Transfer of Council assets to the proposed delivery vehicle, and arrangements for safeguarding their title and use.
- (ix) Whether equality, sustainability, recruitment and employment practices, data handling and protection, freedom of information principles, standards and behaviour and arrangements for engaging with citizens and service users are aligned to the Council's legal requirements and policies.
- (x) Audit requirements (both internal and external) and arrangements for the Council's auditors, where relevant, to have access to information.
- (xi) Arrangements for providing information required for the Council's Statement of Accounts to the **Section 151 Officer**.
- (xii) In the event that the proposal is for a local authority trading company, a dividend policy should be agreed that sets out the process by which decisions will be taken regarding the retention or distribution of profits.
- (xiii) Pensions advice.

Where it is proposed to establish a local authority trading company, the new company will use the Council's support service functions, and use the Council's property (and its facilities management services) for the delivery of services on behalf of the Council, unless and until otherwise agreed by the **Executive Director, Corporate Services**. They will bear the full cost of the services provided by the Council's support service functions.

9.2. Partnerships

9.2.1. Context

Partnerships include any arrangements where the Council agrees to undertake, part fund or participate in a project with other bodies; either as a beneficiary of the project, or because the nature or status of the project gives the Council a right or obligation to support it, but it does not include situations where the Council is simply providing funding without assuming any obligation or risk relating to delivery of the project. It is important to understand and distinguish between a partnership in this context and a supplier who the Council may refer to as a 'partner' due to the status that the Council has contractually awarded to it. Irrespective of the title applied to it, this latter type of partnership is a supplier relationship, which will be entered into in accordance with, and governed by, the Council's Procurement Policy and Procedures.

9.2.2. Forming of partnerships

The approval of both the **Section 151 Officer** and the **Monitoring Officer** must be obtained prior to the Council entering into any formal partnership agreement. The approval of the **Section 151 Officer** must also be obtained where it is proposed that the Council adopts the role of 'Accountable Body' for a partnership. This is to ensure that the:

- (i) Legal status and financial viability of the arrangement are clearly established and that they are acceptable.
- (ii) Council's financial commitment to the partnership is quantified and that this can be accommodated within the existing budget provision.
- (iii) Financial and corporate governance arrangements in place for the partnership are robust, and acceptable from the Council's perspective.
- (iv) The Council is not exposed to undue financial, legal or reputation risk as a consequence of its involvement in the partnership.
- (v) Council's own financial accounting and reporting requirements can be satisfied.

A partnership agreement must be produced that documents each of these matters, and the arrangements for dispute resolution and for exiting the arrangement.

The Cabinet is responsible for approving delegations and frameworks for all partnerships.

Executive Directors will ensure that:

- (i) The approval of the **Section 151 Officer** and the **Monitoring Officer** is obtained prior to entering into a partnership agreement.
- (ii) An appraisal is undertaken which demonstrates that the risks associated with the arrangement are minimal, or that appropriate arrangements are in place to mitigate any such risks.
- (iii) The partnership agreement and arrangements will not impact adversely upon the services provided by the Council or upon its finances.
- (iv) The proposed financial contribution by the Council to the partnership can be met from existing budget provision.
- (v) Cabinet approval is secured for all delegations and frameworks for the proposed partnership.

9.2.3. Delegation of budget to a partnership

The delegation of budget to a partnership (whether or not the arrangement is binding on the parties), where money is normally spent in accordance with the wishes of a group of individuals or organisations, is subject to approval as follows:

Amount	Minimum approval required
Less than £250,000	Director
£250,000 and above, but not more than £500,000	Executive Director (<i>following consultation with the Director</i>)
£500,000 and above, but not more than £2m	Section 151 Officer (<i>following consultation with Executive Director</i>)
£2m and above, but not more than £5m	Cabinet Member for Finance (<i>following consultation with Executive Director and the Section 151 Officer</i>)
More than £5m	Cabinet (<i>following consultation with the Section 151 Officer and the Cabinet Member for Finance</i>)

9.2.4. Financial administration

Where the Council is the 'accountable body' for a partnership, these Financial Regulations apply to decisions relating to the expending of that money. All expenditure must be authorised by an appropriate ECC officer, or by someone else who has a statutory power to authorise expenditure. Executive Directors are responsible for ensuring that the Council is promoting and applying the same high standards of financial administration to the partnership that apply throughout the Council.

Whenever any such arrangements are made there must be a written document which clearly establishes the responsibilities of the respective partners for managing the arrangement and the resources made available to the partnership. The document must also set out the arrangements in respect of unspent funding at each year end, unless this is to be returned to the Council as unspent money, and for addressing any over spend.

Executive Directors must provide information on the partnership arrangements to the **Section 151 Officer**, in order that the appropriate disclosures can be made within the Council's annual Statement of Accounts.

9.2.5. Documenting and recording of partnership agreements

Executive Directors must ensure that all partnership agreements and arrangements are properly documented, and that all money for which the Council is accountable is spent via a written contract with the recipient (even if the recipient is a party to the arrangements) and that a register of those contracts must be maintained in accordance with procedures specified by the **Section 151 Officer**.

9.2.6. Representing the Council

Executive Directors will ensure that the Council has full oversight of the operation of the arrangements. This will usually be by officer support and by representation on the 'partnership board' by Members of the Council.

Executive Directors will ensure that appropriate officer input is provided to support Members in this role, and that all decisions made by the Council are discharged as permitted within the Scheme of Delegation that forms part of the Council's Constitution.

9.3. External Funding

9.3.1. Funding conditions

External funding is an important source of income to the Council, but funding conditions need to be carefully considered prior to entering into agreements, to ensure that:

- (i) They are compatible with the aims and objectives of the Council;
- (ii) The necessary procedures are in place to meet funding conditions and reporting requirements; and
- (iii) Appropriate budget provision is available if 'match funding' is required.

All bids for external funding must go through the Council's bid process and be compliant prior to submission. The [Funding and Investment team](#) are the central point of contact and should be notified of all external funding bids, the team will support the bid through the process as well as provide bid development support.

9.3.2. Accounting for external funding

The **Section 151 Officer**, in conjunction with Executive Directors must, as appropriate, ensure that all funding awarded or committed by external bodies is received and properly recorded in the Council's accounts. This will include ensuring that claims for funding are made by the due date, and in accordance with the funding conditions.

9.3.3. External funding claims

The **Section 151 Officer** and Executive Directors must, as appropriate, satisfy audit requirements in respect of external funding claims. This includes maintaining appropriate records that accord with the funding conditions, and making these available to the auditors as required.

9.3.4. Third party expenditure

Sometimes, grant funding awarded to the Council may be passed to an organisation falling outside of the direct responsibility of the Council. The Council will however remain accountable for the grant funding and, as such, will be responsible for ensuring that all of the terms of the grant are met.

The Executive Director in receipt of the grant must ensure that effective monitoring and reporting procedures are in place to provide assurances over the eligibility of expenditure incurred by the third party and the delivery of outcomes. Upon audit, if the eligibility of third party expenditure cannot be proven by the Council, the Council will itself usually be required to return the grant funding to the awarding body.

9.4. Work by the Council for Third Parties

9.4.1. Approval to contractual arrangements

Work can only be undertaken for third parties where the Council has the legal powers to undertake the work. Where such legal powers exist, Executive Directors are responsible for:

- (i) Approving the contractual arrangements for any work undertaken by their services for third parties or external bodies.
- (ii) Ensuring that the appropriate expertise exists to fulfil the contract.
- (iii) Ensuring that no contract adversely impacts upon the services provided by the Council.

9.4.2. Financial aspects of third party contracts

With regard to the financial aspects of third party contracts, Executive Directors will:

- (iv) comply with any guidance issued by the **Section 151 Officer** and will ensure that the appropriate insurance arrangements are made.
- (v) Ensure that all costs arising from the provision of services to a third party are recovered and hence that there is no subsidy included within the contract.
- (vi) Ensure that the Council is not exposed to the risk of bad debts.

9.4.3. Documenting and recording contracts

A written agreement must be put in place between the Council and the third party, which details the services to be provided, over what period and at what price; this will be signed by both parties to the agreement. Executive Directors will provide information on the contractual arrangements to the **Section 151 Officer** as requested, in order that the appropriate disclosures can be made within the Council's annual statement of accounts.

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10. Financial Limits

10.1. General

Throughout these Regulations, there are various financial limits. These limits have been brought together in this section, for ease of reference. The following tables summarise the minimum level of approval required on each matter; in the event that an officer at the specified level is unable to take a decision for any reason then the decision may be taken at a higher level in the organisation. This section is intended to set limits out in one place but it applies subject to any limitations set out elsewhere in Financial Regulations

10.2. Revenue budget virements

Paragraph 4.3.3 set out the Scheme of Virement. This explains that virements that are being actioned to effect a change in policy or priorities (*either within the same portfolio or between portfolios*) will be subject to the following approval:

Amount	Minimum approval required
Up to and including £500,000 <i>(Subject to the aggregation rule in 4.3.3 (xiii))</i>	Director (<i>following consultation with the Budget Holder</i>)
In excess of £500,000, but no more than £2m <i>(Subject to the aggregation rule in 4.3.3 (xiii))</i>	Executive Director (<i>following consultation with Section 151 Officer and Service Cabinet member(s)</i>).
More than £2m and above, but no more than £5m	Cabinet Member for Finance (<i>following consultation with Executive Director, Section 151 Officer and Service Cabinet Member(s)</i>)
More than £5m	Cabinet (<i>following consultation with Cabinet Members as above, Executive Director and Section 151 Officer</i>)

10.3. Supplementary funding

All requests for supplementary funding are subject to the approval of Cabinet or the Cabinet Member for Finance (as detailed in paragraph 4.3.4).

As noted in paragraph 4.3.4, where supplementary funding is provided for a project that slips into the following financial year, or which progresses ahead of schedule, the supplementary funding can be re-profiled between financial years without the need for

further approval up to a threshold of **£500,000**. The approval of Cabinet is required to re-profile supplementary funding in excess of **£500,000**.

10.4. Capital expenditure

As noted in paragraph **3.4.1**, the Council applies various de-minimis limits below which items that meet the definition of capital expenditure will be charged to revenue on the grounds of materiality. The limits are as follows:

De-minimis limits	£
General limit (<i>to be applied where no specific limit is applicable</i>)	10,000
Specific limits	
▪ Schools' capital projects funded or supported by Formula Capital Grants	2,000
▪ Transport (Highways) infrastructure	Nil
▪ Land	Nil

10.5. Capital monitoring and control

Section **4.5** sets out the arrangements for making changes to the capital programme in-year, as follows.

