



Essex County Council

Corporate Policy and Scrutiny

10:30	Tuesday, 27 October 2020	Online Meeting
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The meeting will be open to the public via telephone or online. Details about this are on the next page. Please do not attend County Hall as no one connected with this meeting will be present.

For information about the meeting please ask for:

Peter Randall, Senior Democratic Services Officer

Telephone: 033301 36131

Email: democratic.services@essex.gov.uk

Essex County Council and Committees Information

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

In accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020, this meeting will be held via online video conferencing.

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

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Please note that an audio recording may be made of the meeting – at the start of the meeting the Chairman will confirm if all or part of the meeting is being recorded.

		Pages
1	Membership, Apologies and Declarations of Interest	5 - 5
2	Minutes To approve as a correct record the Minutes of the meeting held on 29 September 2020.	6 - 9
3	Questions from the Public A period of up to 15 minutes will be allowed for members of the public to ask questions or make representations on any item on the agenda for this meeting. No statement or question shall be longer than three minutes and speakers will be timed. If you would like to ask a question at the meeting, please email democratic.services@essex.gov.uk before 12 Noon the day before the meeting (Monday 26 October).	

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|----------|---|----------------|
| 4 | Home Working and Staff Wellbeing
Members to receive report (CPSC/11/20) alongside a presentation from Cllr Susan Barker, Cabinet Member for Customer Communities Culture and Corporate, Pam Parkes, Director, ODP & Service Transformation, Ben Unsworth, Head of Service Transformation and Alison Woods, Head of People Business Partners, Employment Practice & Equalities. | 10 - 17 |
| 5 | Financial Overview as at the Half Year Stage
Members to receive report (CPSC/12/20) alongside a presentation from Cllr Christopher Whitbread, Cabinet Member for Finance, Stephanie Mitchener, Director of Finance and Procurement, Adrian Osborne, Head of Strategic Finance and Insight and Christine Golding, ECC Chief Accountant. | 18 - 44 |
| 6 | Date of Next Meeting
To note that the next Committee activity day will be on Tuesday, 24 November 2020. | |
| 7 | Urgent Business
To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency. | |

Exempt Items

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

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

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

8

Urgent Exempt Business

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

Committee: Corporate Policy and Scrutiny Committee

Membership, Apologies, Substitutions and Declarations of Interest

Recommendations:

To note

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

Membership

(Quorum 4)

Councillor M Mackrory (Chairman)
Councillor J Abbott
Councillor M Buckley
Councillor G Butland
Councillor M Garnett
Councillor S Lissimore
Councillor D Louis
Councillor M Maddocks
Councillor V Metcalfe (Vice-Chairman)
Councillor J Moran
Councillor M Platt
Councillor R Pratt
Councillor A Turrell
Councillor J Young (Vice-Chairman)

Minutes of the meeting of the Corporate Policy and Scrutiny Committee, held online, on Tuesday 29 September 2020

Present

Councillor M Mackrory (Chairman)
Councillor A Turrell
Councillor M Buckley
Councillor G Butland
Councillor M Garnett

Councillor V Metcalfe (Acting Chairman)
Councillor J Moran
Councillor R Pratt
Councillor S Lissimore

1. Membership, Apologies, Substitutions and Declarations of Interest

There are no changes to the membership of the committee since the last meeting.

Apologies were received from Cllr Maddocks.

No declarations of interest were noted.

2. Minutes

Members approved as a correct record Minutes of the meeting held on 28 June 2020.

3. Questions from the Public

There were no public speakers

4. ECC Reserves

Members received report CPSC/08/20. Cllr Metcalfe welcomed the following Members and officers to the meeting to support the discussion:

- Cllr Christopher Whitbread, Cabinet Member for Finance
- Stephanie Mitchener, Director for Finance
- Adrian Osborne, Head of Strategic Finance and Insight

Cllr Whitbread talked members of the committee through a presentation. Key points raised included:

- The Council holds reserves to provide some resilience to cope with unpredictable financial pressures and long term contractual commitments.
- We have a statutory requirement to provide for an adequate level of reserves

- Section 151 Officer must advise the Council about the level of reserves to hold and report to Members of the Council where reserves have become seriously depleted
- Members are responsible for ensuring that the Council's reserves are appropriate for local circumstances, taking into consideration the advice provided by the Section 151 Officer
- Without adequate reserves, it may be necessary to take remedial urgent action in-year to mitigate challenges that arise, which could lead to longer term consequences
- Our reserves allowed us to get through a particularly challenging period at the start of 2020/21 when a number of emergency decisions were required at the start of the COVID-19 pandemic and we had yet to receive any additional funding from Government
- There are different types of reserve:
 - Restricted use funds: Held for long term contractual commitments or on behalf of others. These are not available for use.
 - Other revenue reserves: Earmarked for transformation and savings projects.
 - General balance reserves: Open reserves used to regulate a working balance, protecting against unexpected cost pressures.
- Return on holding reserves – The council earns interest on some of its reserves. The return on investments from reserve balances achieved an income of £3.7 million in 2019/20. Cash balances were also used to temporarily defer external borrowing, avoiding an estimated £5 million in debt refinancing costs.

Following the discussion, members were invited to ask questions. Key points raised included:

- The waste reserve – The recent court ruling freed up this reserve, but it's unclear yet what will happen to this money.
- Negative interest rates – There is a robust process in place to monitor the state of the interest rates on our reserves. We are looking at what potential negative interest rates would mean for our reserves with the association of county treasurers and CIPFA.
- Investment in technology – drawdowns in 2018-19 helped enable homeworking during the crisis.

Cllr Metcalfe thanked the Cabinet Member and officers for their attendance.

5. Commercial Property Strategy Update

Members received report CPSC/09/20 outlining ECCs current commercial property portfolio and proposed changes to the investment strategy. Cllr Christopher Whitbread remained for this item and was joined by:

- Tina French, Head of Finance, Commercial Insight

Key points raised during the presentation include:

- Original ambition £150m over a number of phases. Cabinet approved initial phase of £50m in July 2017
- Original policy decision to invest outside Essex, driven by financial return.
- £34m invested in property portfolio 3 locations (balanced portfolio – retail, light industrial, office)
- Paused 2018 (Brexit, MRP, borrowing ahead of need guidance etc.)
- Phase 1 saw £34 million invested in 3 locations. These include Keighley retail park, Moorfield Centre in Guildford and 45 Clarendon Road, Watford.
- Expected that the 2020/21 budget will be achieved
- Overall year to date collection rate is currently at 82%.
- Forecast rent collection is 92%
- Value of the portfolio has decreased by £2m to £29.1m
- Work underway on next phase investment strategy within Essex to deliver commercial return and economic growth benefits

Following the presentation, members of the committee were invited to ask questions. Key points raised included:

- Investments in Essex – the committee welcomed the announcement that future investments were to be made in Essex, rather than outside of county boundaries.
- Retail investments – these have held up better than retail investments in town centres because they are out of town retail parks.
- Lambert Smith Hampton (LSH) – members asked how the fee for LSH was calculated. It was noted that LSH receive a set fee rather than an incentive based fee calculated as a percentage of profit from the portfolio.
- Consultancy contract arrangements – the contract falls into the existing MITIE property management contract. This framework is currently under review. Regular check in meetings take place between LSH and the Cabinet Member/s151 officer to monitor progress.
- Drop in value overall – members noted that with all things considered, the value of the properties had actually dipped by £2 million in the round. Members were assured that the market is in a state of flux, and it would be wise to revisit this conversation once the market has settled.

ACTION: the following questions were submitted by the committee to be answered offline:

- *What are the performance metrics on Lambert Smith Hampton?*
- *Have any comparative asset valuations been undertaken to better gauge the current value of our portfolio?*

ACTION: Members requested that this item be scheduled for an update at the March meeting of the committee, before the new investment strategy is finalised.

Cllr Metcalfe thanked the Cabinet Member and officers for their attendance.

6. Future Meeting Dates

Members approved the list of future meeting dates

7. Date of Next Meeting

The next full committee day will be Tuesday 27th October

8. Urgent Business

None received

<Close of public portion meeting>

Members of the committee passed the following formal resolution:

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

9. Urgent exempt Business

None received

Close of meeting

The formal meeting closed at 11.45

Report title: Remote Working and Wellbeing	
Report to: Corporate Policy and Scrutiny Committee	
Report author: Pam Parkes, Director ODP & Service Transformation	
Date: 27 th October 2020	For: Information
Enquiries to: Ben Unsworth, Head of Service Transformation or Alison Woods, Head of People Business Partners, Employment Practice & Equalities	
County Divisions affected: All ECC Employees	

1. Purpose of Report

The national lockdown meant an immediate shift to remote working for the majority of Essex County Council Employees. Wellbeing support was put in place and research was commissioned to understand the impact of remote working and to explore the opportunities arising from such a significant change.

