Everyone's Essex Annual Plan

2022-2023



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

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1. Foreword by the Leader

This is the first annual plan and budget since this administration was elected in May 2021. Since the election, we have been busy delivering on our vision of Renewal, Equality and Ambition for Essex. This vision has been the golden thread running through our initial 100 Day Plan, our four-year strategy Everyone's Essex, our plan for Levelling Up the county and making real progress on climate action. This annual plan and budget ensures that the Council's resources are aligned to keep delivering on this vision for the benefit of all of our residents.

This budget is adopted at a time that is both challenging and positive. It is challenging because we know that the pandemic is not yet fully over; because there is a need to help businesses, employees and residents to recover from the impacts and losses of the last two years; and because we know that cost of living pressures are acute for many individuals and families. But it is also a positive time because, thanks to the high rollout of vaccines, there is the real prospect now of being able to move past the pandemic, to resume normal life again, and to focus on growth and renewal.

In supporting growth and renewal as we emerge from the pandemic, we need to do this in a way that meets our climate goals. Climate action is the biggest issue of our time and a successful future depends on moving rapidly to sustainable ways of working and living.

So, what have we achieved against our targets?

A strong, inclusive and sustainable economy: In 2021 with our partners in the districts, we received £42m from the Towns Fund for Colchester and Harlow, as well as £4.4m from the Community Renewal Fund for projects across Essex. We have created over 600 new roles as part of the Kickstart programme and set up a new opportunities portal to make it easier for residents to find work, as well as creating or safeguarding 120 jobs and 280 businesses supported by our Backing Essex Business Support Service. We have launched the Arts and Cultural Fund, a million pound grants scheme for those groups who already do so much to make Essex special. In the next year we will also put more than £120m of investment into our town centres, kick off our revolving economic renewal investment fund and develop both a skills plan and a growth strategy to make sure we are focused on the sectors that drive future prosperity. Our approach will create more than £1bn of investment into the fabric of the county and support the creation of thousands of new jobs.

High Quality Environment: In 2021 the Essex Climate Action Commission released the Final Report and we responded by unveiling our £200m plan on climate action. We launched a £500,000 fund to support community action on climate change, launched the Library of Things, secured £6m for Green Homes Grants and £17.3m for the Sustainable Warmth Fund. We also continue to build Net Zero schools such as the new building at Sweyne Park, as well as installing low carbon improvements across our estate. We will extend the work of the Commission beyond 2022 to the end of this administration. We will begin the first ever net zero Essex Housing development at Hargrave House. We will also make sustainable transport a much more attractive choice through Bus Back Better, e-scooters and new infrastructure. By the end of this administration we will have replaced all 128,000 street lights in Essex with LEDs, saving 6500 tonnes of carbon per year.

Health, Wellbeing and Independence for All Ages: Last year we launched the new Essex Care Technology Service to support people to access the technology to live independently for as long as they can, the Fit for the Future Strategy and My Care Record, allowing professionals to see people's care records and provide them with joined-up support. We have supported our care market through the increased pressures of covid and beyond with tens of millions of pounds of funding. We also continue to be class-leading in supporting our own social care staff, this year achieving Social Work Employer of the Year. In the coming years we will develop our approach to prevention and early intervention, improving our support to carers and our quality of practice, especially in digital technology. We will take forward work on a Centre for Excellence in Care, supporting our magnificent care workers across Essex. We will also improve access to housing and employment for vulnerable people, as well as building more and better independent living accommodation.

A Good Place for Children and Families to Grow: In 2021 we unveiled our Plan for Working Families, invested £1m in our Education Excellence Taskforce, reached 17,000 children through the summer reading challenge. We also produced a new Vision for Libraries which is currently out for consultation and had a hugely successful It's My Life Festival for children in care. Finally we launched our new commissioning strategy for domestic abuse, underpinned by £2.8m of funding, and launched the Essex Safety Advisory Group. Looking forward, the Safety Advisory Group will deliver a series of initiatives this year to help make our streets even safer. The Education Taskforce will deliver the Year of Reading, and Essex will launch the Early Years Strategy and a new strategy on corporate parenting.

Levelling Up Essex: We need to widen opportunities across Essex, so that more people can fulfil their potential. We set out our approach to doing this in our recent Essex Levelling Up White Paper. At the same time as we published the White Paper, we also published an audit of our existing work, and announced a £10m fund to support our efforts to level up the county. Since then, we have made further announcements, including: an additional £10m investment in economic growth and skills; a £500,000 Community Challenge Fund; a financial wellbeing programme; a family friendly employers charter; and a continuation of Essex holiday activity clubs. We are also seeking to invest into addressing cost of living pressures and to support Levelling Up. There will be more initiatives announced over the coming year as we continue to inject opportunity, aspiration, and achievement into all parts of our county.

I am proud of what we have achieved in the first months of this administration and this Annual Plan strengthens our ability to achieve the renewal, equality and ambition that Essex and its residents deserve.

2. Everyone's Essex Strategic Aims

Aim 1: Strong, inclusive and sustainable economy

Aim 2: High quality environment

Aim 3: Health, wellbeing and independence for all ages

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

Aim 1: Strong, Inclusive and Sustainable Economy

Generating annual output of some £40 billion, larger than many City regions, Essex is a substantial, growing, and diverse economy. The County supports 700,000 jobs and 74,000 businesses and is home to world leading R&D in quantum technologies, medicine, data science and manufacturing – all underpinned by a strong corporate base and growing universities. Essex has excellent connections to London; Cambridge and the M11 Corridor; East Anglia; and the rest of the world – and we are growing rapidly as more people choose to make Essex their home. Essex also has a very significant small and medium size business sector, with a strong entrepreneurial culture highlighted by a sixth of workers in the county being self-employed.

We have strengths in a number of economic sectors including financial services, advanced manufacturing, and the knowledge economy, and are well positioned to take advantage of a growing potential in crucial growth sector sectors such as Clean Energy that will drive a more sustainable economy of the future. We will deliver and maintain high quality infrastructure to improve opportunities for people living in Essex as well as supporting a growing economy and the delivery of new homes and communities by investing in the region of £1 billion by the end of this council. With our partners we have secured £489m from the Housing Infrastructure Fund and Housing Investment Grant and £27m from Get Building Fund for projects enabling sustainable development of key places. On town centres we have worked with our partners to secure £42m investment into Colchester and Harlow from the Town's Fund and have held a successful High Street Summit. Across Essex there are ambitious plans to renew existing communities and build high quality new ones, like our 'garden communities', ECC will continue to play a full role in the delivery of these important projects.