10.5.1. Applying under spends to offset over spends

Where it is intended to redress an over spend against one scheme or 'block' approval by achieving savings against another project, the following consent is required to align the payment guidelines and scheme approvals for both projects:

Amount	Minimum approval required
Up to and including £500,000	Director (<i>following consultation with the Section 151 Officer, to ensure that there are no adverse implications upon capital financing resource, and Budget Holder</i>)
In excess of £500,000, but not more than £2m	Executive Director (<i>following consultation with Section 151 Officer and Service Cabinet Member(s)</i>) unless the saving being utilised is greater than 25% of the project or block approval that it is to come from, in which case the next level of approval is required.
More than £2m, but not more than £5m	Cabinet (<i>following consultation with Cabinet Members as above, Executive Director and Section 151 Officer</i>)
More than £5m	Cabinet (<i>following consultation with Cabinet Members as above, Executive Director and Section 151 Officer</i>)

10.5.2. Re-profiling of payment guidelines between years

For schemes with 'starts approval', the re-profiling of capital payment guidelines between financial years is subject to agreement as follows:

Amount	Minimum approval required
Up to and including £500,000	Director (<i>following consultation with the Section 151 Officer, to ensure that there are no adverse implications upon capital financing resources, and Budget Holder</i>)
In excess of £500,000, but not more than £2m	Executive Director (<i>following consultation with Section 151 Officer, Cabinet Member for Finance and Service Cabinet Member, unless the amount being re-profiled is greater than 25% of the project or block approval, in which case the £2m and above level of approval is required.</i>)
More than £2m above, but not more than £5m	Cabinet Member for Finance (<i>following consultation with Executive Director, Section 151 Officer and Service Cabinet Member</i>)
More than £5m	Cabinet (<i>following consultation with Cabinet Members as above, Executive Director and Section 151 Officer</i>)

10.5.3. Adding scheme and payment approvals to the Capital Programme

Any request to change the capital programme outside of the annual budget setting by adding or removing schemes, by allocating additional scheme and payment approvals to an approved scheme or by accelerating a scheme within the programme must be approved as follows:

Amount	Minimum approval required
Up to £5m	Cabinet Member for Finance (<i>following consultation with the Executive Director, Section 151 Officer and the Service Cabinet Member</i>)
£5m and above	Cabinet (<i>following consultation with all of the above</i>)

10.6. Settling insurance claims

As set out in paragraph 6.3, the settling of insurance claims against the Council will be subject to approval as follows:

Amount	Minimum approval required
Up to £20,000	Senior Claims Handler
In excess of £20,000 and up to £150,000	Insurance Manager
In excess of £150,000 and up to £1m	Director with responsibility for insurance arrangements (<i>in consultation with Insurance Manager</i>)
In excess of £1m	Section 151 Officer (<i>in consultation with Director as above</i>)

10.7. Property transactions

Paragraph 7.1.4 sets out the approval required for property transactions, as follows:

Amount	Minimum approval required
Up to £250,000	Head of Property Management.
In excess of £250,000, but less than £500,000	Director with responsibility for Property Management (<i>following consultation with the Head of Property Management.</i>)
£500,000 and above, but less than £2m	Executive Director with responsibility for Property Management (<i>following consultation with the Director as above and the Cabinet Member with responsibility for Property Management</i>)
£2m and above but less than £5m	Cabinet Member with responsibility for Property Management (<i>following consultation with Executive Director as above and the Cabinet Member for Finance</i>)
£5m and above	Cabinet (<i>following consultation with Cabinet Members as above and Executive Director as above</i>)

Notwithstanding the above thresholds, the approval of the **Cabinet Member for Finance** must be obtained (*after consulting the Cabinet Member with responsibility for Property*) if it is proposed to dispose of the freehold (or a leasehold interest with at least seven years unexpired) in the whole of the Council's interest in a property at a value which is below market value and/or the book value in the previous year's Balance Sheet.

The approval of the **Cabinet Member for Finance** must also be obtained (after consulting the **Cabinet Member** with responsibility for **Property**) if the amount to be realised from the sale of part of an asset will reduce the book value of the remaining asset by more than is being realised.

10.8. Disposal of other assets

Paragraph 7.1.5 sets out the approval required for the disposal of other assets, as follows:

Amount	Minimum approval required
Up to £250,000	Head of Service
In excess of £250,000, but not more than £500,000	Director (<i>following consultation with the Head of Property Management.</i>)
£500,000 and above, but not more than £2m	Executive Director (<i>following consultation with the Director and Service Cabinet Member</i>)
£2m and above but not more than £5m	Cabinet Member for Finance (<i>following consultation with Executive Director as above and the Cabinet Member</i>)
More than £5m	Cabinet (<i>following consultation with Cabinet Member as above and Executive Director</i>)

10.9. Write off of inventory

The approval required to write off inventory balances per annum is detailed in paragraph 7.2, as follows:

Amount	Minimum approval required
Up to and including £10,000	Budget Holder.
In excess of £10,000, but not more than £25,000	Director (<i>following consultation with Budget Holder</i>)
In excess of £25,000, but not more than £50,000	Executive Director (<i>following consultation with Director</i>)
In excess of £50,000, but not more than £100,000	Section 151 Officer (<i>following consultation with Executive Director</i>)
In excess of £100,000 not more than £250,000	Service Cabinet Member (<i>following consultation with the Executive Director and Section 151 Officer</i>)
More than £250,000	Cabinet Member for Finance (<i>following consultation with the Section 151 Officer and the Service Cabinet Member</i>)

10.10. Acceptance of cash payments

As noted in paragraph 6.5.6, the acceptance of cash payments of greater than **£10,000** is prohibited, other than with the prior approval of the **Section 151 Officer**.

10.11. Loans to Third Parties

The approval required for loans sought from the Council (paragraph 7.3.3) that are not loans to employees, treasury management investments, or loans for the purpose of financing expenditure which, if incurred by the Council, would constitute capital expenditure, requires approval as follows:

Amount	Minimum approval required
Less than £2m	Section 151 Officer
£2m and above but less than £5m	Cabinet Member for Finance <i>(following consultation with the Section 151 Officer)</i>
£5m and above	Cabinet <i>(following consultation with Cabinet Member for Finance and Section 151 Officer)</i>

The rate of interest chargeable on loans for this purpose will be determined in consultation with the **Section 151 Officer**, and having due regard to State Aid rules.

10.12. Writing off debts

The approval required to write off debts is detailed in paragraph 8.1.4, as follows:

Amount	Minimum approval required
Up to £10,000	Budget Holder
In excess of £10,000, and not more than £25,000	Director <i>(following consultation with the Budget Holder)</i>
In excess of £25,000, and not more than £50,000	Executive Director <i>(following consultation with Director)</i>
In excess of £50,000, and not more than £100,000	Section 151 Officer <i>(following consultation with Executive Director)</i>
In excess of £100,000 not more than £250,000	Service Cabinet Member <i>(following consultation with the Executive Director and Section 151 Officer)</i>
More than £250,000	Cabinet Member for Finance <i>(following consultation with the Section 151 Officer and the Service Cabinet Member)</i>

All debt write-offs of up to the threshold must be reported to the Service Cabinet Member.

10.13. Purchasing

As set out in paragraph 8.3.1, orders for work, goods and services must be authorised by someone of at least the seniority set out below:

- a) Where the order is issued to reflect a procurement decision taken by Members then the order may be authorised by the operational budget holder;
- b) Where (a) does not apply, and the order will have effect for more than a year and have a value in excess of **£150,000**, then the order must be authorised by an Executive Director;
- c) In other cases the order must be authorised in accordance with the table below:

Level	Financial limit	Minimum approval required	Allocated cost centres
L3	Up to £2m	Directors	<i>As defined by Executive Director</i>
L4	Up to £500,000	Heads of Service (i.e. when designated as the operational budget holder)	<i>As defined by Director</i>
L5	Up to £150,000	Officers authorised to act on behalf of the Operational Budget Holder	<i>As defined by the Head of Service</i>

Contracts with a value of under **£1m** may be signed by:

- a) A person who is authorised to issue an order for that contract; or
- b) The **Monitoring Officer** or **Section 151 Officer** or the **Director for Essex Legal Services** (or a person authorised by any of them).

Contracts with a value of more than **£1m** must be in writing and must be signed in accordance with the Constitution (i.e. by an **Executive Director** or the **Chief Executive** or be affixed under the **common seal** of the Council).

10.14. Other payments

Payments other than those arising from purchasing and procurement must be authorised in accordance with the limits set out in paragraph 8.4, which are listed below:

Level	Financial limit	Minimum approval required	Allocated cost centres
L1	Over £2m	Chief Executive	<i>All</i>
L2	Over £2m	Section 151 Officer	<i>All</i>
L2	Up to £2m	Executive Directors	<i>All related to areas of responsibility</i>

Level	Financial limit	Minimum approval required	Allocated cost centres
L3	Up to £1m	Directors	<i>As defined by Executive Director</i>
L4	Up to £500,000	Heads of Service (<i>i.e. when designated as the operational budget holder</i>)	<i>As defined by Director</i>
L5	Up to £150,000	Officers with delegated authority to act on Operational Budget Holder's behalf	<i>As defined by the Head of Service</i>

10.15. Ex-gratia payments

The approval required to make ex-gratia payments to staff is set out in paragraph 8.5.3, as follows:

Amount	Minimum approval required
Up to £5,000	Budget Holder.
In excess of £5,000, but not more than £10,000	Director (<i>following consultation with the Budget Holder</i>)
In excess of £10,000 but not more than £50,000	Executive Director (<i>following consultation with the Director</i>)
More than £50,000	Section 151 Officer (<i>following consultation with the Executive Director</i>)

10.16. Emergency Payments

As set out in paragraph 8.7, the following approval is required to make emergency payments:

Amount	Minimum approval required
Up to £500,000	Executive Director
In excess of £500,000, but not more than £2m	Chief Executive; or Section 151 Officer (<i>following consultation with the Cabinet Member for Finance</i>).
More than £2m	Cabinet Member for Finance (<i>following consultation with all of the above</i>)

10.17. Delegation of budget to a partnership

Paragraph 9.2.3 sets out what is meant by the term 'partnership', and sets out the approval required to delegate budgets to a partnership as follows:

Amount	Minimum approval required
Less than £250,000	Director
£250,000 and above, but not more than £500,000	Executive Director (<i>following consultation with the Director</i>)
£500,000 and above, but not more than £2m	Section 151 Officer (<i>following consultation with Executive Director</i>)
£2m and above, but not more than £5m	Cabinet Member for Finance (<i>following consultation with Executive Director and the Section 151 Officer</i>)
More than £5m	Cabinet (<i>following consultation with the Section 151 Officer and the Cabinet Member for Finance</i>)

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11. Other key policies and documents

11.1. Introduction

The Financial Regulations should be read and used in conjunction with the Council's other policy documents and guidance. For ease of reference, links to the key documents and guidance are listed below.

11.2. Human Resources

- HR Guidance - My Employment
- Officers' Code of Conduct
- Claiming Expenses Guidance
- Recruitment Guidance
- Disciplinary Policy

11.3. Information handling

- Guidance for information management and security including Retention Policy
- Standards on Data Protection

11.4. Procurement

- Buying Goods and Services (TCS)
- Procurement Policy and Procedures
- VAT Guidance
- Purchase Card Policy
- ECC Spending Information
- Fee Payments to Consultants

11.5. Governance

- Code of Corporate Governance
- Programme and Project Governance
- Board Approvals Guidance including business case template

11.6. Regulatory framework

- Anti-Money Laundering Policy
- Constitution
- Counter Fraud and Anti-Bribery Strategy
- Fees and charges policy
- Risk Management Strategy
- Whistleblowing policy
- Declarations of interest policy
- Gifts and hospitality policy

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Part 2 – Scheme of Delegation for Financial Management

Scheme of Delegation for Financial Management

1. Introduction

The purpose of the Financial Regulations is to set out the Council's financial policies and framework for managing the Council's financial affairs. The Regulations seek to ensure that the Council conducts its affairs in a way that complies with specific statutory provisions and best professional practice. All financial and accounting procedures and delegations must therefore be carried out in accordance with the Regulations and other corporate guidance.

The purpose of this document is to set out how non-executive decisions are reserved or are delegated to officers within the Council.