This report provides a briefing on:

- the Digital Remote Working programme and how we are supporting the council to make the most of new ways of working
- What we are doing to support the wellbeing of our workforce now and in the future

The attached presentation describes the research we carried out to understand the experience of our employees and sets out the vision and ambition for the Wellbeing Strategy..

2. Remote Working at Essex County Council

Ways of working

Changes to the way we work at Essex County Council (ECC) were brought about because of lockdown. Many have been successful and there is some desire to keep them. This is dependent on what the service is and whether or not it adversely affects services to our residents.

Understanding remote working at scale

Gavin Jones (CEO) commissioned a piece of discovery research into what model of remote working works best and why. This comprised of:

- an academic literature review
- in-depth user research with ECC employees who took part in video diary studies
- desk research
- data analysis
- an audit of staff surveys
- light touch review of services suitable for delivery by a remote workforce

The overall finding was that a hybrid approach is the most successful model for remote working in the long term. It reduces cost, carbon footprint and road congestion. It increases the physical and psychological wellbeing of staff, reduces social isolation and leads to greater productivity and job satisfaction. It also makes ECC a more inclusive employer which helps attract and retain talent.

3. Remote Working Staff Survey

In May 2020 a survey was issued to employees to gather information on experiences of working from home during the national lockdown. This data can help us make more informed decisions about future ways of working and understand the support people need. The detailed analysis is in the attached Remote Working and Wellbeing presentation.

We received 4,790 responses (63% of ECC employees), including more than 16,000 free text answers that were analysed. There were some differences in response rates between functions, services and teams - so we need to exercise caution when interpreting results.

Top concerns for ASC, C&F, EDU, PPH

- the inability of maintaining social distance
- working in an office environment that is not suitable, especially when compared with their environment at work (some of the elements mentioned: light, ventilation, windows, noise)
- anxiety about contracting the virus

Top concerns for CCS, F&T, ODP&ST

- having to use public transport for travelling to the office
- social distancing
- the return to work in a non-suitable office environment
- anxiety about contracting the virus

The concern that was least mentioned (although it appeared in all functions' responses) was the possibility of losing the benefits of WFH (for example work-life balance).

How we are addressing these issues

We have already put the following in place:

- Default position is still working from home when possible
- Phased, coordinated return to offices for those who can't continue working from home already in place and working well
- Process to coordinate return to other workplaces (i.e. country parks) in place and working well
- Safety measures in place, with clear on-going communication from those services with people returning

- Continuous review of measures in place to adjust or reinforce when necessary
- Safety assessments undertaken at workplace level as well as at service and individual level when required
- Wellbeing support offering

Further recommendations

- Continue to promote and strengthen the Wellbeing offer
- Reduce to the minimum the number of employees returning to the office who need to use public transport
- As soon as possible to share with all employees the plans for improving workplace environment (part of the Ways of Working recovery work)

Tasks people are unable to perform from home

While most of those people whose work can be done in an office said they were able to work from home, there are some tasks that couldn't be done from home or an ECC office. For example:

- Community based tasks like visiting homes, schools or care homes
- Tasks in statutory settings (i.e. court hearings)

People in libraries indicated they couldn't perform any of their normal library duties and had challenges keeping in touch with colleagues when they were redeployed during the Covid-19 response. They did not have ECC laptops or access to devices at home, which presents a risk of creating a digital divide that needs to be considered in any new operating models.

There were some tasks that could be carried out at home if people had access to the right systems and equipment (e.g. printers and scanners). There were also some processes that would require a more fundamental redesign to support effective remote working.

Some staff also expressed a preference for performing relationship-based tasks face-to-face (assessments, supervision, performance management). While being remote doesn't prevent this work taking place, people have some concerns about doing this effectively. People also expressed a concern for the loss of social learning and sharing experiences from spending time together.

4. Remote Working and Wellbeing

To support employees whilst working remotely a range of wellbeing focussed support was put in place.

Wellbeing Communications: During lockdown and beyond to support people working remotely we had regular wellbeing focussed communications via the Intranet and One News including sharing resources and information, campaigns and virtual activities.



My Wellbeing: During lockdown we developed the 'My Wellbeing' information and resource page which is available via the My Learning platform. The My Wellbeing Portal gives access to wellbeing focused learning including a range of guidance, advice and support. Including

- 4 Pillars of Wellbeing: Mental, Physical, Social & Financial
- Covid-19 & Wellbeing
- Bereavement Support & Information
- Line Manager Information
- Signposting

Bereavement Support: Early during lockdown it was recognised that there may be an increased requirement for bereavement support among employees and so a range of additional support via our Occupational Health and Counselling team was put in place. This included:

- **My Wellbeing – Bereavement Support and Information:** a dedicated Bereavement Support and Information section on the My Wellbeing portal to help and support those affected by bereavement. This includes employees who have lost someone, a manager who is helping to support an employee or a manager who is supporting their team as they go through a bereavement or managing the essentials arising from the death of an employee.
- **ECC Counselling Single Point of Access:** Our Counselling Single Point of Access provides employees the opportunity to talk to a trained specialist about bereavement counselling options. Following the assessment further counselling sessions may be arranged either via ECC, counselling

provision available through our EAP or support through other local provision.

- **Virtual Bereavement Safe Spaces:** These virtual safe spaces with a bereavement focus are facilitated by internal counsellors. This is to offer people drop-in support when you want to join others who are experiencing loss too. These sessions will run on Thursdays 10:00am-12:00pm.
- **Line Manager Bereavement Awareness Training:** Designed to prepare managers for the impact of bereavement so that they feel they have the confidence and the tools available to be able to support their teams. This session is delivered in the form of a facilitated webinar. Available for senior leaders and line managers.
- **Trauma Support:** In circumstances where groups of employees are affected by the coronavirus such as a death of a team member or where the work they are doing has been impacted by the coronavirus then we are able to arrange online group trauma support up. This will be provided by either our in-house specialists or via our EAPs critical incident management team.
- **Death in Service Checklist:** We have updated our death in service checklist to provide more in-depth guidance and support for managers, this can be accessed on the My Wellbeing Portal in the 'Senior Leadership and Line Manager Information Playlist'.

5. Wellbeing Strategy

Our Wellbeing Strategy 2020 – 2025 has been in development over the last year and was formally launched on Tuesday 29th September 2020. The development of the strategy was informed by the Digital Remote Working project (including the remote working survey conducted above) and wider employee engagement conducted during the national lockdown. This wider engagement included 1-2-1 interviews, employee networks and panels, and focus groups.

At Essex County Council we define wellbeing as: “A sense of organisation, team and individual health, contentment and resilience. In which employees are supported to make informed choices and engage in positive wellbeing behaviours in order to thrive at ECC and beyond.” Our workplace wellbeing strategy sets out our vision and aims for employee wellbeing, our key areas of focus including our approach and how Essex County Council will seek to measure success.

Our wellbeing vision is to work with and for all within Essex County Council to enable the right environment and behaviours so that individual and organisational wellbeing is embedded in everything we do. Ultimately, creating a healthy, content, resilient and productive workforce who are able to work to the best of their ability and collectively maximise the impact for the residents of Essex.

Our Aims are to:

- Create a safe and healthy work environment which fosters a culture of positive wellbeing, whereby the wellbeing of our people is seen as integral to everything we do.

- Improve general wellbeing for our diverse workforce and ensure that wellbeing is seen as everyone's responsibility across ECC.
- Embed wellbeing as a central part of our strategic priorities for our leaders and councillors across all functions within ECC and ensure that all are aware of our statutory obligations.
- To be identified as an employer of choice who cares about wellbeing and recognises the role wellbeing can play in the bigger picture including improving productivity and ways of working.
- Provide impactful wellbeing support based on the needs of our people, using a collaborative approach.

We have 4 pillars of wellbeing which are: Mental Wellbeing, Physical Wellbeing, Social Wellbeing and Financial Wellbeing.

We have also developed a strategic approach based on 6 key areas of focus. The purpose of our strategic approach is to ensure that wellbeing is seen as essential to 'creating the right conditions' for our people. Wellbeing therefore needs to sit across all areas within ECC. With a focus on creating a wellbeing culture which is championed at all levels, prevention focussed and improves our standards and practices. With the purpose of having a positive impact on the diverse individual needs of all. These key areas of focus are:









- Our Culture
- Prevention
- Our Standards
- My Wellbeing
- Collaboration & Impact
- Leadership & Management

A long-term action plan containing detail of the specific actions we will take over each phase to progress the delivery of our aims and approach will be developed. This strategic plan will be underpinned by business and service plans through which our functions plan their activity. An annual report will be produced at the end of each year to review progress, impact and alignment with wider organisation strategic aims. Ultimately every individual in the organisation should feel a connection to our Wellbeing Strategy's aims, approach and our wellbeing vision.