Despite this strong position COVID-19 has had a dramatic impact on the local economy. The sectors most disrupted by the pandemic such as retail, accommodation & food services, and construction businesses employ more than 225,000 Essex residents and as a result over the past year the districts of Basildon, Braintree, Chelmsford & Epping Forest have recorded among highest proportion of furloughed workers in England. The disruption to employment, whether through furlough or the outright loss of a job has a real impact on people – we know over the course of the pandemic a fifth of unemployment claimants were aged 16-24, a group disproportionately impacted by losing employment.

The county also suffers from some long-term systemic economic challenges, exacerbated by COVID-19, which hold our residents back from achieving their full potential this includes: lower levels of productivity compared to some other areas; lower levels of residents with NVQ level 4 qualifications; gaps in earnings for people who live and work in the county and those who travel outside for work; challenges around the availability of quality hosing to meet deprivation; and high levels of deprivation in pockets across the county.

We are already working hard to support businesses affected by the pandemic, so that they can protect jobs, resume profitable trading and grow sustainably in the future, and are working with partners to support those made unemployed to retrain. But our plans are not just about recovering from the impacts of the pandemic, we are also ambitious for the future of the Essex Economy. As well as supporting our existing businesses, we want to attract new medium sized and larger firms to locate to Essex, particularly those in rapidly emerging economic sectors. Working with

partners we want to support our whole workforce to upskill to enable it to progress into more gainful and sustainable employment in growing sectors of the economy. This will also deliver the necessary skilled labour supply to enable businesses to recover, adapt, innovate and grow.

Where do we want to go to by the end of the plan?

To tackle these challenges and grasp the opportunities that lie in front of us, this plan set outs a range of activity over the course of the Everyone's Essex plan for next 4 years until 2025. While we are delivering those initiatives and actions, we need set out our ambitions for the medium-term direction of our work and keep one eye on how we are progressing towards them. By 2025 we want to be able to say that we have:

1. Supported residents who become unemployed and increased the number of residents with training and skills qualifications aligned to the requirements of the Essex economy, through information, advice and guidance and job matching solutions to enable local people to access gainful employment and training opportunities
2. With partners, delivered place-based renewal and growth addressing the socio-economic determinants of health (income, education, employment, and housing) to reduce the proportion of Essex Population in the most deprived 20% of areas
3. Delivered infrastructure to support delivery of high-quality new homes & communities and sustainable growth of existing places using £516m of committed investment by 2025, using this to leverage additional funds to expand the programme
4. Created the conditions for growth for existing Essex economic sectors and those of the future, to attract high levels of new inward investment and business relocations
5. Work with employers to help them to drive local Higher, Further, and Adult Education provision and investments to meet their needs, as well as encouraging them to work with us to support unemployed people, and those with learning disabilities or Special Educational Needs and Disabilities (SEND) to (re-)enter the workforce

Across all of these ambitious end-states for the plan, collaboration with our partners will be crucial to achieving success. Anchor institutions, local businesses, education institutions like our 3 Essex Universities, and our District and Borough councils, both individually and through economic partnerships, will all play important roles in the delivery of our wider strategic aims and this is recognised throughout this delivery plan.

Aim 2: High Quality Environment

The scientific evidence of climate change is overwhelming. The impacts of climate change – both globally and locally – could be severe without significant intervention. These impacts of climate change are already being felt today by Essex residents. We can expect to see warmer and wetter winters, hotter and drier summers and more frequent and intense weather extremes overall. Our long, low coastline makes us particularly vulnerable to rising sea levels, and many areas of the Essex coastline have already experienced significant impacts. As we look ahead, the number of homes at risk of flooding in Essex could double by 2050, and the water shortages we already experience in the summer could get worse still. These changes threaten our safety, our health and our economic wellbeing.

Essex will also play its part in delivering the UK's commitment to reduce its greenhouse gas emissions and to achieve net zero emissions by 2050. Meeting this commitment will require significant changes in the way we live, including shifts from private cars to more sustainable modes of transport, a move to low carbon heating in energy efficient buildings, the increased use of energy from renewable sources, and the development of a 'circular economy' in which both waste and the unnecessary use of natural resources is minimised. Government policy and investment, business decisions and changes to individual choices will all be required to enable these changes.

Strengthening our county's natural assets will also be a vital element in our strategy to combat climate change, both to absorb carbon and reduce our exposure to climate risks including flooding and overheating. We know that over the last century the intensification of agriculture and the growth of our towns and villages has led to the loss of green spaces and biodiversity. Essex currently has one of the lowest areas of land given over to trees in the UK, and only around one in three households are within a five-minute walk of a publicly accessible green space. Again, this has a direct impact on quality of life. Green spaces are valued highly by Essex residents and the benefits they bring in terms of physical and mental health are well-recognised.

The Covid-19 pandemic has created new challenges and opportunities. In the short-term we have seen a loss of confidence in public transport and an increase in domestic waste produced through home-working. But we have also seen reductions in car use as more people have worked from home. We have also seen a more explicit appreciation of local green spaces within our communities.

Although there are significant challenges ahead, Essex residents recognise the need for a response. Around 66% of residents say they are 'extremely' or 'very' concerned about climate change, and more than three-quarters (78%) consider that they are already taking action to help tackle climate change. This is a good foundation upon which to build: we will work closely with, and empower our residents and communities to support the changes required to protect our environment, bring down emissions and safeguard our future health and prosperity.

Our work with the Essex Climate Action Commission gives us an opportunity to develop ambitious proposals, based on leading expert advice, and to build broad consensus around their implementation. We already have a strong track record in delivering projects to support climate change mitigation and adaptation, including the Essex Forest Initiative, recycling and energy efficiency programmes, renewables projects, and

flood defence. We will take this momentum and the passion of Essex residents to tackle this problem with us on our mission to make Essex a net zero county by 2050, and a home of green innovation.

Where do we want to go to by the end of the plan?