2. Principles of Delegation

2.1 Introduction

The Financial Regulations are organised around seven themes of financial management as follows:

- (i) [Financial planning](#) (Section 3)
- (ii) [Financial management](#) (Section 4)
- (iii) [Accounting records and financial systems](#) (Section 5)
- (iv) [Risk Management and Internal Control](#) (Section 6)
- (v) [Control of resources](#) (Section 7)
- (vi) [Income and expenditure](#) (Section 8)
- (vii) [External arrangements](#) (Section 9)

For each of these themes, delegation arrangements are needed that support the efficient running of the Council, through appropriate allocation of tasks and responsibilities, and that contribute to an effective internal controls framework. This latter point is assessed on an annual basis through the self-assessment process that Executive Directors are asked to undertake and reported in the Annual Governance Statement.

The specific components of the internal controls framework are:

- Preventative controls (*i.e. segregation of duties, authorisation procedures, physical custody, access limitations*);
- Detective controls (*i.e. arithmetical and accounting checks, consistency checks, continuity checks*); and
- Directive controls (*i.e. written policies and procedures, reporting lines, supervision and management and training*).

Scheme of Delegation for Financial Management

Compliance with Financial Regulations and the Scheme of Delegation for Financial Management not only enhances the Council's control environment but also protects employees against allegations of mismanagement, fraud and unprofessional conduct.

2.2 Powers for delegation

The Council operates a system of devolved financial management which is enshrined within its Constitution which states that any exercise of delegated powers shall be subject to:

- any statutory restrictions;
- Council Procedure Rules;
- Financial Procedure Rules;
- Procurement Policy and Procedures.

In exercising delegated powers:

- Cabinet Members and Officers shall not go beyond the provision made in the revenue or capital budgets for their service except to the extent permitted by financial procedure rules and Procurement Policy and Procedures.
- The delegated authority to Officers includes management of the human and material resources made available for the service areas and the functions concerned.
- In each case the delegated authority excludes the determination of policy, exceptions to policy and budgets by the Cabinet Member or Officer concerned.

Decisions which an officer takes under delegated powers must:

- Only implement a policy or decision previously approved or taken by the Cabinet or Cabinet Member;
- Facilitate or be conducive or incidental to the implementation of a policy or decision previously taken by the Cabinet or Cabinet Member; or
- Relate to the management of the human, material and financial resources made available for the functions for which they are responsible.

Officers do not have the power to:

- Make changes to policies relating to fees, charges or concessions;
- Make decisions on the use of permanent savings in a budget;
- Approve the making of an order for the compulsory acquisition of land; or
- Approve the acquisition of land in advance of requirements.

Scheme of Delegation for Financial Management

This framework reflects the Financial Regulations and allocates responsibilities to Executive Directors as follows:

- Putting in place appropriate budget management and delegation arrangements to ensure the effective use of resources, the safeguarding of assets and the operation of a system of appropriate internal controls.
- Promoting the financial management standards set by the **Section 151 Officer** within their Services, and monitoring adherence to the standards and practices, liaising as necessary with the **Section 151 Officer**, and ensuring that appropriate training is provided to those staff with financial management responsibilities.
- Promoting sound financial practices in relation to the standards, performance and development of staff in their services.
- Advising Cabinet Members of the financial implications of all proposals and ensuring that the financial implications have been agreed by the **Section 151 Officer**.
- Seeking approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.
- Signing contracts on behalf of the Council (in accordance with the Council's Procurement Policy and Procedures).
- Consulting with, and obtaining the approval of, the **Section 151 Officer** before making any changes to accounting records or procedures.
- Complying with the following principles when allocating accounting duties:
 - Separating the duties of (i) providing information about sums due to or from the Council and calculating, checking (including reconciliations) and recording these sums, from (ii) the duty of collecting or disbursing them.
 - Employees with the duty of examining or checking the accounts of financial transactions must not themselves be engaged in these transactions.
- Ensuring that claims for funds, including grants and 'match funding', are made by the due date and that appropriate records are maintained, according to funding conditions.
- Contributing to the development of performance plans in line with statutory requirements.
- Contributing to the development of corporate and service targets, objectives and performance information.

3. Financial Delegations

Matter	Threshold	Delegation to	Ref to Fin Regs
3.1 Control of Resources			Section 7
Ensure that borrowing and investment activities are undertaken in accordance with the parameters and limits set by the Council.		<ul style="list-style-type: none"> ▪ Section 151 Officer; ▪ Director for Financial Services; and ▪ Chief Accountant. 	7.3.2
Day to day management of the Council's treasury management activities, ensuring that temporarily surplus funds are invested until next needed or that funds are borrowed to cover temporary shortfalls of cash.		<ul style="list-style-type: none"> ▪ Chief Accountant; and ▪ Authorised dealing officers. 	7.3.2
Operation of a petty cash imprest account.		Nominated Petty Cash Account Holders	7.3.5
Authorisation of petty cash disbursements per item		Heads of Service / Operational Budget Holders	7.3.5
3.2 Income and Expenditure			Section 8
Authorise the payment, to relevant government agencies and other bodies, of amounts either deducted from salaries, or related to officers' remuneration.		<ul style="list-style-type: none"> ▪ Section 151 Officer; or ▪ Director for Corporate Operations 	8.5.1
Authority to authorise orders from Information Services' online catalogue	Orders for items individually up to £100	<ul style="list-style-type: none"> ▪ Self-certification by person raising the order 	N/A
	Orders for items individually in excess of £100	<ul style="list-style-type: none"> ▪ Head of Service / Operational Budget Holder 	N/A

Matter	Threshold	Delegation to	Ref to Fin Regs
Authorise expense claims (incl. travel and subsistence)	Claims of up to £100 (or 200 miles)	<ul style="list-style-type: none"> Self-certification by claimant 	8.5.2
	Claims in excess of £100 (or 200 miles) and up to £1,000 (or 2,000 miles)	<ul style="list-style-type: none"> Line manager 	8.5.2
	Claims in excess of £1,000 (or 1,000 miles)	<ul style="list-style-type: none"> Head of Service / Operational Budget Holder 	8.5.2
3.3 Pension Fund Arrangements			
To manage the Pension Fund including the power to seek professional advice and to devolve day to day handling of the fund to professional advisors within the scope of the Pension's Regulations.		Director for Essex Pension Fund (<i>subject to Investment Steering Committee approval of the original appointment</i>)	N/A
Authorisation of: <ul style="list-style-type: none"> custody agreements and variations Investment advisor agreements and variations Partnership agreements and variations Investment applications and related documentation 		Director for Essex Pension Fund (<i>subject to Investment Steering Committee approval of the original appointment</i>)	N/A
Authorisation of : <ul style="list-style-type: none"> Investment management agreements and variations Payment of capital calls on approved investments Instructions to the custodian to transfer funds and open/close accounts Applications to sovereign states and administrative areas Tax returns, applications and claims 		Director for Essex Pension Fund	N/A

Matter	Threshold	Delegation to	Ref to Fin Regs
<ul style="list-style-type: none"> Appointment of tax consultants, actuaries and other specialist advisers and consultants The payment of invoices for services supplied to the Pension Fund and refunds of contributions Instructions to the fund actuary 			

Scheme of Delegation for Financial Management

4. Guidance on roles and responsibilities

4.1 Introduction

The Council operates a system of devolved financial management which, in practice, means certain responsibilities are devolved to services, as follows:

- Ensuring that there is proper stewardship of public resources;
- Ensuring that statutory and regulatory standards are met;
- Ensuring value for money;
- Identifying, evaluating and managing risk;
- Supporting good decision making through the provision of financial information and advice to decision makers;
- Analysis of service activity costs and trends to feed into performance information;
- Aligning resource allocations with business objectives;
- Maximising income sources without being diverted from business priorities.

It is therefore important that there is clarity over roles and responsibilities within these areas of activity.

4.2 Budget Holders

The operation of financial management across the Council is carried out within a framework of budget holders, supported by Corporate Services.

The term 'budget holder' is used to cover a range of responsibilities and accountabilities starting from the Executive Director, who will oversee the overall delivery of a range of services, down to the operational budget holder who will be accountable for the day to running of a service and the management of the associated budget.

The default position is that the Director will be the operational budget holder. However, the Director may designate a Head of Service, or another officer, as the operational budget holder, where that officer has responsibility for a service area with a budget of at least **£1m**. Budgets of less than **£1m** are not permitted to be delegated without the approval of the Executive Director of Corporate Services.

There will usually be a series of delegations operating in support of the operational budget holder, whereby those with delegated authority are able to commit funds on the budget holder's behalf (*i.e. within parameters agreed by the operational budget holder*).

The role of each of these levels of 'budget holder', across the main themes in Financial Regulations, is summarised in the following pages.

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
Financial Planning	<ul style="list-style-type: none"> Provides the overall strategic direction, and oversees the preparation of the budget, for their set of services. 	<ul style="list-style-type: none"> Ensures that new initiatives and legislative requirements are considered as appropriate. Prepares the detailed revenue and capital budgets, reflecting the strategic direction set by the Executive Director / Director. 	
Financial Management	<ul style="list-style-type: none"> Assigns budget holder responsibility and ensures there are appropriate budgetary control processes in place. Receives regular reports on performance against budget from Directors. Where appropriate, approves virements within the financial limits set out with Financial Regulations, or seeks additional funding if necessary. Ensures budget provision is in place for any new policies. 	<ul style="list-style-type: none"> Places orders and incurs expenditure for services in accordance with appropriate procurement advice and the approved budget. Records income and expenditure properly and maintains appropriate commitment records to aid with budget management. Prepares reports, with finance support on performance against budget. Where appropriate, approves virements within the financial limits set out with Financial Regulations, or refers to the Executive Director for action, Reviews regularly the value for 	<ul style="list-style-type: none"> Places orders and incurs expenditure for services in accordance with appropriate procurement advice and the approved budget.