6. Our Wellbeing Offer

ECC offers a range of wellbeing focussed support to employees including:

ECC WELLBEING SUPPORT

	My Wellbeing Portal
	Employee Assistance Programme (EAP)
	Occupational Health and Counselling Service
	Usual line management and team support structures
	Mental Health First Aiders
	Occupational Health Wellbeing Checks
	Bereavement & Trauma Support
	Wellbeing Comms

7. Wellbeing Support Usage

Employee Assistance Programme (EAP): Q1 usage data shows that usage went up during the last two weeks of the quarter (start of lockdown). Significant increase in counselling requests and mental health support. Other areas include family support, money and older people and so will focus on these in wellbeing activities. Q2 usage data shows usage of the service has not increased from the same quarter in 2019 despite the Covid-19 pandemic. Main areas where people have sort support include; personal support, mental health support and stress support. COVID 19 has not been added as a separate issue by the provider because it is an exacerbating factor across all types of concerns, cited as a worry in over 80% of calls received by the Helpline (all queries not just ECC). Highest usage in ASC.

Occupational Health and Counselling: On average there are 140 OH referrals per month, 15 pre-employment assessments per month and 18 counselling referrals.

My Wellbeing: Average of 350 logins per day to the my learning portal; number of courses being accesses has doubled and wellbeing courses feature in the Top 10 being accessed. Seeing on average 150 completions a week.

8. Next Steps

Remote Working Survey - Version 2

The second remote working survey is live at the time of writing this report.

Financial Wellbeing Education and Support: To support with the financial wellbeing pillar we shortly be launching financial education and products through Salary Finance.

Winter Wellbeing Support and New Ways of Working Standards: We are developing new Ways of Working Standards as part of our Employment Standards suite. Our Employment Standards are the way we articulate the intentions we have for supporting and managing our people. They also clearly set out what you should

expect from the organisation and your line manager, alongside what's expected of our employees in return.

Our new Ways of Working Standards will reflect our desire to support employees to safely work remotely and protect their wellbeing. Recognising the ongoing impact on mental health that the pandemic is having on all of us, as winter approaches. We need to consider the evidence base so we can define and implement the right practice for ECC. The aim is to define minimum standards for ECC which can be augmented and translated within functions to best fit with their business requirements. Our suggested areas of focus are:

1. How We Use Technology: Behaviour and Etiquette
2. Flexible Working and Time Management
3. Leadership and Management
4. Social Interaction and Building Relationships
5. Supporting Employees Working in Offices or in a Hybrid Way
6. Wellbeing for All and Health & Safety

Our next steps for developing the standards are:

- CLT discussion and review
- Business Partner, FRG & FLT and employee network engagement
- Review of Remote Working Survey v2 results
- Testing with employees and line managers
- Develop intranet page with the standards and all resources in one place (also to refer to guidance already on My Wellbeing)
- Focussed communication and engagement plan
- Proposed launch 1st November 2020

**For additional information on the Digital Remote Working project, remote working survey and wellbeing please view the PowerPoint presentation provided with this report.*

Report title: 2020/21 Financial Overview as at the Half Year Stage	
Report to: Corporate Policy and Scrutiny Committee	
Report author: Stephanie Mitchener, Director of Finance	
Date: 27 October 2020	For: Discussion
Enquiries to: Christine Golding, Chief Accountant email christine.golding@essex.gov.uk or Tina French, Head of Strategic Finance and Insight email tina.french@essex.gov.uk	
County Divisions affected: All Essex	

1. Purpose of Report

- 1.1. The purpose of this report is to present and provide commentary to the Corporate Policy and Scrutiny Committee 2020/21 Financial Overview as at the Half Year Stage.

2. Background

- 2.1. Attached is Appendix A – (FP/694/05/20) 2020/21 Financial Overview as at the Half Year Stage.
- 2.2. The decision was taken to Cabinet on Tuesday 20 October 2020.

3. Session Aims

- 3.1. Members are asked to discuss the report and provide feedback/recommendations to officers. Members are also asked to explore potential future scrutiny topics that might arise from discussions.

4. List of appendices

- **Appendix A:** (FP/694/05/20) 2020/21 Financial Overview as at the Half Year Stage.

Report title: 2020/21 Financial Overview as at the Half Year Stage	
Report to: Cabinet	
Report author: Nicole Wood, Executive Director for Finance and Technology	
Date: 20 October 2020	For: Decision
Enquiries to: Adrian Osborne, Head of Strategic Finance and Insight	
County Divisions affected: All Essex	

1. Purpose of report

- 1.1 The purpose of this report is to set out the forecast financial position of Essex County Council's (ECC) revenue and capital budgets as at the half year stage of the 2020/21 financial year. There is a minor forecast over spend of **£2m** (0.2%) against a net revenue budget of **£1bn**. This position includes the impact of the first claim the Council has made to government relating to the local government income compensation scheme for lost sales, fees and charges related to COVID-19. The over spend is primarily driven by additional costs and lost income as a result of the COVID-19 pandemic.
- 1.2 This is a favourable movement since the Quarter 1 report of **£10.3m**. **The reasons for this movement are set out in section 5.**
- 1.3 The impact of COVID-19 continues to make it incredibly difficult to produce an accurate forecast for the year. It is still not clear how long and to what extent impacts will be seen, or whether we could be subject to local lockdowns. A second wave in the pandemic is currently building but we do not know the impact it will have on the local community and the services ECC provides. It is therefore likely that there will continue to be volatility in the position as the year progresses.
- 1.4 To date ECC services have continued to be managed and delivered well, despite the complexities that the pandemic has created. The Council's historical investment in Digital Foundations has prepared the organisation for the new ways of working landscape, enabling staff to seamlessly work remotely. A strong level of financial control and due diligence has been in place during the pandemic, supported by transparent decision making and the welcome emergency funding received from Central Government. Despite this, it is estimated that the emergency funding so far falls short of the full costs and liabilities arising from COVID-19. There are also a range of further cost pressures that may impact in the remaining months of the year, including the impact of the cessation of the Coronavirus Job Retention Scheme on unemployment and the likelihood of this leading to an increased demand for services. At this stage it is unclear if there will be any further additional funding from Central Government.

- 1.5 An under spend of **£5.8m** (2.6%) is forecast against the latest capital budget of £227.6m. After taking account of budget change requests in this report there is a residual under spend of **£71,000**.

2. Recommendations

Approval is sought for the following:

2.1 To draw down funds from reserves as follows:

- i. **£4.2m** from the General Balance to the Health and Adult Social Care portfolio to mitigate loss of income due to impact of COVID-19 (section 5.9.vi)
- ii. **£2.1m** from the Adults Digital Programme Reserve to the Health and Adult Social Care portfolio to fund projects in 2020/21 (section 5.9.vi).
- iii. **£600,000** from the Service Improvement Reserve to the Leader RSSS portfolio to support the Just About Managing (JAM) programme of work (section 5.15.ii)
- iv. **£342,000** from the Reserve for Future Capital Funding to the Customer, Communities, Culture and Corporate RSSS portfolio relating to the transfer of RFID (Self Service in Libraries) budget from capital to revenue (section 5.13.iii)
- v. **£254,000** from the Service Improvement Reserve to the Health and Adult Social Care portfolio relating to Mental Health funding (section 5.9.vi)
- vi. **£160,000** from the Transformation Reserve to the Customer, Communities, Culture and Corporate RSSS portfolio relating to the Future Resourcing Services to Deliver ECC's Workforce Strategy project. This was previously approved (FP/160/05/18) but has time lapsed. (section 5.13.iii)
- vii. **£96,000** from the Recovery Reserve to Customer, Communities, Culture and Corporate RSSS portfolio (**£72,000**) and to the Leader RSSS portfolio (**£23,000**) in relation to COVID-19 additional costs for staffing and communications campaigns (sections 5.13.iii & 5.15.ii)
- viii. **£4,000** from the Transformation Reserve to Customer, Communities, Culture and Corporate RSSS portfolio relating to the pilot for technological solutions for Children and Families front line teams (section 5.13.iii)
- ix. **£109,000** from the General Balance to Other Operating Costs to reduce the planned appropriation from trading activities due to impact of the

change to the terms and conditions of the Music Hub Grant (sections 5.11.ii & 6.3)

2.2 To appropriate funds to reserves as follows:

- i. **£7.5m** to the General Balance from Health and Adult Social Care portfolio due to lower demand levels than originally anticipated for COVID-19 funding approved in relation to hospital discharge beds and funding recovered from Health (section 5.9.vi)
- ii. **£1.3m** to the General Balance from the Deputy Leader and Infrastructure portfolio relating to COVID-19 losses, predominantly from enforcement income being lower than originally anticipated (section 5.3.iii)
- iii. **£761,000** to the Private Finance Initiatives (PFI) Equalisation Reserves from the Deputy Leader and Infrastructure portfolio in relation to the A130 PFI and due to lower in year predicted traffic volumes (section 5.3.iii)
- iv. **£400,000** to the Carry Forward Reserve from the Customer, Communities, Culture and Corporate RSSS portfolio (**£260,000**) and the Finance RSSS portfolio (**£140,000**) to support future years savings targets. (sections 5.13.iii & 5.14.ii)
- v. **£282,000** to the Carbon Reduction Reserve from the Deputy Leader and Infrastructure portfolio due to lower than budgeted energy prices within Street Lighting (section 5.3.iii)
- vi. **£76,000** to the Carbon Reduction Reserve from the Environment and Climate Change Action portfolio for tree planting in 2021/22. (section 5.7.ii)
- vii. **£58,000** to the Private Finance Initiatives (PFI) Equalisation Reserves from Education and Skills portfolio in relation to Clacton Secondary schools and Building schools for the future. (section 5.6.ii)

2.3 To approve the following adjustments:

- i. Vire **£175,000** from the Customer, Communities, Culture and Corporate portfolio to the Environment and Climate Change Action portfolio as a result of the staffing restructure (sections 5.2.iv & 5.7.ii)
- ii. Vire **£75,000** from the Deputy Leader and Infrastructure portfolio to the Economic Development portfolio following the Place and Public Health management restructure (sections 5.4.ii & 5.3.iii)
- iii. To amend the capital budget as shown in Appendices C (i) and C (ii) which allows for capital slippage of **£8.8m**, capital budget additions of

£5.9m, capital budget reductions of **£8m** and advanced works of **£5.2m** (see section 7.2).