To tackle these challenges and grasp the opportunities that lie in front of us, this plan sets out a range of activity over the course of the Everyone's Essex plan for the next 4 years until 2025. While we are delivering those initiatives and actions, we need to set out our ambitions for the medium-term direction of our work, and keep one eye on how we are progressing towards them. By 2025 we want to be able to say that we have:

1) Significantly reduced ECC's carbon footprint through our estate, operations and supply chain, and are on track to meet our target of a net zero Essex County Council by 2030.
2) Made significant progress in the transition to more sustainable energy, travel and housing, and towards a circular economy that minimises waste, developing sustainable and healthy neighbourhoods.
3) Worked with our communities to make them more resilient against environmental challenges including flooding, heat stress and water shortages.
4) Worked with our communities and businesses to enable and empower local action to reduce greenhouse gas emissions and build climate resilience.
5) Developed the quality and accessibility of our natural environment and green infrastructure so that it enhances quality of life for all our residents.

Across all of these ambitious end-states for the plan, collaboration with our partners will be crucial to achieving success. Anchor institutions, local businesses, education institutions like our 3 Essex Universities, and our District and Borough councils will all play important roles in the delivery of our wider strategic aims and this is recognised throughout this delivery plan.

Aim 3: Health Wellbeing and Independence for All

Historically, Essex has enjoyed good health, but there are public health challenges that affect Essex as a whole, as well as significant inequalities experienced in different locations and by different groups across the county. Prior to the Covid-19 pandemic, life expectancy, healthy life expectancy, and disability-free life expectancy for both men and women were higher in our county than the England average. Below the county level however, the picture of life expectancy is much more varied. There is a gap of around 12 years in life expectancy between those living in the most and least deprived neighbourhoods. Those from more deprived neighbourhoods are also more likely to spend more years living in poor health, limiting access to economic and social opportunities. Identifying the specific cause of inequality is complex, but it is unlikely that differences in access to or the quality of local healthcare could account for all these differences. Rather, these inequalities are in part driven by socioeconomic and environmental factors or the 'wider determinants of health', including inequalities in income, employment, education and living conditions.

The challenge of inequality relates to mental health as much as physical health and there remains a particular concern around high suicide rates, with three Essex districts amongst the top four in the country. Those who have reported worsening mental health during the pandemic are often from the same groups that have been most impacted by the virus itself or by measures taken in response to it. People from an ethnic minority background, care givers, lower-income households, children and young people and people who were shielding for long periods have all been particularly affected. Frontline health and care staff have also reported heightened levels of stress and anxiety. Research with vulnerable groups suggests that during the pandemic, the risk of infection and changes in restrictions, and expectations around others' behaviours led to a loss of confidence and independence, loneliness and isolation and a decline in physical, emotional, and financial wellbeing. This is on top of the barriers and challenges already being faced by vulnerable groups before Covid-19. Tackling these inequalities will require us to work differently with our residents and communities, working with them as active partners in the system, not as passive recipients of services. They are best placed to understand their own needs and challenges, and help to design and deliver services, and build resilience locally.

Over recent years, public funding for social care has failed to keep pace with need and costs. Pressures associated with inflation, increases in the national living wage and competition for workers in other sectors, combined with the constant growth in frail older people and younger people with disabilities, has placed considerable pressure on the system. With publicly funded care being driven towards the most acute, complex and expensive services, this leaves fewer resources to support earlier interventions that could secure better long-term outcomes. We must also work to transform social care provision for the future and prepare for significant national reforms that are on the horizon, including implementation of the Health and Social Care Bill, changes to the adult social care charging system and introduction of a new national assurance regime. 2022 will also see the Integrated Care Systems (ICSs) become legal entities and there will be a huge amount of work to create effective new systems that work at different levels, from the community and district to ICS and county levels.

A key priority for the year ahead is the need to stabilise the care system, given the impacts of the pandemic, and to work with the broader social care market to build resilience, stability and viability – this will be a crucial foundation if we want to be able to focus on longer-term issues. To achieve this, we need to innovate at the local level by exploiting the potential of new technologies to enable more people, including those with more complex needs, to live independently or be cared for at home. It will mean working to secure closer integration and alignment between health care and social care provision – ensuring that service users' and patients' care is coordinated around their needs. This will also mean supporting unpaid carers – national estimates suggest that there has been a surge in the number of people providing care for older, disabled or seriously ill relatives or friends since the pandemic began. These carers face extreme pressures and there are huge challenges in supporting unpaid carers to maintain their own wellbeing and have access to opportunities in other areas of their lives. There are also challenges for the wider care system as unpaid carers begin to return to work and/or face hardship due to caring or job losses.

Where do we want to go to by the end of the plan?

To tackle these challenges and grasp the opportunities that lie in front of us, this plan sets out a range of activity over the course of the Everyone's Essex plan for the next 4 years until 2025. While we are delivering those initiatives and actions, we need to set out our ambitions for the medium-term direction of our work, and keep one eye on how we are progressing towards them. By 2025 we want to be able to say that we have:

- Developed a joined-up programme of short- and longer-term support to help to address the socioeconomic drivers of poor health, and to 'level up' the health of our deprived and left-behind communities and residents.
- Supported residents of Essex to make more informed choices that will enable them to experience better physical health and reduce their likelihood of developing long-term physical health conditions, and will have improved access to support for residents experiencing mental health concerns.
- Worked with partner organisations, communities and employers to improve outcomes for vulnerable residents and those with complex needs, to increase access to employment and suitable accommodation and to enable them to have greater choice and control over different aspects of their lives.
- Moved towards a community-based model of adult social care that is more local and helps people to get the right support at the right time to maintain their independence and quality of life.
- Worked with partners to support changes in the health care system and make better use of the total public sector spend on citizens in a place, and shifted resources from a reactive, demand-led model of health and social care towards one which underpins prevention and early intervention.

Across all of these ambitious end-states for the plan, collaboration with our partners will be crucial to achieving success. Health partners, District and Borough councils, community organisations, anchor institutions, local businesses and education institutions like our 3 Essex Universities will all play important roles in the delivery of our wider strategic aims and this is recognised throughout this delivery plan.

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

Everyone should have the best chance to go as far as their talent and hard work will take them. The overarching picture for Essex is that outcomes for most children and young people are good and were improving across the county prior to the pandemic. Educational outcomes for the majority of children and young people are good, and our numbers of Looked After Children are stable and have remained low compared to elsewhere in the country. Our Children's Social Care and Youth Offending Services are now judged Outstanding and the significant majority of our schools and early years settings are also rated as Good or Outstanding. We have an effective range of community-based early help services provided both by our commissioned services and by the voluntary sector, and we deliver interventions which divert young people from care and are based on innovative and evidence-based approaches. Once in care, we work hard to improve outcomes and to enable young people to return home if safe to do so. Our Youth Services are delivered in a way that builds capacity in the communities our children and young people live and grow up in. We also have an active and large voluntary and community sector which harnesses and develops the capacity of volunteers to support early intervention and provide safe and supportive environments and activities which enable families, children and young people to grow and flourish.