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
		money of the service delivery arrangements.	
Accounting records and Financial Systems	<ul style="list-style-type: none"> Ensure Section 151 Officer' approval is obtained to operate or change a financial system (or any financial element of a non-financial system). Ensure that systems are backed up and disaster recovery and business continuity plans are maintained to allow information system processing to resume quickly in the event of interruption. Ensure adequate audit trail exists through computerised systems. 	<ul style="list-style-type: none"> Ensures compliance with proper accounting guidance and practice by following advice and guidance from finance. 	<ul style="list-style-type: none"> Complies with proper accounting practices and guidance issued from finance.
Risk Management and Control	<ul style="list-style-type: none"> Takes overall ownership of risk within their service areas, ensuring risk management is implemented in line with the overall risk management strategy. Reviews risks in their service areas and progress on mitigating actions at regular management 	<ul style="list-style-type: none"> Ensures risk management within their area is implemented in line with the strategy. Reviews service risks and progress on mitigating actions at regular management meetings. Notifies the Section 151 Officer immediately of any loss, liability or damage that may lead to a 	

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
	<p>meetings.</p> <ul style="list-style-type: none"> • Consults the Section 151 Officer and the Monitoring Officer on the terms of any indemnity. • Establishes sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness; and for achieving their financial performance targets. • Undertakes an annual self-assessment of the status of the systems of internal control within their service areas, as directed by the Section 151 Officer. • Supports Internal Audit in any review being undertaken within their area, nominates a sponsor responsible for taking forward audit issues, and responds to issues raised within audit reports 	<p>claim against the Council.</p> <ul style="list-style-type: none"> • Notifies the Section 151 Officer promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances. • Responds to internal audit reports in writing, within a timescale agreed detailing the action intended to address any recommendations, and monitors implementation of agreed actions • Maintains a Hospitality Register and a Register of Interests within each service in which the acceptance of any hospitality or gifts is recorded 	

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
	<p>within the agreed timescale</p> <ul style="list-style-type: none"> Ensures that the anti-fraud and corruption policy is followed and that any appropriate action is taken. 		
Control of resources	<ul style="list-style-type: none"> Ensures there are appropriate control procedures in place with regard to assets, stock and stores 	<ul style="list-style-type: none"> Ensures the proper security of all buildings, vehicles, equipment, furniture, stock, stores and other property belonging to the Council and consults with the Director for Property, Facilities Management and Business Support in any case where security is thought to be defective or where it is considered that special security arrangements may be needed. Ensures that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of such keys must be reported to the Head of Internal Audit. Provides the Section 151 Officer with the information required to maintain the asset register in 	<ul style="list-style-type: none"> Employees operating an imprest account will make adequate arrangements for the safe custody of the account as set out in paragraph 7.3.4 of the Financial Regulations

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
		<p>relation to vehicles, plant and equipment (including IT)</p> <ul style="list-style-type: none"> Maintains inventories of all furniture, fittings, equipment, plant and machinery, and carries out an annual check of all items on the inventory. 	
Income and Expenditure	<ul style="list-style-type: none"> Establishes a charging policy for the supply of goods or services, and reviews it regularly, in line with corporate policies and annual budget setting timetables. Ensures there are adequate arrangements and delegations in place for ordering, authorising and receipting of goods and services. Maintains an up to date list of those staff who can order, authorise and receipt goods and services, and identifies in each case, any limits to an individual's authority. Ensures there is an appropriate 	<ul style="list-style-type: none"> Implements the charging policies. Acts in accordance with the delegated limits applied to ordering, authorisation and receipt of goods and services. Has regard to value for money when considering procurement activities. Establishes and initiates appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly. Notifies the Section 151 Officer immediately of any expenditure to be incurred as a result of statute/court order where there 	<ul style="list-style-type: none"> Raises invoices according to the agreed charging policies. Places orders for goods and services in accordance with the Council's Procurement Policy and Procedures (<i>and on the Council's e-procurement purchase to pay system</i>). Checks goods and services upon receipt to ensure they are in accordance with the order (<i>wherever possible, goods should not be received by the person who approved the order</i>). Records the receipt of goods on the Council's e-procurement purchase to pay system in order to provide an approval to pay for

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
	<p>control arrangement in place relating to cash handling.</p> <ul style="list-style-type: none"> Provides an up-to-date list of the names of officers authorised to sign records to the Head of Human Resources, together with specimen signatures, Ensures that appropriate arrangements are made for meeting the competitive requirements set out in the Financial Regulations. 	<p>is no budgetary provision.</p> <ul style="list-style-type: none"> Ensures that adequate and effective systems and procedures are operated for payments to employees and for goods and services. 	<p>goods and services received by the authority.</p> <ul style="list-style-type: none"> Ensures that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases and expenses complies with HM Revenue and Customs regulations. Follows the guidance on VAT issued by the Section 151 Officer.
External arrangements	<ul style="list-style-type: none"> Ensures partnership arrangements meet corporate policies and strategies for working with other bodies. Ensures partnerships are governed by formal documented agreements. Undertakes a risk management appraisal of proposed new partnership arrangement. Ensures information on the partnership arrangements is provided to the Section 151 	<ul style="list-style-type: none"> Monitors partnership arrangements to ensure they are operating according to agreements. Measures the performance of partnerships to ensure that the overall arrangements represent best value for the people of Essex. Ensures that all funding notified by external bodies is received and properly recorded in the Council's accounts. 	

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
	<p>Officer, so that the appropriate disclosures can be made within the Council's annual statement of accounts.</p> <ul style="list-style-type: none"> Approves the contractual arrangements for any work undertaken for third parties or external bodies. 		

Scheme of Delegation for Financial Management

4.3 Finance support

The Council's system of devolved financial management means that services take decisions on their budgets, supported by Financial Services. The organisational model for finance is one that seeks to minimise transactional resource through the use of technology, allowing for a focus on value-added support to budget holders, backed up by specialist financial analysts and technical accountants where appropriate and when needed.

There is a Head of Finance assigned to each Executive Director, acting as key liaison point between the services covered by the Executive Director and Finance; the Senior Financial Analyst (Capital) undertakes this role in respect of capital projects. The Heads of Finance and the Senior Financial Analyst (Capital) report to the Director for Financial Services, who in turn reports to the **Section 151 Officer**. They are required to report regularly on any issues relating to possible non-compliance with any financial rules or agreed practices and on any financial pressures which may result in a failure to meet the budgets.

5. Authorised Signatory Process

In order to facilitate compliance with the Financial Regulations and Scheme of Delegation for Financial Management (SoDFM), the Council has an authorised signatory process. All posts have been assessed by their Executive Director to determine the extent of their delegated authority. Generally this is aligned to the management hierarchy, as follows:

- Chief Executive assigned to level **one**;
- Executive Director assigned to level **two**;
- Directors to level **three**;
- Heads of Service (when designated as the Operational Budget Holder) to level **four**;
- Officers with delegated authority to act on behalf of an operational budget holder to level **five**.
- All other staff to level **six**.

All staff within posts deemed to have delegated authority at levels one to five are required to complete an authorised signatory form. This sets out the extent of the individual's authority, requires them to confirm the cost centres they have authority against and requires them to provide a specimen signature. By electronically signing this form, managers are confirming that they will abide by the rules and regulations set out both within the Financial Regulations and the SoDFM.

The details are held within the Corporate System, and are used to notify the relevant authorised signatories that transactions need to be approved. The authorised signatory details may also be used by Internal and External Audit to support their testing of the Council's internal controls framework.

The Leader's Report of Cabinet Issues

This report details the main issues considered by the Cabinet at its meetings on 13 December 2016 and 24 January 2017.

1. Revenue and Capital Budgets 2017-18 and Medium Term Resource Strategy

This is the subject of a separate report to the Council at Agenda Item 6.

2. Financial Regulations and Scheme of Delegation for Financial Management

This is the subject of a separate report to the Council at Agenda Item 7.

3. Southend, Essex and Thurrock Strategy for Mental Health

A new pan-Essex, multi-partner Strategy for mental health and wellbeing has been developed by 10 partners (Essex County Council, Southend on Sea Borough Council, Thurrock Council and the seven Clinical Commissioning Groups in the ceremonial County of Essex). It outlines the strategic direction of travel for the mental health system over the next five years.

The Strategy is guided by a vision for mental health in Essex, in turn informed by the national prospectus set out in NHS England's Five-Year Forward View for Mental Health. Partners are also mindful of the importance of ensuring that mental health is a priority for Essex's three Sustainability and Transformation Plans (STPs) and for the Mid-Essex Success Regime.

Broadly, the Strategy is about moving systems in the following way:

- from responses based on medical diagnosis, to holistic, strengths-based models
- from expert-led to co-production partnerships with people who use services
- from clinic to community as the focus for solutions and
- from alleviation of symptoms and crisis management to prevention, early intervention and empowerment.

The Strategy fits with the broader transformation agenda for mental health in Essex, aiming both to improve life outcomes and also to address the economic consequences of poor mental health, for the individual and also for public services. County Council leadership around both the strategy and mental health transformation will be key; mental health has an increasing public profile and

residents do not currently experience a system which has 'parity of esteem' with physical health.

An implementation plan has been developed, and an action plan will follow the Strategy to support its implementation.

The Strategy is expected to have been signed off by all the partners, and to have been considered by the Southend, Essex and Thurrock Health and Wellbeing Boards, by the end of January 2017.

The Cabinet has agreed to adopt the Strategy, and has authorised the Cabinet Member for Health to make any necessary minor changes following consideration of the Strategy by the other partners.

4. Changes to Charges for Adult Social Care

Cabinet has agreed the introduction of new charging practices for adult social care with effect from April 2017 and has approved funding of £721,000 from the Transformation Reserve to implement the changes and to provide short-term and additional support to ensure that people receive the services and benefits they need.

The Council provides domiciliary care to around 9,100 individuals at an annual cost of around £210m. Those service users are generally charged for the services they receive. There is a statutory means test for these charges. Those on a low income pay nothing whereas those considered to have sufficient means are asked to pay a contribution towards the cost of the care in accordance with a means test. Those on the highest incomes are required to pay the full cost of their care.

The means test is set by regulations but local authorities are able to allow people to pay less if they so wish. Some of the practices that have developed in Essex significantly exceed the minimum. This means that service users in Essex are asked to make lower contributions than would apply in other local authority areas.

The Council's financial position means that it must review its expenditure and charging policies for services and move to a position which aligns its policies and practices more closely to the national means test. Although any increase in charges will be unwelcome to service users, these charges will only apply to those who are assessed under a statutory means test as being able to afford to pay them.

The following changes will apply with effect from 10 April 2017:

- Service users will be charged for domiciliary care from the date they start to receive care.
- The Council's practices with regard to people receiving domiciliary care will be aligned to the statutory means test in the following ways:
 - by including the capital value of property in the financial assessment (although the value of their home will continue to be disregarded);

- by disregarding income used to pay for disability-related expenditure only where it is required to be disregarded under the statutory means test; and
 - by reducing the amount of capital disregarded from £27,000 to £23,250.
- Service users will be charged for the cost of safeguarding their property and belongings.

5. Participation in the North Essex Garden Communities Project

The Cabinet has considered a report on progress with regard to the North Essex Garden Communities Project. This was previously the subject of a report to the Cabinet in February 2016, when approval was given to continued joint working and development of proposals for the four councils concerned (Essex County Council, Braintree District Council, Colchester Borough Council and Tendring District Council) to take an active role in the development and construction of the new garden settlements.

The Cabinet has now agreed that the Council should enter into joint arrangements with the district and borough councils of Braintree, Colchester and Tendring to create an overarching body to be known as North Essex Garden Communities Ltd (NEGC) which will co-ordinate the development of the proposed new garden communities in North Essex. It has noted that NEGC will establish a further company (a local delivery vehicle (LDV)) for each of the proposed settlements (Tendring Colchester Borders Ltd, Colchester Braintree Borders Ltd and West of Braintree Ltd) and has approved the proposed governance structures for each LDV.

Cabinet has agreed in principle that the Council will provide proportionate funding to the LDVs in its area, subject to a satisfactory business case setting out the full terms of the arrangement. This funding will be used to pay for delivery of the required infrastructure in a more timely and co-ordinated way than can be achieved with a traditional development. The cost of infrastructure will be repaid out of land value as the scheme is developed (referred to as a 'waterfall repayment').

6. M11 Junction 7A Harlow – Public Consultation Outcome and Designation of Preferred Route Status

Cabinet has noted the outcomes of a public consultation on proposals for a new motorway junction on the M11 (to be known as junction 7A) and has agreed that a route connecting the M11 to Harlow via a new link road to the B183 at Sheering Road and Gilden Way, east of Harlow, should be designated as the Preferred Route. The Director for Commissioning: Transport and Infrastructure has been authorised to submit an application for planning permission for the preferred route.

The continued growth of the town and the resulting pressure on the road network now demands that a strategic plan for the future needs to be agreed to reduce current and forecast congestion and access issues already manifest and likely to worsen.