- iv. To amend the capital budget in outer years to allow for additions of **£5m** within M11 Junction 8 scheme, owing to a shortfall in the original budget identified via mid-range tender returns. Note that this change does not impact 2020/21 capital budget and is predominantly an addition to 2022/23 spend.
- v. Transfer **£4.5m** of the third tranche of COVID emergency funding from the Grant Equalisation reserve to the Recovery reserve in order to support the Council's ongoing response to and recovery from the COVID-19 impact.

3. Executive Summary: Revenue

3.1 Appendix A summarises the revenue budgets and forecast outturn for each portfolio. There is a full year forecast over spend of **£2m (0.2%** against a net budget of **£1bn)**. The overspend is primarily driven by the additional costs and lost income or savings, as a result of the COVID-19 pandemic and specifically:

- i. Environment and Climate Change Action **£3.8m** due to under recovery of income driven by closure of services earlier in the year due to COVID-19 and the ongoing impact of social distancing measures that need to remain in place in Country Parks and Essex Outdoors, together with waste pressures due to increased volumes driven by residents working from home.
- ii. Deputy Leader and Infrastructure **£3m** due to shortfall in Park and Ride and Bus Lane Enforcement income as a result of COVID-19 and undeliverable savings for Parking Partnerships.
- iii. Customer, Communities, Culture and Corporate **£1.4m** due to income shortfalls on Registrations and Libraries Services because of the COVID-19 lockdown restrictions put in place.
- iv. Education and Skills Non DSG **£1.3m** with income shortfalls in the Youth Service, Passenger Transport, and Adult Community Learning (ACL), together with an over spend in Home to School Transport where it was decided not to levy a parental contribution in Post 16 following the pandemic.
- v. Finance **£1.2m** over spend where the budgeted increase in Commercial income in this current economic climate is now very unlikely to be achieved.

- 3.2 With the ongoing uncertainty around a second COVID-19 wave and the potential for further lockdowns there are further cost pressures related to COVID-19 that may occur in the remaining months of the financial year. These include Local Bus, Home to School Transport for the transfer of ineligible children from the commercial network and continued income pressures across a range of services, for example Ceremonies, Libraries and Country Parks. In addition to this, with the end of the Coronavirus Job Retention Scheme in October, there is a risk increased levels of unemployment result in increasing entitlement to services and reductions in Council Tax collection rates. The current estimated impact on Council Tax is detailed in section 3.5.
- 3.3 The Council has continued to be proactive around its response to COVID-19. Since March 2020 approved decisions have agreed that £76.1m of reserves can be drawn down to meet the cost of COVID-19 related actions. Emergency funding from central government to date has totalled £72.8m, however despite this allocation there is an estimated residual COVID-19 specific pressure of £11.6m. This could be reduced to £10m assuming Government accepts our first submission for compensation of £1.6m for income losses during the period April to July. The Council has also used the Coronavirus Job Retention Scheme and claimed £1.1m.
- 3.4 A request is made within Adult Social Care to return £3.3m to reserves. £17.5m of the original COVID-19 decisions covered expenditure that is now expected to be recoverable from Health funding. £3.5m of this £17.5m is now no longer required largely due to the demand for hospital discharge beds being lower than originally predicted, together with a request to return £4m of funding that has been recovered from Health since Quarter 1. However, the impact of loss of Residential Income has been more significant than originally forecast and therefore there is a request to repurpose £4.2m of the £7.5m, to offset this increased loss of income.
- A request is also made by Deputy Leader and Infrastructure to return £1.3m to reserves in relation to funding provided for anticipated COVID-19 pressures. Estimated losses on Highways, predominantly for enforcement income, are now £1.3m lower than the original decision taken.
- 3.5 The latest estimated reduction in council tax collection fund income for the full year 2020/21 is **£25m**, although there is a high level of uncertainty with this given the level of deferred payments in place and the impact of the tapering of the Coronavirus Job Retention Scheme. The cash impact of this loss can now be spread over the next 3 financial years, creating a cash pressure of approximately £8m per annum between 2021/22 and 2023/24. If the current year collection fund loss results in a permanent reduction to the tax base, that will also create a further £25m pressure on the 2021/22 budget, which will be a significant funding reduction for the Council. Whilst there is an income guarantee scheme for fees and charges, it is not yet clear what Government support package may be made available for council tax losses.

- 3.6 The revenue position reported in section 5 is after proposed adjustments in this report, set out in sections 2.1 to 2.3.

4. Executive Summary: Capital

- 4.1 The original capital programme for 2020/21 as set by Full Council in February 2020 was **£234.8m**. The forecast outturn is **£221.8m**, before adjustments proposed within this report. This represents an under spend of **£5.8m** against latest budget of **£227.6m**. After taking account of budget change requests in this report, there is a residual under spend of **£71,000**. More detail is set out in Section 7.
- 4.2 The **£5.8m** under spend is mainly due to removal of £5.3m in relation to the Essex Employment Space project where ECC have decided not to proceed with the land purchase.
- 4.3 Summary of approvals sought:
- Slippage: £8.8m
 - Additions: £5.9m
 - Reductions: £8m
 - Advanced Works: £5.2m
- 4.4 Appendix C (i) summarises current year forecasts and changes to the Capital Programme for 2020/21 since approval of the original programme in the Budget Report to Council in February 2020. Appendix C (ii) contains the detail of the budget adjustments seeking approval.

5. Revenue Position

5.1 Children and Families - £1.5m (1.1%) under spend

- i. The forecast under spend relates to an increase in the daily rate claimable via the Home Office for Unaccompanied Asylum Seeking Children (UASC). This will entitle ECC to claim an estimated additional **£1.3m** to fund the support provided in 2020/21 (and ongoing).
- ii. The favourable movement of **£821,000** since the Quarter 1 report is mainly due to an increase in the amount of UASC grant expected for the year (£350,000), a favourable movement in placement spend (£150,000) and a decrease in the staffing over spend (£100,000).
- iii. This position includes a **£2.9m** pressure built into the forecast for a possible 10% rise in Children in Care (CIC) costs for a period of four months at the end of the year due to anticipated COVID-related pressures.

5.2 Customer, Communities, Culture and Corporate - £1.4m (5.8%) over spend

- i. The forecast is due to over spends in the Registrations Service **£1.6m**, Libraries Service **£765,000** and Heritage and Cultural Service (driven by Essex Records Office) **£148,000** attributable to income shortfalls because of the restrictions put in place in response to the COVID-19 pandemic. These pressures are partly offset by under spends in Customer Services and Member Enquires **£186,000** and Deputyships **£187,000**. Offsetting the over spend is **£777,000** due to the first Government fees and charges compensation Scheme claim relating to the lost income for Libraries services and Weddings between April and July.
- ii. This is a **£1.3m** favourable movement since the Quarter 1 report. There is an adverse movement in Registrars of **£264,000** because of further reduced ceremony volumes, offset by favourable movements on:
 - Libraries, **£341,000** predominately due to changed recruitment plans in the Library Service and Customer Communities Optimisation teams
 - Deputyships, **£184,000** where there has been an agreement with the Office for the Public Guardian to charge property fees to certain clients thus increasing income
 - Customer Services and Member Enquiries, **£204,000** which is mainly due to efficiencies in the team that services Highways comments and complaints
 - Government Fees and Charges Compensation Scheme Claim of, **£777,000** in relation to the loss of income for Libraries services and Weddings.
- iii. Reserves funding of up to **£10m** has been approved for costs associated with Excess Deaths management. There is currently a forecast of **£2.6m**, after accounting for contributions from partners that will be funded by a drawdown from the General Balance.
- iv. Approval is sought in this report for the following:
 - **£175,000** to be vired to the Environment and Climate Change Action portfolio as a result of the staffing restructure that has taken place between Heritage and Cultural Service and Country Parks.