Whilst we know that the majority of children, young people and their families are thriving in Essex, the long-term outcomes for children and young people from vulnerable groups or those living in deprived areas are not always as good. Out of a cohort of 217,000 school age children, there are around 5,800 "children in need" *(children and young people (under 18) who need local authority support to achieve or maintain a reasonable standard of health or development or to prevent significant or further harm)*; and around 39,000 children in Essex live in neighbourhoods that are amongst the most deprived 20% nationally. In 2019 68.2% of children from deprived communities achieved a 'good level of development' at the end of their reception year, compared to 80.3% in Essex's least deprived areas. This gap grows as pupils progress through school with 43.7% of pupils from deprived communities achieving English and Maths GCSE at grades 9-4, compared to 72.7% of pupils in the least deprived areas. This trend has potential consequences for young people's future opportunities, for example 18.5% of Children receiving free school meals in Essex go on to higher education, compared to 38.6% of those who are not in receipt of free school meals. The impacts of deprivation extend beyond education settings as financial pressures can affect family life, shaping children's earliest experiences, and impacting on their wider health and wellbeing. Around three in ten children in Essex currently live in households where incomes fall below the level required to sustain a 'decent' standard of living. Amongst single parent families, this increases to almost seven in ten. Working parents in struggling households can experience low-paid work, irregular hours and limited opportunities to progress.

During the Covid19 pandemic education providers have worked tirelessly not only to ensure continued education in person and through remote learning, but also to support the welfare of children and families by providing free school meals, food parcels, activity packs and undertaking welfare checks on all children. It is thanks to this hard work that we know that some children have been able to thrive during lockdown and overall, children across Essex have returned to school eager and ready to learn and connect again with friends. Despite the efforts of schools, social care workers and the range of partners we work with, we know however that the impacts of the pandemic on our children and young

people have not been mitigated completely. The closure of schools to the majority of pupils has limited children's access to support and removed some of the protection of school, with the number of children referred from schools to children's social care being significantly lower than anticipated in the period between April and November 2020. Our most disadvantaged children and families are also more likely to have experienced loss of household income through furlough or unemployment through the pandemic; these are also the children who faced some of the greatest barriers to remote learning, with challenges around access to digital devices and study spaces.

Tackling these issues will be a challenge for partners across Essex. The pressures of the pandemic are likely to drive increases in demand for services, both across children's social care and education. But partners will also need to work to influence the early years and school system, the further and the higher education sectors, and national government policy to tackle immediate pressures and drive social mobility. We need to be influential and encourage and promote opportunities for children from marginalised communities or disadvantaged backgrounds who would otherwise be unable to access them. Crucially, we need to tackle the underlying causes and drivers of poverty, deprivation and disadvantage in our communities.

Where do we want to go to by the end of the plan?

To tackle these challenges, this plan set outs a range of activity over the course of the Everyone's Essex plan for next 4 years until 2025. By 2025 we want to be able to say that we have:

1. Improved educational experiences and outcomes for children and young people by increasing the percentage of children who are who are achieving a 'good level of development' at age 5, the percentage of young people achieving 9-4 in English & Maths at GCSE, and the percentage of children and young people attending a school rated 'Good' or 'Outstanding' by Ofsted.
2. Supported low income working families to help them build resilience and prevent them from reaching crisis points where they might require more intensive interventions from different agencies.
3. Worked with partners to continue to safeguard vulnerable children from a range of harms in at home in the community including domestic abuse and criminal exploitation; maintain low levels of youth offending and reoffending; and put in place new interventions to improve the safety of women and girls.
4. Improved the outcomes for vulnerable young people and those with poorer average outcomes including at attainment EYFS, KS2 and KS4, increased access to post 16 and higher education, and improved employment prospects. We will also put in a place a plan for sustainable SEND provision to ensure needs are addressed with the right provision at the right time.
5. Worked with partners and communities to put in place a new and comprehensive package of support to enable vulnerable families mitigate immediate pressures and build long-term resilience on matters such as financial wellbeing, low paid employment, insecure housing, and physical and mental health.

Across all these ambitious end-states for the plan, collaboration with our partners will be crucial to achieving success. Early Years providers, schools and other education providers (including Further and Higher education, and adult skills), community and voluntary sector organisations,

district and borough partners, Essex Police, Health Services, and housing providers will all play important roles in the delivery of our wider strategic aims.

Resources

Financial Strategy 2022/23 – 2025/26

The 2021/22 financial year has been challenging as the Covid-19 pandemic continues. There have been significant levels of spend to support the continuation of Adult Social Care and frontline services being delivered to residents, as well as support for those hardest hit by the pandemic, working in conjunction with partner organisations. We have also seen reductions in the level of income we receive where we charge for services, as a result of lockdowns and restrictions on activities, alongside changes in residents' behaviours. At the time of writing, spending pressures and income losses in relation to the pandemic are estimated at over £120m for ECC. To support this we have received significant funding from Government, however the medium to long-term impact of the pandemic on the economy and demand for services is still unknown and leaves us with a significant level of uncertainty in our medium-term financial strategy.

We have a legal responsibility to operate within a balanced budget. With the changes and reductions in Government grant funding over recent years, coupled with increasing and more complex demand for core services such as caring for the elderly, protecting vulnerable children and supporting those families who need it, the financial situation continues to be challenging. However, it continues to provide an opportunity to question how services are currently provided and where necessary, redesign them to better meet the needs of residents and communities now and in the future.

The budget sets out the financial resources that we have available to deliver our statutory requirements, political priorities and the Annual Plan and therefore achieve the Everyone's Essex Strategic Aims. In 2022/23, we will spend a gross budget (including schools) of **£2,082m**, which, after taking income and specific grants into account, amounts to a net cost of services of **£1,083m**, some £45m or 4% more than originally budgeted in 2021/22, and invest **£284m** in our capital programme. This budget is underpinned by a financial strategy to ensure that we can continue to live within our means, whilst also continuing to deliver essential services to residents and keep council tax as low as possible.