The design of the proposed new junction and link road has been informed by previous consultations. It seeks to address current congestion and concerns and has been designed to facilitate the future provision of a northern bypass if proposals for such a scheme are in future brought forward.

The scheme provides for traffic management along the Gilden Way corridor into Harlow, including new pedestrian crossings, a 40mph speed limit, walking and cycling improvements, weight restrictions and other measures to control traffic across the primary impacted area.

In reaching its decision, Cabinet heard representations from local residents regarding the proposals. Whilst understanding the concerns expressed, Cabinet was satisfied that its decision reflected the outcome of due process and was the most appropriate bearing in mind the current and future needs of the wider community.

7. Approval of Main Modifications to the Essex and Southend on Sea Replacement Waste Local Plan

Essex County Council and Southend-on-Sea Borough Council are jointly preparing a Replacement Waste Local Plan. In February 2016, both Councils approved the Pre Submission version of the Plan for public consultation and subsequent submission to the Secretary of State for Examination.

The extant Local Plan was adopted in 2001 and is considered to be out of date and must be replaced. The County Council has a statutory responsibility to plan for future waste management capacity from a land use perspective, and it is fulfilling this responsibility by preparing the replacement Plan to support the achievement of sustainable development within the County until 2032.

The Plan was submitted to the Secretary of State who appointed a Planning Inspector to undertake the formal examination process. The Inspector conducted hearing sessions over a two-week period in September and October 2016.

During the hearing sessions the Inspector advised that:

- the Plan is legally compliant including the Duty to Co-operate;
- the overall strategy is sound;
- the site selection process is sound in its overall approach.

However, the Inspector has indicated that a number of modifications are needed to ensure the Plan is sound, legally compliant and suitable for adoption by the Councils.

The Cabinet has considered and approved the main modifications recommended by the Inspector and noted a number of minor changes/amendments identified by the Planning Authority and approved under delegated authority. It has authorised a period of public consultation on all the modifications for a period of no less than six weeks. Provided that the report to be issued by the Inspector following the consultation concludes that the Plan can be adopted with the main modifications, Cabinet has agreed to recommend this to full Council as appropriate during 2017.

8. Extension of the Integrated Community Equipment Service Contract

Equipment is provided by the County Council and NHS bodies to allow frail, elderly and physically disabled people to live independently within their own homes and to facilitate their discharge from hospital.

The County Council currently commissions the equipment services contract on behalf of itself, Thurrock Council, a number of NHS Clinical Commissioning Groups (Castle Point & Rochford, Basildon & Brentwood, North East Essex, Mid Essex) and Mid Essex Hospital Service and Colchester Hospital University Foundation Trust. The joint working is administered via a partnership agreement. The contract is currently let to ECL, a company wholly owned by the County Council. Both the partnership agreement and the contract expire on 31 March 2017.

Cabinet has agreed to extend the contract by three years from 1 April 2017, thereby incorporating two years of further extensions provided for within the current contract plus an extraordinary additional year. The extension is required to make it viable to bring the Pressure Area Care service sub-contract into the core contract so that it can be delivered directly by ECL, and to give a sufficient length of contract for NHS partners to repay the loan arranged to fund the procurement of PAC equipment on hire in the community as part of the current service provision arrangements.

9. Beaulieu Secondary

Cabinet has approved proposals relating to the establishment of a new secondary school in Chelmsford with effect from September 2019. The school is required as a result of a growing demand for secondary school places in the Springfield area of the city, due primarily to the development of new housing at Beaulieu Park. The school will open with 900 places (6 form entry) and then grow to 1,200 places (8 form entry) over subsequent years. It will operate as an all-through provision together with the 420 place primary school already under construction on an adjacent site and to be established for September 2018.

The construction work will be undertaken by Kier Construction Ltd and the school will be operated by a suitable sponsor to be appointed in due course by the Secretary of State for Education.

Councillor David Finch
Leader of the Council

Council Issues

1. Updated Scheme of Delegation to Officers

- 1.1 The Scheme of Delegation to Officers enables Council officers to take decisions on behalf of the Council. The scheme says which decisions are delegated and which officer can take which decision. The scheme gives specific delegated powers to the Chief Executive and to each Executive Director, and to a small number of other senior officers.
- 1.2 In early April 2017 the new officer structure for layers 1 and 2 of the organisation will 'go live'. All Executive Directors will have new post titles and responsibilities. Accordingly the Constitution needs to be updated to include the new posts and the new allocation of responsibilities. The required changes are set out in the attached appendix.
- 1.3 The wording has been tidied up, but there have been no changes of any significance to the substantive delegations, just to the post titles and the responsibilities.

Recommended:

- (1) That with effect from 3 April 2017 the Constitution be amended as set out in the appendix to this report (additions are shown underlined, deletions are shown struck through).
- (2) That as a transitional arrangement, all delegations which were in force on 2 April 2017 shall continue to have effect with respect to any post which currently has delegated powers, until that post is deleted or until 31 December 2017, whichever is the sooner.

2. Pooling of Pension Fund Investment Management Arrangements

1. Background

- 1.1 As highlighted in the Pension Fund annual report to Council in July 2016, in the summer 2015 budget the Chancellor announced the Government's intention to invite Administering Authorities to make proposals for pooling the fund management function for Local Government Pension Scheme (LGPS) investments. Following the Autumn Statement on 25 November 2015 the Department for Communities and Local Government (DCLG) published its criteria for such pooling focusing on four elements:
 1. Scale – it is the Government's desire that pools of assets are created with at least £25bn of assets per pool.
 2. Strong Governance – authorities are charged with defining the mechanisms by which they can hold the pool to account.
 3. Reduced costs – including estimated savings over the next 15 years.
 4. Improved capacity to invest in infrastructure.
- 1.2 Notwithstanding these pooling arrangements, responsibility for determining asset allocation will remain with the individual Administering Authority pension funds. In the case of Essex, this remains the Investment Steering Committee.

- 1.3 Subsequently the Government published revised LGPS Management and Investment of Funds Regulations that came into force on 1 November 2016. The Regulations include the power for the Secretary of State to direct a fund to change its investment strategy or direct that a fund's investment function is undertaken by another organisation if the Secretary of State determines that a fund is failing to act in accordance with guidance issued, including the guidance to pool investments according to the criteria above.
- 1.4 The Investment Steering Committee has previously agreed that Essex be a joint signatory on the ACCESS pool proposal to Government in July 2016. Accordingly the Council has already signed a Memorandum of Understanding (MoU) with the 10 other authorities in the pool to underpin the initial work of establishing the pool. ACCESS contains the following funds:

Cambridgeshire	Kent
East Sussex	Norfolk
Essex	Northamptonshire
Hampshire	Suffolk
Hertfordshire	West Sussex
Isle of Wight	

2. Development of pooling proposals

- 2.1 ACCESS's July 2016 submission was based on pooling investments via a Collective Investment Vehicle (CIV) that would be administered and maintained by a third party Operator, which it was believed at that time to be the Government's preferred means of investment pooling. The third party operator will be collectively managed by the pension funds by use of a joint committee made up of one elected councillor from each authority.
- 2.2 Following representations by some ACCESS Funds, including Essex, to the Secretary of State for Communities and Local Government in September 2016, all of the ACCESS funds agreed that the Government's pooling criteria could be met without the cost and complexity of a CIV Operator, through Collaborative Joint Procurement. ACCESS has put forward an amendment to its July 2016 submission in December 2016 to base the pool on Collaborative Joint Procurement instead of a CIV Operator. Discussions with the DCLG are continuing.
- 2.3 At the time of writing the ACCESS shadow joint committee cannot yet make a final recommendation to the 11 authorities as to the approach the ACCESS pool will adopt.
- 2.4 Regardless of which approach to investment pooling ACCESS pursues, a legally binding Inter-Authority Agreement (IAA) will be required and full Council will be required to agree to the creation of a joint committee to manage the pool and define the governance and cost sharing arrangements for the future operation of the pool.

Recommended:

That Council notes the developments with regard to the pooling of pension fund investment management arrangements and that Council will be asked to agree to delegate certain decisions relating to this pooling and approve an Inter Authority Agreement which will be brought to a future meeting of Council once the shadow ACCESS joint committee has made a final recommendation to the 11 authorities on either a Collective Investment Vehicle or Collective Joint Procurement arrangement.

3. Changes to Memberships

The following change has been made in accordance with the notification given by the Conservative Group Leader:

- Councillor Andy Erskine replaces Councillor Lady Newton as a member of the Essex Fire Authority.

Article 1

The Constitution

1.7 Approval of Changes to the Constitution

Changes to the Constitution will only be approved by the full Council after consideration of the proposal by the Monitoring Officer.

However, if either:

- (i) the Head of Paid Service makes changes to the organisation of the Council's officers or the way in which the delivery of the functions is organised at officer level which impact on the specific powers of the Chief Executive, Chief Officers and other officers contained in part 3 of the Constitution (Responsibility for Functions); or
- (ii) the Executive Director ~~for Corporate~~ and Customer Services (Section 151 Officer) determines that changes are necessary to the Financial Regulations contained within the Code of Corporate Governance for the proper administration of the Council's financial affairs;

and the said officers determine that in the interest of the Council the changes should be implemented in advance of the next available meeting of the full Council, then the officers may make such minimum amendments to those parts of the Constitution referred to above as necessary, provided always, that agreement is obtained from the Chairman of the Council or in his absence the Vice-Chairman of the Council, and notification of such changes shall be submitted to the next available meeting of the Council for formal approval.

The changes shall be submitted to the next available meeting of the Council for formal approval.

Article 4

Officers

4.1 General

The full Council may engage such staff (referred to as "officers") as it considers necessary to carry out its functions.

The recruitment, selection and dismissal of employees will comply with the Officer Employment and Disciplinary Procedure Rules contained within Part 4 of this Constitution.

Officers will comply with the Officers' Code of Conduct contained in the Code of Corporate Governance and the Protocol on Officer/Member Relations contained within Part 5 of this Constitution.

The functions set out within this Article are in addition to those delegations to Chief Officers set out within Part 3 of this Constitution.

4.2 The Nolan Principles: The ^{Page 264 of 286}seven principles of public life

All officers shall have regard to the seven principles of public life as set out in Article 3.3.

4.3 Chief Officers

All Chief Officers:

- (i) contribute to the corporate management of the County Council;
- (ii) represent and promote the County Council as a Local Authority securing high quality services for the people of Essex that demonstrates best value; and
- (iii) develop partnership working.

At any time when there is no Chief Executive in post, any reference in this Constitution to the Chief Executive shall be construed as a reference to the Head of Paid Service.

The following posts are designated Chief Officers.

4.3.1 Chief Executive

4.3.2 Executive Director, Social Care and Education ~~for Place Commissioning~~

4.3.3 Executive Director, for People Commissioning Children and Families

4.3.4 Executive Director, for Corporate and Customer Services

4.3.5 Executive Director, Infrastructure and Environment ~~for People Operations~~

4.3.6 Executive Director, Economy, Localities and Public Health ~~for Place Operations~~

4.3.7 Executive Director, Corporate Development ~~for Strategy, Transformation and Commissioning Support~~

4.3.8 Director, Adult Social Care

4.3.9 Director, Organisational Development and People

4.4 Statutory Officers

Full Council has designated the following posts as shown:

Post	Designation
Chief Executive	Head of the Paid Service under Section 4 of the Local Government and Housing Act 1989.
Executive Director, <u>for Corporate and Customer Services</u>	Chief Finance Officer appointed under section 151 of the Local Government Act 1972
Executive Director, <u>Children and Families for People Commissioning</u>	Director of Children's Services appointed under Section 18 of the Children Act 2004
Director, <u>Adult Social Care</u> for Adult	Director of Adult Social Services appointed under section 6 of the Local Authorities Social Services

Operations	Act 1970
Principal Lawyer (Governance)	Monitoring Officer under Section 5 of the Local Government and Housing Act 1989.
Director, <u>Well-being,</u> <u>Public Health and</u> <u>Communities of</u> <u>Commissioning</u> <u>Healthy Lifestyles</u>	Director of Public Health under section 73A of the National Health Service Act 2006
Scrutiny and Corporate Governance Manager	Scrutiny Officer under Section 9FB of the Local Government Act 2000.