5.3 Deputy Leader and Infrastructure - £3m (5.7%) over spend

- i. The forecast over spend is attributable to a **£1.5m** under recovery of Park and Ride income following the re-opening of all three sites with social distancing measures, **£1m** under recovery of Bus Lane Enforcement income due to the impact of COVID-19 on traffic volumes, an over spend of **£752,000** relating to undeliverable savings for Parking Partnerships that have not been agreed by all parties, an over spend within Partnership Overheads of **£682,000** linked to Ringway Jacobs savings target that was due to be delivered from the Lean review but delayed due to COVID-19

and lost income of **£190,000** within International Trade which was dependent on the training of Chinese cohorts.

- ii. These pressures are partially offset by in-year mitigations, where decisions have been made not to commission this year within Essex Highways services (**£855,000**) and lower than anticipated consumption levels within Street Lighting (**£211,000**). These also account for the favourable movement of **£582,000** since Quarter 1.
- iii. Approval is sought in this report for the following:
 - **£1.3m** to the General Balance from the Deputy Leader and Infrastructure portfolio relating to COVID-19 enforcement income losses lower than originally anticipated
 - **£761,000** return to the A130 PFI reserve following lower traffic volumes than predicted and therefore lower costs in year
 - **£282,000** to the Carbon Reduction Reserve as a result of lower than budgeted energy prices within Street Lighting
 - **£75,000** to be vired to the Economic Development portfolio in relation to the Place and Public Health management restructure.

5.4 Economic Development – on-line

- i. Approval is sought in this report for the following:
 - **£75,000** to be vired from the Deputy Leader and Infrastructure portfolio in relation to the Place and Public Health management restructure.

5.5 Education and Skills Dedicated Schools Grant (DSG) - £3.9m under spend

- i. There is an in year under spend in the High Needs Block of **£4.5m** owing to additional government funding, although the forecast closing block balance remains in deficit at **£5.7m**. The Schools and Central School Services Block is over spent by **£700,000** which will be funded through both the surplus balance brought forward on this block and the School Improvement and Brokerage Grant.
- ii. The **£3.1m** adverse movement from Quarter 1 is partly a result of better information regarding placements now a new academic year has started, and crosses Education Access supporting pupils excluded from school (£1.2m), the volume and complexity of need of pupils placed in Independent Schools (£1.1m) and increased pupil top ups in mainstream schools (£1m).

5.6 Education and Skills Non Dedicated Schools Grant - £1.3m (1.6%) over spend

- i. The Youth Service is reporting an over spend of **£393,000**, where the National Citizenship Service (NCS) is forecasting a shortfall in income.

Further over spend is reported in Passenger Transport of **£286,000**. This results from Transport Information (**£200,000**), due to non-delivery of a saving attached to slippage in procuring bus shelters contract expected to generate advertising income, plus Concessionary Fares (**£66,000**) where a pressure has arisen due to the non-delivery of a saving related to the removal of concessionary fares from Park & Ride due to reduced passengers and the closure of the Park & Ride sites following COVID-19.

Adult Community Learning (ACL) is reporting an over spend of **£253,000** due to an anticipated decrease in the amount of tuition fee income expected in 2020/21 as a result of COVID-19.

Home to School Transport is reporting an over spend of **£182,000** relating to a decision not to levy a parental contribution in Post 16 following the COVID-19 pandemic.

- ii. Approval is sought in this report for:
 - **£58,000** to be returned to the PFI reserves for Clacton PFI and Better Schools for the Future schemes.

5.7 Environment and Climate Change Action - £3.8m (4.7%) over spend

- i. Environment and Climate Change Action portfolio is reporting an over spend of **£3.8m** which mainly relates to the anticipated further loss of income as a result of social distancing measures that will need to remain in place within Country Parks and Essex Outdoors of **£1.8m**, an increase in waste of **£2.1m** which is due to increases in tonnage volumes as a result of residents continuing to work from home, and the additional cost incurred in reopening the Recycling Centre sites.

The favourable movement of **£918,000** since the Quarter 1 report is mainly due to an improvement in savings delivery, where savings have either been mitigated or progressed to delivery, and the inclusion of the coronavirus job retention scheme grant in the forecast.

- ii. Approval is sought in this report for:
 - **£76,000** to the Carbon Reduction Reserve to realign budgets with the expected profile for tree planting.
 - **£175,000** from Customer, Culture, Communities and Corporate portfolio as a result of the staffing restructure that has taken place between Heritage and Cultural Service and Country Parks.

5.8 Finance - £1.2m (7.7%) over spend

- i. The position is driven by an over spend of **£1.2m** in Commercial Traded Strategy where, due to the current economic climate, the increased income target this year is now very unlikely to be achieved. Potential options are being investigated to mitigate part of this pressure.

5.9 Health and Adult Social Care – £4.1m (0.9%) under spend

- i. The half year forecast is based on budgeted demographic growth continuing for the remainder of the year except in the area of Older People domiciliary care where scenario modelling has been undertaken to estimate the demand for the remainder of the year. The scenario in line with trend to date has been used in the forecast. Price growth for all care types has been built in based on the trend seen to date. The forecast does not include the impact of any further savings delivery in this financial year.

There remain significant risks around the impact of COVID-19 on the cost and demand for Adult Social Care services for the remainder of this financial year and future years. Any placements made on the Hospital Discharge pathway over and above the normal placement trend are currently claimable from Health funding. Recent changes to the guidance mean that any cost associated with placements made between 19th March and 31st August can be claimed until the service user has been Care Act assessed and any placements after 1st September will be funded for up to 6 weeks only.

- ii. It is anticipated the **£4.1m** forecast under spend will be requested as a carry forward to support the budget in 2021/22 once further clarity on the full year position is known. The carry forward is not reflected in the current overall forecast over spend for the council.
- iii. Drivers of the underlying position:
 - Cash Payments, driven by lower volume and a lower average price than budgeted for, some of this impact was seen in 2019/20 after the budget was set, together with greater levels of surplus fund reclaims for dormant accounts (**£5.8m**). This under spend is offset by an over spend of **£5.8m** on Domiciliary Care, largely due to the non-delivery of the Meaningful Lives Matter savings programme
 - Under spends in Nursing (**£1.7m**) and Residential (**£2.5m**), driven by lower volumes than budgeted for, together with cessations this year that have been outside of the guaranteed payment scheme
 - Continuing Health Care Income, largely due to packages that have yet to transfer to Health, (**£1.7m**)
 - Day Care, driven by lower volume than budgeted for, some of this impact was seen in 2019/20 following a deep dive of provider billing, which showed that many of the packages had been terminated (**£1.1m**)

- Increase to the Bad Debt Provision, largely driven by Unsecured Residential Debt less than 540 days old, **£636,000**.
- iv. There is a **£3.9m** favourable movement since the Quarter 1 report, which is driven by
- Reduced volumes in Older People Residential Care (£1.6m) and Domiciliary care (£1.8m)
 - £1.2m improvement in Transitions due to delays in care packages commencing.
- v. The council received £5.8m from the government to deliver test and trace. The current service, until March 2021, will have costs contained within this amount with some contingency if the service needs to increase in scale. However, it is as yet unclear how long this money is expected to last and whether further resource will be available or indeed needed next year. The remaining Public Health grant is on trajectory and is expected to achieve its budget.
- vi. Approval is sought in this report for the following:
- **£7.5m** return to the General Balance due to COVID-19 funding that is no longer required as a result of lower demand for hospital beds (**£3.5m**) and funding recovered from Health (**£4m**).
 - **£4.2m** drawdown from the General Balance to mitigate loss of Adult Social Care client income due to the impact of COVID-19
 - **£2.1m** withdrawal from the Adults Digital Programme Reserve to fund various projects such as Care Technology Transformation and Electronic Home Care Monitoring
 - **£254,000** withdrawal from the Service Improvement Reserve relating to funding for Mental health services.

5.10 Leader - £115,000 (1.4%) under spend

- i. The position is driven by small under spends on staffing, corporate subscriptions and Member expenses. Since Quarter 1, there has been a favourable movement of **£52,000** on Member Expenses where there has been reduced activity in the lockdown period.

5.11 Other Operating Costs – £1.3m (3.5%) under spend

- i. The forecast under spend position comprises an under spend of **£1.9m** on Capital financing as a result of the following:-
- **£1m** forecast reduction in interest paid on borrowing as a result of lower interest rates
 - **£900,000** reduction in Minimum Revenue Provision (MRP) to support the Capital Programme, the MRP budget was determined based on the

2019/20 Capital Programme which was higher than activity now planned for the current year.