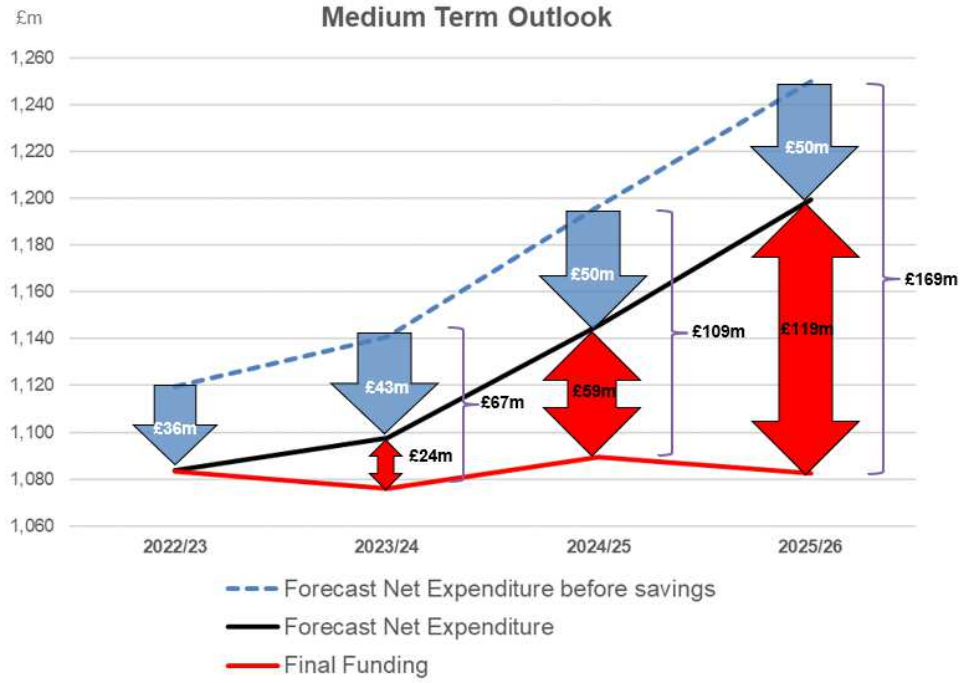
We have a strong record of sound financial management, and over the last 4 years have generated savings to taxpayers of **£222m**. A further **£36m** of new savings are forecast to be delivered by the end of 2022/23 (**3%** of net budget). The planned savings are focused around transformation of community care for Older People to deliver better outcomes, generating efficiencies through the "Meaningful Lives Matter" programme by providing better support to adults with learning difficulties, use of technology, contract efficiencies and more efficient use of buildings. We have an outstanding track record of delivering savings, generating income and delivering value to our residents, with a constant focus on strategic outcomes and financial prudence.

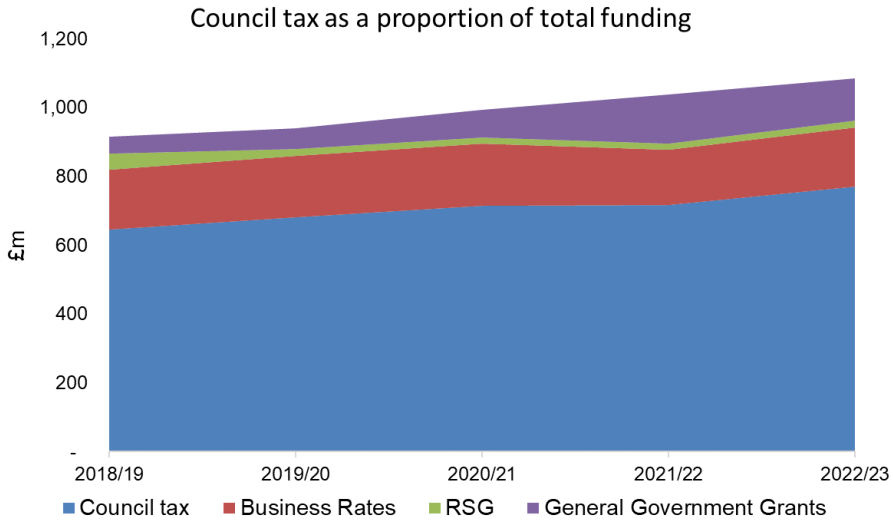
The Provisional Financial Settlement from Government confirmed the majority of announcements in the Autumn Spending Review. This included new monies for social care as well as a new Services grant for 2022/23. In addition to this, for the Dedicated Schools Grant (DSG), an additional £21.9m in respect of the High Needs Block was announced. There was only a one-year funding announcement for most grants. The Provisional Settlement also confirmed the continuation of Revenue Support Grant (RSG) of £19m.

Our long-term funding position is less clear. There is no funding certainty from Government beyond 2022/23, which makes it difficult to plan for the longer term. Our medium-term strategy assumes the continuation of Revenue Support Grant at the provisional 2022/23 level of **£19m**, and the continuation of social care grants at the current 2022/23 level.

Our budget for 2022/23 assumes that council tax is increased by 4.49%. This is made up of a 1.99% general council tax precept, and 1% adult social care precept as set out by Government for 2022/23, plus an additional 1.5% adult social care precept, deferred from 2021/22 using the flexibility set out by Government for 2021/22. The precept is being used to insulate Adult Social Care from higher savings, and support growth in demographics and inflation. Taking these increases into account, the council tax for a band D property will be **£1,401.12; this is an increase of £1.16 per household per week.**

Net expenditure of **£1,083m** is funded by Council Tax, Business Rates, RSG and General Government Grants. Income from Council Tax is the largest funding stream at **£770m** and will make up **71%** of our funding in 2022/23.





Based on latest intelligence on demand for services, inflation, and likely funding levels, we are forecasting a budget gap of £24m in 2023/24 rising to £119m in 2025/26. The most significant driver of the gap is inflation which accounts for £86m, followed by new burdens and other cost pressures of £19m, including financing of the capital programme, then demographic growth of £14m. There are no assumptions made around future levels of council tax in arriving at the gap.

Some progress has been made towards balancing the budget over the medium term. Further new savings totalling £14m have been identified in the medium term to 2025/26, and are included in the forecast gap. Work will continue during 2022/23 to identify proposals to close the funding gap beyond the next year. We are fully cognisant of the challenges faced, including the funding uncertainty, and we are determined to continue to transform how we operate to tackle this enormous task. We are committed to delivery of savings and generating the income required to reach a balanced budget position but also to deliver better services for residents.