The Post titles as shown in the first column of the above table may be varied by the Chief Executive.

Article 6

The Full Council

6.3 The Functions of the Full Council

Only the Council will exercise the following functions:

- (i) adopt and change the Constitution, in accordance with the procedures contained in Article 1;
- (ii) approve or adopt the Policy Framework and the Budget;
- (iii) any matter in the discharge of an executive function which is covered by the Budget and the Policy Framework where the decision maker is minded to make it in a manner which would be contrary to the Policy Framework or contrary to/or not wholly in accordance with the Budget;
- (iii) election of the Chairman and Vice-Chairman at the annual meeting of Council;
- (iv) appointing the Leader;
- (vi) agreeing and/or amending the terms of reference for committees, deciding on their composition and making appointments to them;
- (vii) appointing Members to the Essex County Fire and Rescue Authority and the Essex Police and Crime Panel;
- (viii) appointing representatives to outside bodies unless the appointment is an Executive function or has been delegated by the Council;
- (ix) adopting an allowances scheme under Article 3.11;
- (x) confirming the appointment of the Head of Paid Service, Monitoring Officer, S.151 Officer, and the Scrutiny Officer ~~and Director for Essex Legal Services~~;
- (xi) dismissal of the Head of Paid Service, the Section 151 Officer or the Monitoring Officer;
- (xii) making, amending, revoking, re-enacting or adopting bylaws and promoting or opposing the making of local legislation or personal Bills;
- (xiii) all Local Choice Functions contained within Part 3 of this Constitution which the Council decides should be undertaken by itself rather than the Cabinet;
- (xiv) designating all Statutory and Non-Statutory Chief Officers;
- (xv) all other matters which, by law, must be reserved to Council; and
- (xvi) appointing and amending the functions of Cabinet.

Article 8

Council Committees

8.1.9 Health and Wellbeing Board

The Board is established in accordance with Section 194 of the Health and Social Care Act 2012 and constituted to meet local requirements.

Quorum

The Quorum for the Health & Wellbeing Board will be one quarter of the voting membership and will include:

- at least one Essex County Council Elected Member
- at least one Clinical Commissioning Group Representative
- Essex County Council *either* Director of Adult Social Care, Director ~~for~~ of Children's Services or Director for Public Health

Membership

Voting Members	
Statutory Members	How Nominated or Appointed
3 x County Councillors*	As nominated by County Council Leader
Essex County Council Director <u>of</u> for Adult Social Care (DASS)	By appointment to post
Essex County Council Director <u>of</u> for Children's Services (DCS)	By appointment to post
Essex County Council Director <u>of</u> for Public Health (DPH)	By appointment to post
Representative of Health Watch Essex	Appointed by Health Watch Essex
Representative of North East Essex CCG	Appointed by North East Essex CCG
Representative of Mid Essex CCG	Appointed by Mid Essex CCG
Representative of West Essex CCG	Appointed by West Essex CCG
Representative of Basildon & Brentwood CCG	Appointed by Basildon & Brentwood CCG
Representative of Castle Point & Rochford CCG	Appointed by Castle Point and Rochford CCG
Other Members	How Nominated or Appointed
Chief Executive of Essex County Council	By appointment to post
4 Borough/City/District Council Representatives	Appointed by the Board on the nomination of the Borough/City/District Council Leaders and Chief Executives Group
Voluntary Sector representative	Appointed by the Board on the nomination of EACVS
NHS Commissioning Board Essex LAT Director	By appointment to post
2 Representatives of Essex Acute Hospital Trusts	Appointed by the Board on the nomination of the Trusts
2 Representatives from Essex mental	Appointed by the Board on the

health and non-acute providers	nomination of the Trusts
Non-Voting Members	
Essex Police and Crime Commissioner	By election to post
Independent Chair of the Essex Safeguarding Children's and Adults Boards	By appointment to posts

*statutory requirement for at least one County Council elected member

Where two or more of the statutory director appointments are held by one person he/she may appoint another officer of the Council to represent one of the statutory roles

Substitute Members

Appointing and nominating bodies may appoint or nominate substitute members to attend meetings which their appointed member cannot attend.

Statutory director members, the Chief Executive of Essex County Council, the NHS England Essex Local Area Team Director and the Non-Voting members may also nominate a substitute to attend meetings which they cannot attend.

In such circumstances the member shall give the Secretary to the Board written notice not later than 5 pm on the working day prior to the meeting that the substitute named in the notice will attend in their place.

The effect of a substitution notice shall be that the member named in the notice shall cease to be a member of the Board for the duration of that meeting and that the substitute member shall be a member of the Board for the same period.

A substitution notice may be revoked at any time preceding the deadline for the giving of such notice.

Article 12

Finance, Contracts and Legal Matters

12.2 Contracts

12.2.1 This paragraph contains the Council's statutory standing orders about the making of contracts in accordance with section 135 of the Local Government Act 1972.

12.2.2 All those undertaking procurement activity for or on behalf of the Council are required to act in the best interests of the Council and with high standards of probity.

12.2.3 The Chief Financial Officer must from time to time issue Procurement Rules which shall be published on the Council's website. All contracts being entered into by the Council must comply with the Council's Procurement Rules.

12.2.4 The Procurement Rules must specify:

- (a) that there is no requirement to secure competition in contracts whose total value is below a value prescribed in the Procurement Rules ("the low value");
- (b) that contracts with a value which exceeds the low value but does not exceed the high value prescribed in the Procurement Rules ("the high value") shall be exposed to competition by means of inviting competitive quotations;
- (c) that contracts with a value which exceeds the high value but which do not exceed the threshold in (d) below shall be let following public notice which invites competitive tenders and requiring that any tenders received are required to be kept unopened in a secure location until the expiry of the deadline for the receipt of tenders;
- (d) that contracts with a value which exceeds the relevant threshold prescribed in accordance with the relevant public procurement directive made by the European Union are required to be awarded in a manner which complies with those rules;
- (e) the circumstances in which the Council is permitted to purchase via a framework agreement; and
- (f) that in addition to the exemptions from competition permitted under the preceding provisions of these Standing Orders, the Executive Director, Corporate and Customer for Corporate Services or another officer authorised by him may grant a waiver from any requirement in these Standing Orders or in the Procurement Rules if he considers that the exemption is justified by special circumstances.

12.3 Legal Proceedings

The Monitoring Officer and the Director, for Corporate Law and Assurance and the Director for Legal Services are authorised to institute, defend or participate in any legal proceedings in any case where such action is necessary to give effect to decisions of the Council or in any case where the Monitoring Officer Director for Corporate Law and Assurance or the Director, Legal and Assurance for Legal Services consider that such action is necessary to protect the Council's interests.

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12.4 Authentication of Documents

Where any document is necessary to any legal procedure or proceedings on behalf of the Council, it will be signed by the Monitoring Officer or the Director, for Corporate Law ~~Legal and Assurance or the Director for Legal Services~~ or some other person authorised by him, unless any enactment otherwise authorises or requires, or the Council has given requisite authority to some other person.

Any contract with a value exceeding £1,000,000 entered into on behalf of the local authority in the course or the discharge of an Executive Function shall be made in writing. Such contracts must either be signed by the Chief Executive or a direct report of the Chief Executive (Tier 1 Officers) of the authority or made under the Common Seal of the Council attested by at least one officer.

12.5 Common Seal of the Council

The Common Seal of the Council will be kept in a safe place in the custody of the Chairman of the Council.

A decision of the Council, or of any part of it, will be sufficient authority for sealing any document necessary to give effect to the decision.

The Common Seal will be affixed to those documents which in the opinion of the Monitoring Officer or the Director, Legal and Assurance ~~for Corporate Law or the Director for Essex Legal Services~~ should be sealed.

The affixing of the Common Seal will be attested by the Monitoring Officer or the Director, Legal ~~for Corporate Law and Assurance or the Director for Legal Services~~ or some other person authorised by either of them, or by the Chairman or in his absence the Vice-Chairman or in his absence a past Chairman of the Council.

15. Scheme of Delegation to Officers

15.1.1 General Principles

This scheme, which has been agreed by the full Council and by the Leader of the Council, authorises officers of the Council to take decisions about the exercise of the Council's statutory functions.

The Council wants its officers to be empowered to manage the services entrusted to them. This scheme is intended to be interpreted broadly.

This scheme ~~and~~ applies to all of the Council's powers and duties derived from legislation or otherwise and all incidental powers and duties.

Executive Functions are delegated by the Leader under section 9J of the Local Government Act 2000 (as amended). References to 'the Regulations' are references to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended).

~~Subject to the following paragraph, this Scheme of Delegation also allows any officer identified in this scheme of delegation to authorise any other officer of the Council (identified by name or description) to exercise any of their delegated powers, subject to any conditions or limitations or exceptions which they may specify. All such authorisations shall be recorded in a register kept by the Monitoring Officer.~~

~~Officers identified in this scheme of delegation may not authorise anyone other than an Executive Director to make any decision on executive functions with financial implications in excess of £500,000.~~

Officers identified in this document as exercising delegated powers will be politically restricted under s2(1)(g) of the Local Government and Housing Act 1989.

Executive Decisions taken by officers must be recorded as required by law.

In exercising any delegated powers, officers are expected to undertake appropriate consultation with other members and officers and shall have regard to any advice given.

An Officer may choose not to take a decision if they feel it is not appropriate for them to make a decision and may refer a matter to the Cabinet Member or to the appropriate committee for a decision.

Officers taking decisions are required to keep Members (including local members) properly informed about relevant decisions.

15.1.2 Who can take decisions under this scheme of delegations

The primary delegated officers are listed in paragraph 15.3 below. In addition, this Scheme of Delegation also allows any other officer of the Council to exercise delegated powers if they have been authorised to do so by any officer listed in 15.3.

- Authorisations can be general or specific in terms of the powers delegated and the officers to which the authorisation applies.

- Authorisations are subject to any restrictions and limits set out in the authorisation.
- Authorisations cannot allow anyone other than the Chief Executive or an Executive Director to:
 - make a decision with financial implications of more than £500,000; or
 - make a decision which the authorising officer could not make.
- Authorisations must be recorded in a register maintained by the Monitoring Officer.

15.1.3 Decisions with financial implications of over £500,000

~~Executive Decisions taken by officers must be recorded as required by law. This scheme does not authorise anyone other than Where the Chief Executive or an Executive Director to take an officer takes a decision on executive functions with financial implications which exceed £500,000. Where an Officer with delegated powers takes a decision with financial implications which exceed £500,000 the decision may only be taken after the officer has:~~

- considered a written report
- consulted the relevant Cabinet Member or in the absence of the relevant Cabinet Member, the Leader.

As soon as practicable after the decision has been taken the report and the decision must be:

- published on the Council's website; and
- circulated to the relevant overview and scrutiny committee.