- ii. This is partially offset by a forecast **£600,000** reduction in interest received on balances, as a result of lower interest rates able to be achieved on investments.
- iii. Approval is sought in this report for the following:
 - **£109,000** from the General Balance to reduce the planned appropriation from trading activities (section 6.3)

5.12 Performance, Business Planning and Partnerships – on-line

- i. This forecast position reflects an adverse movement of **£200,000** since Quarter 1 which is attributable to increased staffing costs following successful recruitment to permanent positions

5.13 Customer, Communities, Culture and Corporate Recharged Strategic Support Services - £1.7m (2.5%) under spend

- i. The forecast full year under spend is attributable to a **£2.3m** under spend on Customer Services where carry forwards are held from 2019/20 of **£1.9m** that are offsetting the pressures across the wider Customer, Communities, Culture and Customer portfolio, and planned drawdowns of **£414,000** which include the £342,000 withdrawal from the Reserve for Future Capital Funding relating to the transfer of RFID from capital to revenue, and £72,000 withdrawal from the Recovery Reserve to cover senior management increased working hours due to the pandemic. Pressures in the portfolio are driven by over spends on staffing in Business Services **£500,000** and Human Resources **£165,000**.
- ii. This is a favourable movement since Quarter 1 of **£340,000** which can be attributed to additional drawdowns from reserves.
- iii. Approval is sought in this report for the following:
 - **£260,000** to the Carry Forward Reserve relating to technology services to support future years savings targets
 - **£342,000** withdrawal from the Reserve for Future Capital Funding relating to the transfer of RFID (Self Service in Libraries) budget from capital to revenue
 - **£160,000** withdrawal from the Transformation Reserve relating to the Future Resourcing Services to Deliver ECC's Workforce Strategy project. This had previously been approved (FP/160/05/18) but not drawn down in the approved timescale (financial regulation 4.3.4)
 - **£72,000** withdrawal from the Recovery Reserve to cover senior management increased working hours due to the pandemic
 - **£4,000** withdrawal from the Transformation Reserve as part of Children's' Sustainability Programme relating to the technological

solutions pilot for Children and Families front line teams to see how productivity can be improved through use of new technologies.

5.14 Finance Recharged Strategic Support Services - £67,000 (0.3%) under spend

- i. The forecast under spend is driven by delays in recruitment to vacancies in the Corporate Systems Administration team and the allocation of costs from service budgets to the Corporate Systems project in alignment with the allocated funding.
- ii. Approval is sought in this report for the following:
 - **£140,000** to the Carry Forward Reserve to support the 2021/22 budget.

5.15 Leader Recharged Support Services - £105,000 (3.9%) over spend

- i. This position is attributable to staffing over spends in Communications and Customer Relations and Equality and Diversity which are being mitigated by under spends in other parts of the function that sit outside of this portfolio. There has been an immaterial adverse movement of **£18,000** since Quarter 1.
- ii. Approval is sought in this report for the following:
 - **£600,000** from the Service Improvement Reserve to support the Just About Managing (JAM) programme of work
 - **£23,000** withdrawal from the Recovery Reserve to Communications and Marketing for pandemic related work.

5.16 Performance, Business Planning and Partnerships Recharged Support Services - £239,000 (2.5%) under spend

- i. This forecast under spend is driven by recruitment delays across Data and Analytics and Performance and Business Intelligence as a result of the creation of the new Performance and Business Intelligence team.

6. Trading Activities

- 6.1 Trading activities as a whole are reporting a shortfall of **£105,000** against the budgeted surplus of **£496,000**.
- 6.2 Place Services is reporting a net surplus of **£383,000**, which represents achievement of their target. Success in recruiting to vacant positions is expected to help delivery of stretch income targets in future financial years.
- 6.3 Music Services is reporting a net surplus of **£8,000**, which represents an under achievement of **£105,000** to target. The target for 2020/21 is requested to be reduced by £109,000 as the terms and conditions of the Music Hub

Grant have been amended and expenditure that was previously chargeable to the grant is no longer eligible.

The service is expecting to fully mitigate the impact of COVID-19, although are flagging a risk as the majority of the income budgeted for the summer term was not received as lessons could not be provided, although the service has moved to online tuition where this is possible. In addition, the furlough scheme has been used to partially mitigate the lost income from schools, with tutors being paid in full in line with ECC policy.

6.4 These forecast positions will leave a net residual surplus in reserves of **£806,000** of which **£796,000** relates to Place Services.

6.5 Appendix B shows the position by each Trading Activity.

7. Capital

7.1 An under spend of **£5.8m** (2.6%) is forecast against the latest capital budget of **£227.6m**. After taking account of budget change requests in this report there is a residual under spend of **£71,000**.

7.2 Approval is sought for:

- i. Slippage of **£8.8m**
- ii. Budget additions of **£5.9m**
- iii. Budget reductions of **£8m**
- iv. Advanced works of **£5.2m**

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

7.4 Children and Families- on line

- i. There is no variance to budget

7.5 Customer, Communities, Culture and Corporate - £442,000 under spend

- i. **Changing Place**; Approval is sought to reprofile £100,000 of spend into future years in relation to a contribution ECC would make to Brentwood Borough Council for their changing places on the King George playing fields which due to COVID-19 is being postponed.
- ii. Libraries and Community Hubs; Approval is sought to reduce the scheme by £342,000 as the Self-serve project does not meet the council's definition of Capital expenditure so will be funded from revenue.

7.6 Economic Development – £5.1m under spend

- i. Approval is sought to reduce the scheme by £5.3m in relation to Essex Employment Space project where ECC have decided not to proceed with the land purchase and the money is to be returned into the wider programme
- ii. Approval is sought to add to the scheme by £150,000 owing to Clacton Town Centre regeneration for design works in relation to the High Street fund.

7.7 Education and Skills - £3.2m under spend

- i. Approval is sought for slippage of £5.5m, scheme reductions of £1.7m, scheme additions of £3.6m and advanced works of £538,000. The most material of which relate to the following:

Tendring Secondary is requesting to reprofile **£1m** in to future years as a result of the costs for Clacton County High School being lower than expected for the financial year due to COVID-19 related issues. A further request is made to reduce the scheme by **£865,000** with the Manningtree expansion project expected to under spend by £300,000 and a budget of £590,000 relating to Tendring Technical College no longer being required due to new school places not now expected to be required for 5 years due to a slowdown in housing growth. Other projects are to be identified to make use of the funding.

Colchester Secondary is requesting to reprofile **£800,000** into future years due to Paxman Academy instructing that no works are to take place over the winter months (the same request as last year). Therefore works are now being slipped into 2021/22. It was anticipated that the all-weather pitch would be completed by March 2021.

Braintree Primary is requesting to reprofile **£754,000** into future years as design costs for Rickstones have now been joined with Southview and will be procured at the same time for programme efficiencies. It is anticipated that a contractor will not be selected until October 2020 which is causing funding for Rickstones to slip as the project timetables become aligned.

7.8 Environment and Climate Change Action - £972,000 over spend

- i. Approval is sought to reprofile **£30,000** into future years for the Empower 2.0 scheme due to the original plans for Solar Photovoltaic (PV) at a school in Danbury having to be scaled back. Alternatives are being investigated but are not likely to be delivered within this financial year.
- ii. Approval is sought to advance **£1.1m** predominantly relating to two flood schemes, which are being brought forward, as these are now anticipated

to be delivered in full within the current financial year and detailed design works for seven other schemes that are due for delivery in 2021/22.

- iii. Approval is sought to reduce **£79,000** for Energy Efficient Upgrade Phase 2 as a result of C block lighting in County Hall being removed from the project.

7.9 Health and Adult Social Care – £408,000 under spend

- i. Approval is sought to reprofile **£408,000** into future years due to Ninefields – Waltham Abbey's application for planning permission was refused by Epping Forest District Council (EFDC). The planning application has been re-submitted to EFDC and a decision on the new application is still outstanding. The first brick (which is when the first milestone is due) is expected to be 8 months after planning is received.

7.10 Deputy Leader and Infrastructure - £2.4m over spend

- i. Approval is sought to reprofile **£2.8m** into future years which mainly relates to A127 Fairglens Interchange for stats diversions which was dependent on utilities companies being able to schedule the works prior to 31st March 2021. Confirmation has now been received that works will not start until May 2021 however, this is now to be slipped into 2022/23 as there is already sufficient funding in next year.
- ii. Approval is sought for a net addition to the scheme of **£1.5m** mainly in relation to Chelmsford Growth Area, Section 106 Schemes and Traffic Signal Management schemes to allow for additional works to be completed which is expected to be funded from the DfT grant. This reflects the current position however work is underway to ensure that the individual programmes now progress within the budget envelope given for 2020/21.
- iii. Approval is sought to advance **£3.6m**, predominantly across HIF funded schemes reflecting revised spending profiles following the recent Highways Major Schemes Change Control.

7.11 Controlled Elsewhere – on-line

- i. There is no variance to budget.

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

8. Policy context and Outcomes Framework

This report is an assessment of the financial position of the County Council, which itself is a representation of the Organisational Strategy. The budget and organisation plan were approved in parallel in February 2020.