There will be a continued focus on commercialism where possible, effective contract management and working with partners to secure value for money in delivering our strategic aims and priorities. We will be redesigning services where appropriate to ensure they remain modern and fit for purpose. The capital programme includes £46m of schemes which will result in cash savings or reduced costs thus reducing the burden on taxpayers.



Capital

The capital programme presented is fully developed for 2022/23 and provides the current view of the programme for 2023/24 to 2025/26. The 4-year programme totals £1,315m, and is one of the largest four year programmes to be announced by the Council.

The longer-term capital programme aspirations remain significant and we recognise that investments are essential to meet future needs, generate additional income including capital receipts and deliver revenue savings and reductions in cost. We will continue to develop a future programme of investment which is affordable within the financial envelope available, and will help transform service delivery to improve the quality of life for residents.

The overall aim for the capital programme is to have a diverse portfolio of activity ensuring, where appropriate, the creation of new assets and maintaining the quality of existing infrastructure, for the benefit of our residents and businesses.

The approach to the development of the capital programme is:

- Ensuring activity is prioritised in line with the Everyone's Essex strategic aims, with robust delivery plans in place, enabling delivery on time and at value, for example maintaining the road network and ensuring every child has a place at school.
- Utilising and leveraging the existing asset base to ensure it is fit for purpose, creating value and ensuring external funding is leveraged, especially from development, which will maximise the financial envelope available for capital projects such as funding for road improvements, new road junctions and building new schools.

Over the last three years we have invested over £208m on improving the quality of the roads and footways. As a result, we have seen significant improvements in the condition of the main road network, local roads and improvements to relieve congestion in several key locations.

Continued investment is vital to achieving the ambitions for the county which are aligned to the district's local plans, from schemes to generate economic growth to reducing congestion and unlocking land to develop homes. Following the notable achievement in securing Housing Infrastructure Funding (HIF) to support this ambition, schemes are now progressing through the design phase and soon to be in the construction phase such as Beaulieu Station and Chelmsford North-East bypass that will deliver a new train station and road improvements, and the A133-A120 Link road and Colchester Rapid Transit System schemes supporting delivery of the Tendring-Colchester Borders Garden Community.

Over the next year delivery will continue on significant packages of highway works such as a new junction on the M11 at 7a, and improvements to the M11 Junction 8 and at the A127 / A130 Fairglen Interchange. We will continue to work closely with the Department for Transport and National Highways to secure funding for our developing longer-term pipeline covering the next 10 to 15 years, which will provide greater opportunities to leverage external funding and work with third parties to enable greater outcomes for Essex.

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

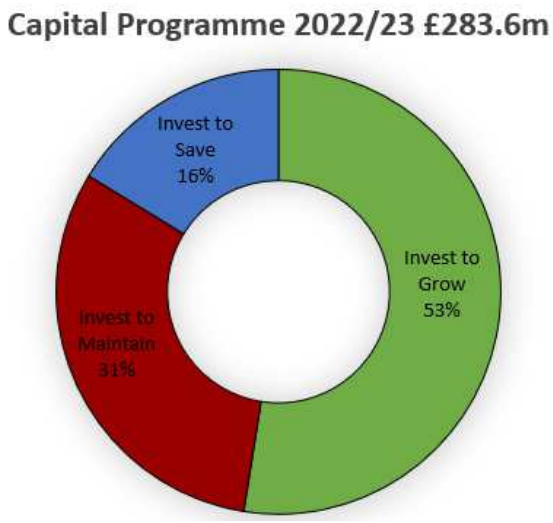
Essex Housing Development Limited Liability Partnership (LLP) is our housing development arm which works with public sector partners across Essex to identify and bring forward surplus land in order to help address general, specialist and affordable housing need, generate capital receipts and deliver revenue benefits. The ambitious programme continues in bringing forward private units which offset the costs of the affordable and specialist units to ensure the model is financially sustainable. Specialist units such as Independent Living for Older People and People with Learning Disabilities help promote the independence of some of the most vulnerable in the County, improve outcomes and reduce the costs of social care provision. Our ambition over the next four years is for 443 units to be delivered.

Increased investment and working in partnership with organisations and communities across the county is vital to achieving the ambitions for the Essex Climate Action Commission. We will continue the aspiration to achieve net-zero through delivering buildings that will have a net-zero carbon operational design; transforming our estate to be more energy efficient; make Essex more resilient to climate impacts such as flooding; deliver and maintain new and existing cycling infrastructure and active travel schemes which enable people to walk and cycle; replace streetlighting lanterns with LED units which will result in a significant energy saving and carbon reduction.

Our collaboration with Essex Schools has seen our special school places increase, and we will continue with this programme of works focusing on new schools and the start of the pupil referral unit programmes. This continues to represent a step change in the provision and helps to reduce distances children with Special Educational Needs and Disabilities need to travel, keeping them closer to their family and reducing associated costs. This programme continues with a further £42m being spent over the next 4 years. On top of this there is £162m being spent on mainstream education over the next 4 years to ensure that additional pupil places are being delivered in the areas of need.

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

- **Invest to Maintain** totals £89m and includes areas where the Council is maintaining (but extending the life of) its current assets, for example, highways and the flood programme.
- **Invest to Save / Generate Return** totals £46m and includes areas where the Council is investing to generate a return or saving, for example, accommodation for older people with disabilities, LED lighting and the Essex Housing Programme.
- **Invest to Grow** totals £149m and includes areas where the Council is expanding its capacity, for example, economic growth schemes in infrastructure and highways, creating new school places to meet additional demand from demographic changes, new housing developments and enhancing skills in key growth areas.