Nothing in this paragraph requires anything to be published if it includes exempt or confidential information.

~~Decisions taken by Officers must comply with such procedural or other requirements as may from time to time be prescribed by the Section 151 Officer or the Monitoring Officer.~~

~~In exercising any delegated powers, officers are expected to undertake appropriate consultation with other members and officers and shall have regard to any advice given. An Officer may choose not to take a decision if they feel it is not appropriate for them to make a decision and may refer a matter to the Cabinet Member or to the appropriate committee for a decision. To ensure political accountability for decisions, if the decision has financial implications in excess of £500,000 the Officer may not make a decision until they have consulted the Cabinet Member or in the absence of the Cabinet Member, the Leader of the Council. Nothing in this paragraph prevents the Cabinet Member from requiring consultation at a lower level.~~

~~Officers taking decisions are required to keep Members (including local members) properly informed about relevant decisions.~~

15.1.42 Limitations on delegations

- Officers may not take decisions on executive functions if the proposed decision is contrary to the Policy Framework approved by full Council. Any proposal to take a decision contrary to the Policy Framework must be the subject of a report to ~~Where an officer is minded to do this a recommendation must be made to the~~ Cabinet who will make a recommendation to full Council.

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- Any exercise of delegated powers must comply with:

- (i) any restrictions contained in the law;
 - (ii) the Constitution (including standing orders, procurement rules and financial regulations).
- (c) Officers may not take delegated decisions unless adequate budgetary provision has been made for the likely financial consequences of the decision.
- (d) Except as otherwise stated in the scheme of delegation, no officer may take a Key Decision (see paragraph 15.3.1(iii) for the Chief Executive's power to make key decisions)
- (e) Other than as set out below, this scheme does not authorise officers to change fees, charges or concession policies:
- (i) officers may apply inflationary increases to fees, charges and concession policies;
 - (ii) officers may determine fees for one off events or activities;
 - (iii) officers may determine the fees to be charged to other public bodies for services which the Council provides on a commercial or full-cost recovery basis;
- (f) This scheme does not authorise the making of a compulsory purchase order.
- (g) This scheme does not authorise the acquisition of an interest in land in anticipation of future requirements.
- (h) Unless otherwise stated, this scheme does not authorise the confirmation of any order or grant of any permission, consent or licence or other determination where any response is received expressing opposition to the proposed course of action.
- (i) Nothing in this Scheme of delegation authorises any officer of the Council who is not a permanent employee to make any decision with financial implications in excess of £500,000.
- (j) Decisions taken by Officers must comply with such procedural or other requirements as may from time to time be prescribed by the Section 151 Officer or the Monitoring Officer.

15.2 General Delegations

All officers ~~listed in this scheme of delegation~~ listed in paragraph 15.3 have delegated authority to exercise any of the Council's functions and powers so far as it is necessary or conducive to do so in order to provide any service for which they have from time to time been given management responsibility. This includes, but is not limited to:

- (a) managing the human and material resources made available for the services they manage and the authority, in accordance with the Council's policies on pay and recruitment;
- (b) entering into contracts;
- (c) implementing a policy or decision previously approved or taken by the full Council, a committee, the Cabinet or a Cabinet Member;
- (d) doing anything to facilitate or which is incidental to the implementation of such a policy or decision;
- (e) taking enforcement action, serving any notice or making any order;

- (f) ~~to authorising~~ other officers to ~~exercise their delegated functions or to take~~ any other steps necessary for or conducive to the performance of any such powers; or
- (g) exercising discretion as to the institution of legal proceedings.

15.3 Specific Delegations

In addition to the general delegations the officers specified in this scheme have the following specific delegations.

15.3.1 To the Chief Executive

- (i) To act as head of the paid service for the purposes of section 4 of the Local Government and Housing Act 1989 and to make any decision which the Council may make as employer.
- (ii) To determine and publish the management structure of the Council.
- (iii) To take key decisions where a decision is urgent and neither the Leader nor the Deputy Leader is available.
- (iv) To incur expenditure in the event of a civil emergency.
- (v) To exercise in case of urgency the functions delegated to anyone under this scheme of delegation ~~to Executive Directors~~ (but this does not authorise the Chief Executive to discharge the personal responsibility of the Executive Director ~~for Corporate and Customer Services~~ under section 151 of the Local Government Act 1972 or the Monitoring Officer under section 5 of the Local Government and Housing Act 1989).
- (vi) To have responsibility for and to determine any matter relating to elections.
- (vii) To determine the level of performance pay to be awarded to officers and recommend levels of performance pay to be awarded to Executive Directors.

15.3.2 To the Executive Director ~~for Corporate and Customer Services~~

- (i) To act as the Council's officer appointed under section 151 of the Local Government Act 1972 and to make such decisions as are necessary for the proper administration of the Council's financial affairs.
- (ii) To be the Proper Officer under Section 115 of the Local Government Act 1972.
- (iii) To be responsible for:
 - a. all financial management including treasury management
 - b. Democratic Services
 - c. Corporate Operations and payroll
 - d. ~~Property and facilities management~~
 - d. external funding
 - e. all the Council's powers and duties with respect to pensions including the Essex Pension Fund and the Council's involvement with other pension schemes
 - f. Emergency Planning

- g. Health and Safety
- h. Business Continuity
- i. Legal Services

Note: The Executive Director, ~~for~~ Corporate and Customer Services is not empowered to change the managers of the Pension Fund or, unless the Chief Executive agrees, to agree the early termination of the employment of any Executive Director or the Monitoring Officer.

- (iv) To be responsible for the Council's Democratic, Governance and Assurance framework, including democratic support, scrutiny, performance, audit, risk, health and safety, business continuity and insurance and its powers to prevent and detect fraud.
- (v) To act as a Deputy in respect of the management of the finance and property of an individual lacking capacity in accordance with the Mental Capacity Act 2005.
- (vi) To exercise the functions of the Council in relation to the pay and conditions of directly-employed teachers who are subject to the School Teachers Pay and Conditions.
- (vii) To act as the Accountable Body representative on all matters in respect of which the Council has agreed to act as or has been appointed as Accountable Body.
- (viii) To exercise the Council's functions relating to acting as accountable body for any organisation or association (including the South East Local Enterprise Partnership).
- (ix) To authorise the making and issue of any formal documents and to authenticate documents on behalf of the Council.
- (x) To exercise the Council's powers to trade and to make any decision which the Council may make as a shareholder in any company.
- (xi) To exercise the Council's functions relating to
 - (a) Registration of Births, Deaths and Marriages
 - (b) Coroners.

15.3.3 To the Executive Director, Education and Social Care for People Commissioning

Children

- ~~(i) To be the statutory director of children's services and to exercise the functions designated in section 18 of the Children Act 2004 and associated regulations.~~
- (ii) To exercise the Council's functions relating to education and training.
- ~~(iii) To exercise the Council's functions relating to Children's Social Care.~~
- ~~(iv) To exercise the Council's functions relating to the Youth Offending service.~~

~~(v) To exercise the Council's functions relating to the health of children.~~

~~(iv) To make decisions on the licensing of the employment of children.~~

Adults

(i) To exercise the Council's social services functions relating to adults.

(ii) To exercise the Council's powers and duties to people who lack the mental capacity to make some decisions themselves.

Other services

(i) To exercise the Council's powers relating to public health, community wellbeing and joint working with the NHS.

~~(ii) To exercise the Council's functions relating to sport and physical activity.~~

~~(iii) To exercise the Council's functions relating to employment policies and practice.~~

~~(iv) To exercise the Council's functions relating to publication of material and relations with the press.~~

15.3.4 To the Executive Director, Children and Families

(i) To be the statutory director of children's services and to exercise the functions designated in section 18 of the Children Act 2004 and associated regulations.

(ii) To exercise the Council's functions relating to Children's Social Care.

(iii) To exercise the Council's functions relating to the Youth Offending service.

(iv) To exercise the Council's functions relating to the health of children.

15.3.5 To the Executive Director, Infrastructure and Environment

(i) To exercise the Council's functions relating to highways, transportation and traffic other than determination of applications or proposals for modification of the Definitive Map and Statement of Public Rights of Way.

(ii) To exercise the Council's functions relating to waste and recycling.

(iii) To exercise the Council's functions relating to improving the environmental performance and wellbeing of Essex including flood management.

(iv) To exercise the Council's powers with respect to property and facilities management.

15.3.6 To the Executive Director, Economy, Localities and Public Health

(i) To exercise the Council's functions relating to sport and physical activity.

- (ii) To exercise the Council's functions relating to the economic development of Essex and its residents.
- (iii) To exercise the Council's functions as a trading standards (weights and measures) authority, as a health and safety enforcement authority, as a food authority, all powers to protect animal health and welfare and all regulatory services relating to the protection of consumers.
- (iv) To exercise the Council's functions relating to unlawful encampments.
- (v) To exercise the Council's powers with respect to regulatory services and licensing and decisions in connection with permits, regulations, permissions or certificates.
- (vi) To exercise the Council's functions as a local planning authority except for:
 - (a) approval of planning applications where objections are raised by other Local Authorities or where there are more than two individual representations raising planning related objections;
 - (b) approval of planning applications where it has been determined that an environmental impact assessment is required;
 - (c) approval of planning applications where there are objections and the Chairman of the Development and Regulation Committee determines, in consultation with the County Planning Manager, that the application should be determined by the Committee; and
 - (d) approval of planning applications which amount to a significant departure from the development Plan.
- (vii) To exercise the Council's functions relating to the promotion of tourism.
- (viii) To exercise the Council's functions relating to the prevention and reduction of crime and disorder.
- (ix) To exercise the Council's powers to improve the health of the public.

15.3.7 To the Executive Director, Corporate Development

- (i) To exercise the Council's functions relating to publication of material and relations with the press.
- (ii) To decide how technology is provided and used by the Council.
- (iii) To develop strategies for trading and commercial activities to be undertaken by or on behalf of the Council.

15.3.8 To the Director, Adult Social Care

To exercise any power delegated to the Executive Director, Education and Social Care to the extent that it relates to adult social care.

15.3.9 To the Director, Organisational Development and People

- (i) To exercise the Council's functions relating to employment policies and practice.

- (ii) To exercise such of the Chief Executive's functions relating to the Council's role as employer as the Chief Executive may agree.