9. Reserves

- 9.1 A summary of the forecast balances on reserves is provided in **Appendix D**.
- 9.2 There has been a significant amount of movement on reserves as part of the COVID-19 response. Approval is sought in this report for **£8.7m** of decisions taken on anticipated expenditure relating to COVID-19 in Adult Social Care (**£7.5m**) and Infrastructure (**£1.3m**) which are not now required, to be returned to the General Balance. From the General Balance **£4.2m** is requested to support further Adult Social Care loss of income.

10. Financial Implications

Finance and Resources Implications (Section 151 Officer)

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

11. Legal Implications

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

12. Equality and Diversity implications

- 12.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when ECC makes decisions it must have regard to the need to:
 - (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

- 12.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 12.3 The equality implications are assessed as part of budget setting process and as part of individual schemes.
- 12.4 There are no equality and diversity or other resource implications associated with this report.

13. List of Appendices

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

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

14. List of Background Papers

Budgetary control reports.

Revenue

Portfolio	Full Year					
	Latest Budget £000	Half Year Variance £000	% of Latest Budget	Q1 Variance £000	Movement £000	Direction of Travel
Children and Families	130,557	(1,457)	(1.1%)	(636)	(821)	↑
Customer, Communities, Culture and Corporate	18,970	1,363	7.2%	2,646	(1,283)	↑
Deputy Leader and Infrastructure	52,148	2,959	5.7%	3,568	(610)	↑
Economic Development	6,451	(2)	(0.0%)	320	(322)	↑
Education and Skills DSG	(2,887)	(3,858)	(133.7%)	(6,995)	3,137	↓
Education and Skills Non DSG	84,339	1,341	1.6%	1,682	(341)	↑
Environment and Climate Change Action	80,965	3,802	4.7%	4,720	(918)	↑
Finance	16,032	1,229	7.7%	1,284	(55)	↑
Health and Adult Social Care	467,646	(4,066)	(0.9%)	(139)	(3,927)	↑
Leader	7,926	(115)	(1.4%)	(57)	(57)	↑
Other Operating Costs	38,102	(1,347)	(3.5%)	1	(1,347)	↑
Performance, Business Planning and Partnerships	2,937	3	0.1%	(198)	200	↓
Customer, Communities, Culture and Corporate RSSS	66,944	(1,698)	(2.5%)	(1,038)	(660)	↑
Finance RSSS	21,266	(67)	(0.3%)	48	(115)	↑
Fire Reinstatement Works	0	(0)	(0.0%)	0	(0)	↑
Leader RSSS	2,697	105	3.9%	87	18	↓
Performance, Business Planning and Partnerships RSSS	9,393	(239)	(2.5%)	(212)	(27)	↑
Total	1,003,487	(2,046)	(0.2%)	5,082	(7,128)	
DSG Offset	(2,887)	(3,858)		(6,995)	(3,137)	↑
Total Excluding DSG	1,006,373	1,812	0.2%	12,077	(10,266)	
Funding		199		199	-	⇒
Revised Total	1,006,373	2,011	0.2%	12,276	(10,266)	

* The Half Year Variance is after proposed adjustments

Traded Services

	Revenue reserve 1 April 2020	Income	Budget Expenditure	(Surplus)/ Deficit	Income	Forecast Expenditure	Forecast (Surplus) / deficit	Final Outturn position	Appropriations To County Revenue Account	To Trading Activity reserve	Variance Plan Proposals to/(from) reserves	Revenue reserve 31 March 2021
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
FINANCE												
Place Services	(713)	(2,607)	2,224	(383)	(2,705)	2,322	(383)	(83)	(300)	(83)	-	(796)
Music Services Traded	(115)	(4,777)	4,664	(113)	(3,164)	3,156	(8)	105	(113)	-	-	(9)
Total	(828)	(7,384)	6,888	(496)	(5,868)	5,478	(391)	22	(413)	(83)	-	(806)

Capital

	Year to date			Budget Movement		Revised Budget	Full Year	
	Budget	Actuals	Variance	Original Budget	In year approved changes		Outturn	Variance
	£000	£000	£000	£000	£000		£000	£000
Children and Families	(27)	84	111	1,040	(166)	874	874	-
Customer, Communities, Culture and Corporate	2,634	1,060	(1,574)	5,564	981	6,545	6,103	(442)
Economic Development	5,176	3,031	(2,145)	20,960	1,674	22,634	17,533	(5,101)
Education and Skills	21,732	15,719	(6,013)	58,163	(6,960)	51,203	48,020	(3,183)
Environment and Climate Change	981	715	(266)	4,479	(2,397)	2,082	3,054	972
Health and Adult Social Care	86	-	(86)	421	195	616	208	(408)
Deputy Leader and Infrastructure	52,849	52,593	(256)	143,098	(1,264)	141,834	144,192	2,358
ECC Capital Programme	83,431	73,202	(10,229)	233,725	(7,937)	225,788	219,984	(5,804)
Schools Cash Balance	350	987	637	-	840	840	840	-
Devolved Formula Capital	(18)	175	193	1,061	(129)	932	932	-
Total School Balances	332	1,162	830	1,061	711	1,772	1,772	-
Total Capital Programme	83,763	74,364	(9,399)	234,786	(7,226)	227,560	221,756	(5,804)

Financed by:

	Budget Movement		Revised Budget	Full Year	
	Original Budget	In year approved changes		Outturn	Variance
	£000	£000		£000	£000
ECC Capital Programme	100,214	2,945	103,159	102,615	(544)
Grants	100,214	2,945	103,159	102,615	(544)
Reserves	6,242	(6,242)	-	-	-
Developer & Other contributions	10,219	1,919	12,138	13,953	1,815
Capital receipts	14,580	(4,999)	9,581	9,581	-
Unsupported borrowing	102,557	(936)	101,621	94,546	(7,075)
ECC Capital Programme	233,812	(7,313)	226,499	220,695	(5,804)
Grants	974	87	1,061	1,061	-
Unsupported borrowing	-	-	-	-	-
School Balances	974	87	1,061	1,061	-
Total ECC & Schools Capital Funding	234,786	(7,226)	227,560	221,756	(5,804)

Appendix C(ii)

Capital Variance Plan

Portfolio	Approved changes					Variance Plan					
	Slippage	Additions	Reductions	Advanced Works	Approved changes	Slippage	Additions	Reductions	Advanced Works	Residual Variance	Total Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children and Families	159	981	(1,306)	-	(166)	-	-	-	-	-	-
Customer, Communities, Culture and Corporate	981	5,000	(5,000)	-	981	(100)	-	(342)	-	-	(442)
Economic Development	1,674	10,251	(10,251)	-	1,674	-	150	(5,251)	-	-	(5,101)
Education and Skills	(2,500)	14,828	(19,868)	579	(6,961)	(5,550)	3,638	(1,663)	538	(146)	(3,183)
Environment and Climate Change	(2,397)	623	(623)	-	(2,397)	(30)	-	(79)	1,066	15	972
Health and Adult Social Care	202	388	(388)	(7)	195	(408)	-	-	-	-	(408)
Deputy Leader and Infrastructure	(9,414)	9,179	(3,543)	2,514	(1,264)	(2,752)	2,096	(640)	3,594	60	2,358
ECC Capital Programme	(11,295)	41,250	(40,979)	3,086	(7,938)	(8,840)	5,884	(7,975)	5,198	(71)	(5,804)
Schools Cash Balance	840	-	-	-	840	-	-	-	-	-	-
Devolved Formula Capital	-	71	(200)	-	(129)	-	-	-	-	-	-
Total Capital Programme	(10,455)	41,321	(41,179)	3,086	(7,227)	(8,840)	5,884	(7,975)	5,198	(71)	(5,804)