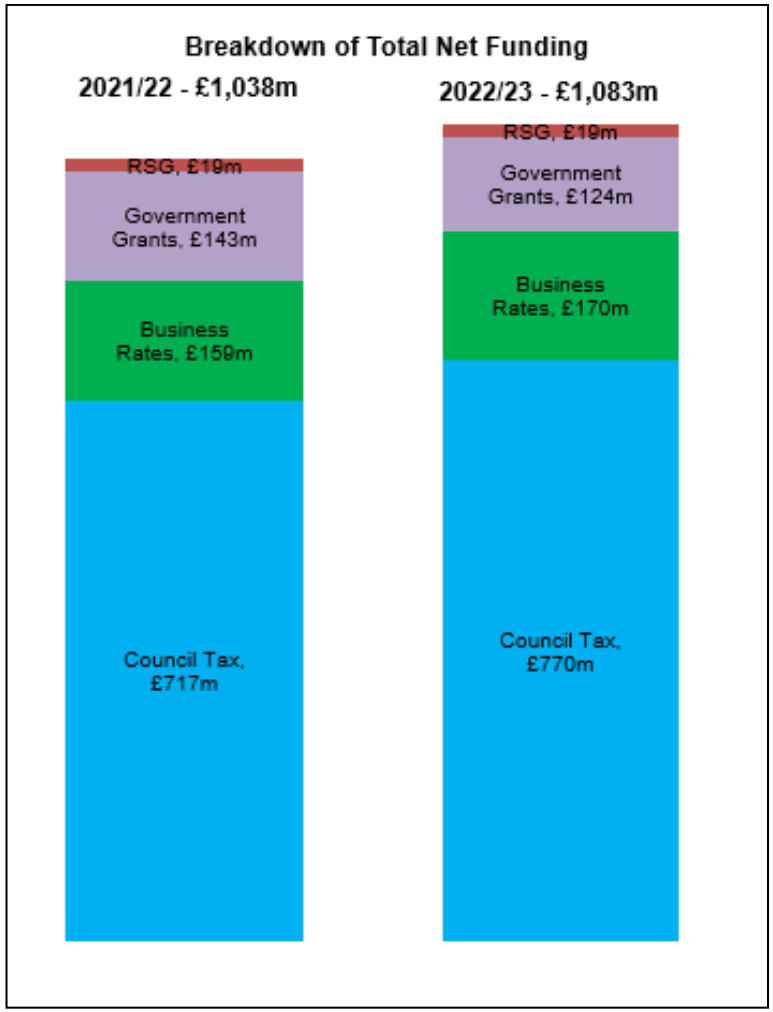
2022/23 Revenue Overview

Despite the financial challenges facing local government, the budget for 2022/23 is increasing. Gross expenditure to be incurred in the delivery of Council services in 2022/23 is **£2,082m**. After taking income and specific grants into account, the net costs of services amounts to **£1,083m,** an increase of **£45m** or 4% over 2021/22.

Budget breakdown

	2021/22 £m	2022/23 £m
Gross Expenditure	2,014.0	2,082.4
Deduct:		
Income	(269.6)	(277.7)
Specific Government Grants (excluding DSG)	(165.8)	(169.7)
Specific Government Grants (DSG)	(540.7)	(551.6)
Subtotal: Net Cost of Services	**1,037.9**	**1,083.4**
Deduct:		
Council Tax Requirement	(717.5)	(763.7)
Revenue Support Grant (RSG)	(18.7)	(19.3)
Non-Domestic Rates	(180.2)	(177.9)
Non-Domestic Rates Collection Fund Deficit *	21.2	7.8
General Government Grants	(143.0)	(123.6)
Council Tax Collection Fund Surplus*	0.3	(6.7)
Subtotal: Total Funding	**(1,037.9)**	**(1,083.4)**
Balanced budget	**0.0**	**0.0**

*Estimate of the variation of actual council tax and non-domestic rates revenue 2021/22 compared to that budgeted (technical adjustment).



Income

Within the budget, income of **£278m** is expected in 2022/23, an increase of **£8.1m** when compared to 2021/22. The breakdown of income streams by portfolio is shown on page 23.

Over **44%** of income shown in the table is derived from fees and charges; of this the majority is raised from means tested charges for adult social care. Fees and charges are subject to an annual review.

A significant proportion (**88%**) of the income recharges relate to the Better Care Fund.

	2021/22 £m	2022/23 £m
Fees and Charges	(119.9)	(122.3)
Contributions from Other Bodies	(50.5)	(57.5)
Interest Receivable	(0.8)	(0.9)
Rents and Lettings	(6.0)	(5.6)
Sales	(0.7)	(2.1)
Other Income:		
Appropriations Income*	(20.0)	(19.4)
Dividends	(0.9)	(1.2)
Income Recharge	(53.4)	(50.1)
Other Recharges	(17.4)	(18.6)
Capital Grants	-	-
TOTAL	**(269.6)**	**(277.7)**

***** Appropriations Income is the budgeted drawdown from reserves, such as the PFI and Waste reserve, as well as the budgeted surplus from trading accounts that is attributable to the County Fund.

Specific Government Grants

The budget also includes **£721m** of specific government grants, the most significant are the Dedicated Schools Grant (**£552m**), the majority of which is passed through to schools, and Public Health grant (**£64m**), which is ring-fenced to public health activity.

Revenue Budget Summary

2020/21 Actuals £000	2021/22 Original Budget £000	2021/22 Latest Budget £000	Portfolio	2022/23 Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
414,173	441,280	453,414	Adult Social Care and Health	737,288	(151,389)	(115,669)	470,230
122,732	133,060	139,045	Children's Services and Early Years	249,649	(9,737)	(103,475)	136,436
14,934	22,800	27,130	Community, Equality, Partnerships and Performance	37,976	(12,298)	(2,018)	23,660
2,205	3,607	4,570	Devolution, the Arts, Heritage and Culture	8,062	(3,949)		4,113
(2,832)	6,195	17,976	Economic Renewal, Infrastructure and Planning	10,860	(4,011)		6,849
10,658	16,799	20,726	Education Excellence, Life Long Learning and Employability	543,321	(26,866)	(498,931)	17,525
584	10,613	11,127	Finance, Resources and Corporate Affairs	16,470	(2,477)	(256)	13,737
102,006	112,576	113,624	Highways Maintenance and Sustainable Transport	135,451	(20,059)	(995)	114,397
2,190	2,220	2,915	Leader	2,397			2,397
81,283	81,723	81,856	Waste Reduction and Recycling	90,040	(3,307)		86,733
194,564	115,094	52,028	Other Operating Costs	130,589	(21,483)		109,106
15,497	16,764	19,651	Community, Equality, Partnerships and Performance RSSS	20,194	(2,268)		17,927
955	1,099	1,067	Economic Renewal, Infrastructure and Planning RSSS	1,322	(220)		1,102
71,887	72,280	90,821	Finance, Resources and Corporate Affairs RSSS	96,941	(19,674)		77,267
1,960	1,810	1,970	Leader RSSS	1,860			1,860
1,032,796	**1,037,921**	**1,037,921**		**2,082,419**	**(277,738)**	**(721,343)**	**1,083,338**