~~15.3.4 To the Executive Director for Place Commissioning~~

- ~~(i) To exercise the Council's functions relating to highways, transportation and traffic other than determination of applications or proposals for modification of the Definitive Map and Statement of Public Rights of Way.~~
- ~~(ii) To exercise the Council's functions relating to the economic development of Essex and its residents.~~
- ~~(iii) To exercise the Council's functions relating to waste and recycling.~~
- ~~(iv) To exercise the Council's functions relating to improving the environmental performance and wellbeing of Essex including flood management.~~
- ~~(v) To exercise the Council's functions as a trading standards (weights and measures) authority, as a health and safety enforcement authority, as a food authority, all powers to protect animal health and welfare and all regulatory services relating to the protection of consumers.~~
- ~~(vi) To exercise the Council's functions relating to unlawful encampments.~~
- ~~(vii) To exercise the Council's functions relating to libraries, heritage, culture, arts and events and country parks.~~
- ~~(viii) To exercise the Council's functions relating to
 - ~~(a) Registration of Births Deaths and Marriages~~
 - ~~(b) Coroners.~~~~
- ~~(ix) To exercise the Council's powers with respect to regulatory services and licensing and decisions in connection with permits, registrations, permissions or certificates.~~
- ~~(x) To exercise the Council's functions as a local planning authority except for:
 - ~~(a) approval of planning applications where objections are raised by other Local Authorities or where there are more than two individual representations raising planning related objections;~~
 - ~~(b) approval of planning applications where it has been determined that an environmental impact assessment is required;~~
 - ~~(c) approval of planning applications where there are objections and the Chairman of the Development and Regulation Committee determines, in consultation with the Head of Environmental Planning, that the application should be determined by the Committee; and~~
 - ~~(d) approval of planning applications which amount to a significant departure from the Development Plan.~~~~
- ~~(xi) To exercise the Council's functions relating to the promotion of tourism.~~
- ~~(xii) To exercise the Council's functions relating to the prevention and reduction of crime and disorder.~~

~~15.3.5 To the Executive Director for People Operations~~

~~To exercise any power which is listed above as related to Adults and delegated to the Executive Director for People Commissioning where:~~

- ~~(i) the decision is an operational decision relating to a service for which they have responsibility; and~~
- ~~(ii) the decision does not conflict with a decision taken or instruction given by the relevant Executive Director for Commissioning.~~

~~15.3.6 To the Executive Director for Place Operations~~

~~To exercise any power which is listed above as delegated to the Executive Director for Place Commissioning where:~~

- ~~(i) the decision is an operational decision relating to a service for which they have responsibility; and~~
- ~~(ii) the decision does not conflict with a decision taken or instruction given by the relevant Executive Director for Commissioning.~~

15.3.107 To the Director, Legal for Corporate Law and Assurance

- (i) To authorise the institution, defence, withdrawal or compromise of any claims or legal proceedings, civil or criminal including the making of appeals, but they shall consult the relevant Director and the Director, Organisational Development and People before settlement of employment tribunal proceedings.
- (ii) To authorise officers of the Council to appear in courts or tribunals where permitted by law.
- (iii) To authorise the giving of any indemnity by the Council.
- ~~(iv) To be the Proper Officer of the Council for the purposes of the Local Government Act 1972 and the local Government Act 2000, or for any other purpose, unless the constitution names any other officer.~~
- (iv) To authorise the making and issue of any formal documents and to authenticate documents on behalf of the Council and to determine whether a document should be sealed by the affixing of the Common Seal.
- (vi) To attest the affixing of the Council's Common Seal and to appoint others to do so.
- (vii) To exercise the Council's powers and duties to make arrangements with respect to appeals against decisions to expel or to refuse to admit someone to any school.
- (vii) To discharge the functions of the Council with respect to the pensions complaints procedure.
- (viii) To take any step to collect any debt owed to the Council.

- (ix) To determine applications and proposals for modification of the Definitive Map and Statement of Public Rights of Way pursuant to Section 53 or 53A of the Wildlife and Countryside Act 1981.
- (x) To determine applications and proposals concerning the registration of commons or town or village greens.
- (xi) To act as a Deputy in respect of the management of the finance and property of an individual lacking capacity in accordance with the Mental Capacity Act 2005.
- (xviii) The power to determine whether any particular claim for payment under the Members Allowances Scheme is in order.
- ~~(ix) Following consultation with the Council's Independent Persons, to appoint substitute Independent Persons to the Statutory Officer Advisory Panel where the Essex County Council appointed Independent Persons are unable to act. If the Director is unable to discharge this delegation personally, this delegation may be exercised by the Section 151 Officer.~~
- ~~(x) To be the Proper Officer to receive and manage the determination of complaints of failure by Members to comply with the Code of Conduct and to advise the Joint Standards Committee and Sub Committee thereon.~~
- ~~(xi) To investigate complaints against councillors or to arrange for such an investigation to be carried out or to seek a decision from the Standards Committee on whether to investigate and to notify.~~
- ~~(xii) To determine that no further action be taken following a finding that there has been no breach of the Code, subject to consulting an Independent Person.~~
- ~~(xiii) To grant applications for dispensations to members with respect to their or their spouse's interest which arises as a result of membership of another public body.~~
- ~~(xiv) To grant dispensations under the Code of Conduct or the Localism Act 2011 after consulting an Independent Person and the Chairman of the Joint Standards Committee.~~

15.3.118—To the Monitoring Officer Director for Essex Legal Services

- (i) To authorise the institution, defence, withdrawal or compromise of any claims or legal proceedings, civil or criminal including the making of appeals, but they shall consult the relevant Director and the Director, Organisational development and People before settlement of employment tribunal proceedings.
- (ii) To authorise officers of the Council to appear before Magistrates' Courts or District Judges.
- ~~(iii) To authorise the service of notices to ascertain interests in land and to enter upon land in connection with the discharge of any of the functions of the Council.~~
- ~~(iiiiv)~~ To authenticate documents on behalf of the Council.

- (iv) To determine whether a document should be sealed by the affixing of the Common Seal.
- (vi) To attest the affixing of the Council's Common Seal and to authorise others to do so.
- ~~(vi) To be the Proper Officer of the Council for the purposes of the Local Government Act 1972 and the Local Government Act 2000, or for any other purpose, unless the constitution names another officer.~~
- ~~(vii) To discharge the functions of the Council with respect to the pensions complaints procedure.~~
- ~~(viii) To take any step to collect any debt owed to the Council.~~
- ~~(ix) To determine applications and proposals for modification of the Definitive Map and Statement of Public Rights of Way pursuant to Section 53 or 53A of the Wildlife and Countryside Act 1981.~~
- ~~(x) To determine applications and proposals concerning the registration of commons or town or village greens.~~
- ~~(xi) To act as a Deputy in respect of the management of the finance and property of an individual lacking capacity in accordance with the Mental Capacity Act 2005.~~
- (ix) Following consultation with the Council's Independent Persons, to appoint substitute Independent Persons to the Statutory Officer Advisory Panel where the Essex County Council-appointed Independent Persons are unable to act. If the Director is unable to discharge this delegation personally, this delegation may be exercised by the Section 151 Officer.
- (x) To be the Proper Officer to receive and manage the determination of complaints of failure by Members to comply with the Code of Conduct and to advise the Joint Standards Committee and Sub-Committee thereon.
- (xi) To investigate complaints against councillors or to arrange for such an investigation to be carried out or to seek a decision from the Standards Committee on whether to investigate and to notify.
- (xii) To determine that no further action be taken following a finding that there has been no breach of the Code, subject to consulting an Independent Person.
- (xiii) To grant applications for dispensations to members with respect to their or their spouse's interest which arises as a result of membership of another public body.
- (xiv) To grant dispensations under the Code of Conduct or the Localism Act 2011 after consulting an Independent Person and the Chairman of the Joint Standards Committee.



Essex Fire Authority

Report to the Constituent Authorities of the meeting on 7 December 2016

The items reported below are the main issues considered by Essex Fire Authority at its meeting on 7 December 2016. Full details of all the matters considered, together with the minutes of the meeting, can be viewed on the Essex County Fire and Rescue Service website, www.essex-fire.gov.uk.

1. Change in Membership of Essex Fire Authority

The Authority has welcomed Councillor Aaron Watkins (Thurrock Council) and Councillor Andy Erskine (Essex County Council) to membership in place of Councillor Sue MacPherson and Councillor Lady Patricia Newton. The Authority has noted the impact of Councillor Watkins' and Councillor Erskine's appointments on the membership of its committees, and made adjustments as necessary.

2. Statement of Assurance

The 'Fire and Rescue National Framework' for England includes the requirement for the Authority to approve an annual Statement of Assurance. One of the principal aims of the Statement is to deliver an assessment of the fire and rescue service's performance. It will also be used as a source of information on which to base the Secretary of State's biennial report under Section 25 of the Fire and Rescue Act 2004.

The Authority has approved the Statement of Assurance and authorised the Chairman to sign it on behalf of the Authority.

3. Audit Appointments

The Authority has considered options for the appointment of the External Auditor following the end on 31 March 2018 of the transitional arrangements put in place at the closure of the Audit Commission.

Having assessed the relative benefits and risks of the various options, the Authority has agreed to opt-in to the Sector Led Body appointed by the Secretary of State under the Local Audit and Accountability Act 2014. The independent decision on the appointment of the external auditor for the Essex Fire Authority from 2018/19 onwards will therefore be delegated to Public Sector Audit Appointments Ltd.

4. 2020 Programme 6-monthly review

The Authority received and noted an update on the progress of Programme 2020 over the past six months from June 2016. Programme 2020 was set up in February 2015 to plan the work of ECFRS to become service-led, community-focussed, values driven and financially sustainable. The definition phase of the Programme included the work to develop a new Strategy for the Essex Fire Authority, an updated Integrated Risk Management Plan (IRMP) and options for change which were all agreed by the EFA on 8 June 2016.

The implementation plan for the changes consulted upon as Option 2 was approved by the EFA on 7 September 2016 alongside the Authority's new Strategy for the Service.

The Essex Fire Authority Strategy 2016 – 2020, 'Leading the way to a safer Essex' sets out the priorities and significant objectives for the Service. The objectives have been arranged into five strategic themes:

- People and Leadership
- Prevention
- Protection
- Response
- Public Value and Collaboration

With Programme 2020 acting as the delivery vehicle for the Strategy the high-level objectives for the Programme are:

- Implement the key activity required to deliver the future direction of Essex Fire Service as agreed within the Essex Fire Authority Strategy 2016 - 2020
- Implement the changes required to deliver the new response model as agreed at the Essex Fire Authority (EFA) on 8 June, 2016
- Ensure the implementation programme aligns with the programme for emergency service collaboration
- Ensure the actions from the Independent Review Action Plan are met through integration into the delivery of Programme 2020.

The report considered the progress of the programme over the past 6 months from June 2016, specifically in relation to the key milestones and the key areas of programme activity.

The Chairman and Members acknowledged the significant progress that had been made towards implementing the Programme's objectives, and thanked all who had been involved.

5. Attendance at Conferences 2017

The Authority has approved attendance for specified Members of the Authority to attend a range of national events which appear on the Fire and Rescue Service calendar annually, including:

- LGA Annual Fire Conference and Exhibition 2017
- LGA Conference and Exhibition 2017 and;
- ALARM National Education forum for Risk Management Conference 2017.

The Authority has also delegated authority to the Acting Chief Fire Officer, in consultation with the Chairman of Essex Fire Authority, to approve the attendance by Members at any conference, seminar or other activity which has not been the subject of a specific report to the Authority or one of its Committees.

6. Local Business Case

The Authority has received a report by the Acting Chief Fire Officer and a presentation by the Police and Crime Commissioner concerning the draft initial business case prepared by the Police and Crime Commissioner for the joint governance of Police and Fire and Rescue Services in Essex.

The Authority has noted the progress made to date, and acknowledged that development of and consultation on a full Local Business Case will proceed once the Policing and Crime Bill receives the Royal Assent (expected early in 2017). Members of the Authority will continue to have the opportunity to contribute to the development of the full Local Business Case ahead of the formal consultation. It has been agreed to establish a working group with proportional representation and invited representation from the current Essex Police and Crime Panel to consider and make recommendations on the future scrutiny and oversight role of the Police, Crime and Fire Panel.

The Authority has noted that the timescale for implementation of the new governance arrangements is likely to be 1 October 2017, but this is dependent upon a range of activities being achieved before then. In the event of a delay, the next feasible date of transfer would be 1 April 2018.

Councillor Anthony Hedley
Chairman