Appendix C(ii) cont'd

Portfolio & Scheme	Slippage	Additions	Reductions	Advanced Works	2020/21 Changes
	£000	£000	£000	£000	Requested
CHANGING PLACES	(100)	-	-	-	(100)
Libraries Self Service	-	-	(342)	-	(342)
Customer, Communities, Culture and Corporate	(100)	-	(342)	-	(442)
A120 Millennium Way Slips	-	-	-	75	75
A120 PREFERRED ROUTE	-	100	-	-	100
A127 FAIRGLEN INTERCHANGE	(2,400)	-	-	-	(2,400)
A127 Autonomous and Connected Highway for South Essex	-	-	(100)	-	(100)
A133-A120 Link HIF	-	-	-	949	949
ADVANCED SCHEME DESIGN	-	100	(100)	-	-
Army and Navy RAB, Chelmsford	-	-	-	294	294
BASILDON INTEGRATED TRANSPORT PACKAGE	-	138	-	-	138
BEAULIEU PARK STATION	(352)	-	-	-	(352)
Bus & Passenger Transport Infrastructure	-	90	(90)	-	-
CHELMSFORD GROWTH AREA	-	693	-	-	693
CHELMSFORD NORTH EASTERN BYPASS	-	-	-	496	496
Colchester Rapid Transit System (HIF)	-	-	-	1,680	1,680
HARLOW STC NTH/STH (Ph1:GILSTON TO TC) (HIF)	-	-	-	100	100
PASSENGER TRANSPORT	-	250	(251)	-	(1)
ROAD MAINTENANCE	-	-	(100)	-	(100)
SECTION 106	-	321	-	-	321
TRAFFIC SIGNAL REFURBISHMENT	-	404	-	-	404
Deputy Leader and Infrastructure	(2,752)	2,096	(641)	3,594	2,297
Clacton Town Centre FHSF	-	150	-	-	150
ESSEX SPACE PROGRAMME	-	-	(5,251)	-	(5,251)
Economic Development	-	150	(5,251)	-	(5,101)
BASILDON PRIMARY BASIC NEED	-	73	-	-	73
BRAINTREE PRIMARY BASIC NEED	(754)	-	-	-	(754)
BRAINTREE SECONDARY BASIC NEED	(432)	-	-	-	(432)
BRENTWOOD PRIMARY BASIC NEED	(260)	-	-	-	(260)
CHELMSFORD PRIMARY BASIC NEED	(590)	-	-	-	(590)
COLCHESTER PRIMARY BASIC NEED	(103)	-	(55)	-	(158)
COLCHESTER SECONDARY BASIC NEED	(800)	-	-	-	(800)
EPPING FOREST PRIMARY BASIC NEED	(268)	52	(141)	-	(357)
EPPING FOREST SECONDARY BASIC NEED	-	135	(190)	-	(55)
HARLOW PRIMARY BASIC NEED	-	45	-	494	539
MALDON SECONDARY BASIC NEED	(59)	-	-	-	(59)
ROCHFORD PRIMARY BASIC NEED	(205)	-	-	36	(169)
SCHOOLS CAPITALISED BUILDING MAINTENANCE	-	3,090	-	-	3,090
SPECIAL SCHOOLS	(875)	244	-	-	(631)
TEMPORARY ACCOMMODATION	(204)	-	(368)	-	(572)
TENDRING PRIMARY BASIC NEED	-	-	(44)	-	(44)
TENDRING SECONDARY BASIC NEED	(1,000)	-	(865)	-	(1,865)
UTTLESFORD PRIMARY BASIC NEED	-	-	-	8	8
Education and Skills	(5,550)	3,639	(1,663)	538	(3,036)
ECC ESTATE ENERGY STORAGE	-	-	-	116	116
EMPOWER 2.0	(30)	-	-	-	(30)
ENERGY EFFICIENCY LIGHTING PH2	-	-	(79)	-	(79)
FLOOD MANAGEMENT	-	-	-	950	950
Environment and Climate Change	(30)	-	(79)	1,066	957
INDEPENDENT LIVING OLDER PEOPLE NINEFIELDS WAL	(408)	-	-	-	(408)
Health and Adult Social Care	(408)	-	-	-	(408)
ECC Capital Programme	(8,838)	5,886	(7,975)	5,198	(5,733)
Total Capital Programme	(8,838)	5,886	(7,975)	5,198	(5,733)

Reserves

	2020/21 movements				
	Balance at 1 April 2020 £000	(Contributions)/ Withdrawals agreed £000	Adjustments proposed in quarterly report £000	Future commitments £000	Estimated Closing balance £000
Long Term Contractual Commitment					
PFI Reserves					
A130 PFI	(39,278)	3,809	(761)	-	(36,230)
Building Schools for the Future PFI	(233)	(234)	(2)	-	(469)
Debden School PFI	(630)	327		-	(303)
Clacton Secondary Schools' PFI	(532)	501	(56)	-	(87)
Waste Reserve	(112,276)	-		-	(112,276)
Grant Equalisation Reserve	(49,853)	38,993	4,500	6,360	-
Trading Activities (not available for use)	(830)	413		-	(417)
Partnerships and Third Party (not available for use)	(1,653)	-		-	(1,653)
Schools (not available for use)	(29,283)	-		-	(29,283)
General Balance	(56,439)	(15,333)	(4,447)	9,605	(66,614)
Reserves earmarked for future use					
Adults Digital Programme	(2,869)	320	2,077	472	0
Bursary for Trainee Carers	(500)	-		500	-
Capital Receipts Pump Priming	(3,204)	(1,000)		500	(3,704)
Carbon Reduction	(622)	76	(358)	-	(904)
Carry Forward	(14,803)	11,086	(400)	3,718	(399)
Collection Fund Risk	(1,412)	-		-	(1,412)
Commercial Investment in Essex Places	(12,583)	-		-	(12,583)
Community Initiatives Fund	(487)	(194)	-	194	(487)
EES Pension Risk	(4,000)	-		-	(4,000)
Emergency	-	(10,000)	-	-	(10,000)
Emergency Planning	(300)	-		-	(300)
Essex Climate Change Commission	(250)	(4,750)		1,000	(4,000)
Future Capital Funding	(1,905)	926	342	-	(637)
Health and Safety	(3,100)	120		308	(2,672)
Highways	-	(5,000)		5,000	-
Insurance	(7,411)	1,151		-	(6,260)
Property Fund	(651)	(326)		-	(977)
Quadrennial Elections	(1,093)	(500)		-	(1,593)
Recovery	(2,900)	-	(4,405)	55	(7,250)
Service Improvement	(3,971)	(2,600)	854	160	(5,557)
Social Distancing & Hygiene	(900)	-		900	-
Technology Solutions	(3,785)	(2,745)		3,146	(3,384)
Tendering PPP	(303)	-		-	(303)
Transformation	(37,401)	(16,069)	164	13,715	(39,591)

Appendix E

TREASURY MANAGEMENT SUMMARY - 2020/21						
	Actual Balance 1 April	Movements			Balance at 31 March	Interest payable / (earned) to date
	£000	Raised £000	Repaid £000	Net movement £000	£000	£000
Borrowing						
Long Term	616,709	-	(18,349)	(18,349)	598,360	8,806
Temporary	1,977	772	-	772	2,749	-
Total External Borrowing (A)	618,686	772	(18,349)	(17,577)	601,109	8,806
Investments						
Long Term	10,000	-	-	-	10,000	(192)
Temporary	402,800	128,900	-	128,900	531,700	(547)
Total External Investments (B)	412,800	128,900	-	128,900	541,700	(739)
Net indebtedness (A-B)	205,886	(128,128)	(18,349)	(146,477)	59,409	8,067
Borrowing						
Average long term borrowing over period to date (£000)						599,350
Opening pool rate at 1 April 2020						3.38%
Weighted average rate of interest on new loans secured to date						N/A
Average pool rate for year						3.38%
Investments						
Average daily cash balance over period to date (£000)						499,288
Average interest earned over period						0.34%
Benchmark rate - average 7 day LIBID rate						0.00%

Appendix F

Prudential Indicators - Summary			
		Approved Indicator	Provisional Outturn
Affordability			
Incremental impact on Council Tax of 2020/21 and earlier years' 'starts'	£	£93.03	£96.82
Ratio of financing costs to net revenue streams (excl. gen. govnt. grant)	%	9.4%	8.9%
Ratio of financing costs to net revenue streams (incl. gen. govnt. grants)	%	8.7%	8.0%
Prudence			
Net borrowing and Capital Financing Requirement		Net borrowing is well within the medium term forecast of the Capital Financing Requirement.	
Capital Expenditure			
Capital expenditure	£m	235	221
Capital Financing Requirement (excluding credit arrangements)	£m	1,040	1,009
External Debt			
Authorised limit (borrowing only)	£m	930	N/A
Operational boundary (borrowing only)	£m	810	N/A
Actual external borrowing (maximum level of debt during year)	£m	N/A	621
Treasury Management			
Interest rate exposures			
Upper limit for exposure to fixed rates			
Net exposure	£m	930	459
Debt		100.0%	100.0%
Investments		100.0%	96.0%
Upper limit for exposure to variable rates			
Net exposure	£m	279	241
Debt		30.0%	1.1%
Investments		100.0%	58.0%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40.0%	3.0%
12 months & within 24 months	%	40.0%	2.1%
24 months & within 5 years	%	40.0%	6.0%
5 years & within 10 years	%	40.0%	15.3%
10 years & within 25 years	%	78.0%	32.1%
25 years & within 40 years	%	40.0%	29.1%
40 years & within 50 years	%	20.0%	0.0%
50 years & above	%	20.0%	12.5%
Total sums invested for more than 364 days			
Authorised limit	£m	50	N/A
Actual sums invested (maximum position during year)	£m	N/A	10
Summary			
All Treasury Management activities have been undertaken in accordance with approved policies and procedures.			
External debt is within prudent and sustainable limits.			
Credit arrangements have been undertaken within approved indicators			
Maturity Structure of borrowing: maturity dates for market loans are based on the next review date, not the final maturity date.			