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

2022/23 Capital Programme Overview

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
260	770	Adult Social Care & Health	956	2,613	3,207	3,276	10,052
1,089	3,347	Children's Services & Early Years	2,014	655	655	655	3,979
30	554	Community Equality Partnerships & Performance	100	100	100	100	400
428	237	Devolution, the Arts, Heritage & Culture	60	-	-	-	60
68,759	89,506	Economic Renewal, Infrastructure & Planning	125,227	259,521	247,835	63,785	696,367
38,715	45,974	Education Excellence, Life Long Learning and Employability	59,832	86,555	51,465	50,426	248,278
8,961	8,571	Finance, Resources & Corporate Affairs	5,845	5,750	5,750	5,750	23,095
77,177	85,147	Highways Maintenance & Sustainable Transport	89,309	87,015	83,200	72,500	332,024
400	952	Leader	280	-	-	-	280
(5)	124	Waste Reduction & Recycling	-	-	-	-	-
195,813	**235,182**	**ECC Capital Programme**	**283,623**	**442,209**	**392,213**	**196,492**	**1,314,535**
504	612	Schools Cash Balance	-	-	-	-	-
717	666	Devolved Formula Capital	-	-	-	-	-
1,221	**1,278**	**Total School Balances**	**-**	**-**	**-**	**-**	**-**
197,035	**236,460**	**Total Capital Programme**	**283,623**	**442,209**	**392,213**	**196,492**	**1,314,535**

Financed by:

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
3,377	1,300	Capital Receipts	5,000	5,000	-	-	10,000
14,915	13,104	Contributions	17,484	30,507	13,986	46,298	108,274
110,906	132,825	Grants	123,776	217,705	218,222	65,217	624,920
-	7,000	Reserves	6,000	7,300	7,300	3,500	24,100
67,837	82,232	Unsupported Borrowing	131,363	181,697	152,705	81,477	547,241
197,035	**236,460**	**Capital Programme**	**283,623**	**442,209**	**392,213**	**196,492**	**1,314,535**

Council Tax Requirement

Under sections 42A and B of the Local Government Finance Act 1992, as inserted by the Localism Act 2011, there is a requirement to disclose the budget requirement and associated council tax requirement for the year. This is set out below.

Statutory disclosure requirement

	£
Net cost of Services	1,083,337,745
General Government Grants *	(123,628,409)
Budget requirement	**959,709,336**
Less funding available:	
Revenue Support Grant	19,294,802
Non-Domestic Rates	177,909,350
Non-Domestic Rates Collection Fund deficit	(7,847,773)
Council Tax Collection fund surplus	6,683,085
	196,039,464
Council tax requirement	**763,669,872**
Tax base (Band D equivalent properties)	545,042.45
Band D council tax	1,401.12

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

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

Council Tax Band	2021/22 £	2022/23 £
Band A	893.94	934.08
Band B	1,042.93	1,089.76
Band C	1,191.92	1,245.44
Band D	**1,340.91**	**1,401.12**
Band E	1,638.89	1,712.48
Band F	1,936.87	2,023.84
Band G	2,234.85	2,335.20
Band H	2,681.82	2,802.24

Annex 1: Revenue and Capital Budgets

Adult Social Care and Health (Cllr John Spence)
Revenue Budget

2020/21 Actuals				2021/22 Original Budget					2022/23			
Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000	Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000		Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
								Access Assessment and Care Management				
7,835	(1)	(6)	7,828	8,865	3		8,868	Countywide Teams	11,226			11,226
7,649	(315)		7,333	8,357	(170)		8,187	Mid Teams	8,669	(160)		8,510
7,322	(399)		6,923	8,269	(83)		8,186	North East Teams	8,596	(208)		8,388
8,625	(439)		8,187	9,244	(414)		8,831	South Teams	9,582	(468)		9,115
5,649	(209)		5,440	6,042	(98)		5,944	West Teams	6,658	(109)		6,549
								Care and Support				
217,769	(18,976)	(153)	198,640	231,361	(17,823)		213,538	Learning Disabilities	246,830	(18,215)		228,615
304,479	(136,533)	(78,669)	89,278	249,856	(113,260)	(45,017)	91,579	Older People	260,172	(118,025)	(41,987)	100,160
50,632	(5,425)		45,208	53,448	(4,306)		49,142	Physical and Sensory Impairment	58,361	(5,088)		53,273
190			190	142			142	**Corporate and Democratic Core**	145			145
140	(14)		125	255			255	**Health Reform and Integration**	210	(69)		141
420		(328)	92	420		(328)	92	**Health Watch**	420		(328)	92
5,349		(694)	4,656	4,025			4,025	**Housing Related Support**	4,136			4,136
23,422	(2,795)		20,627	23,217	(2,317)		20,900	**Mental Health**	24,828	(2,363)		22,465
								Other Social Care				
141	(158)		(17)	317	(317)		(0)	Essex Vulnerable Adults	279	(279)		
3,225	(7)	(470)	2,748	3,426		(470)	2,956	Third Sector Funding	3,455	3	(470)	2,988
79,740	(1,134)	(86,571)	(7,964)	64,178	(187)	(65,742)	(1,750)	**Public Health**	65,947	(186)	(68,011)	(2,250)
30,323	(5,079)	(587)	24,656	27,047	(6,400)	(610)	20,036	**Service Management Costs**	27,423	(6,223)	(4,873)	16,327
375		(162)	213	349			349	**Social Fund**	349			349
11			11	0			0	**Support to Carers**				-
753,297	**(171,484)**	**(167,640)**	**414,173**	**698,818**	**(145,371)**	**(112,167)**	**441,280**	**Total Adult Social Care and Health**	**737,288**	**(151,389)**	**(115,669)**	**470,230**

The Public Health grant presents a 2022/23 net expenditure budget of a £2.25m credit in the above table, due to the contribution towards support services. This grant is fully utilised, with the related costs being shown within Communities, Equalities, Partnerships and Performance RSSS portfolio, and Finance, Resources and Corporate Affairs RSSS portfolio (Recharge Strategic Support Services). The presentation is in line with accountancy regulations.

The gross expenditure and grant income actuals in 2020/21 are higher than the 2021/22 and 2022/23 budget figures because these include Covid-19 related expenditure which was one off in nature and not budgeted for in subsequent years.

Adult Social Care and Health (Cllr John Spence)
Capital Programme

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
62	118	Independent Living Older People Lexden Springs	46	6	7	76	135
-	-	Independent Living Adults with Complex Needs	304	2,196	3,200	3,200	8,900
-	-	Bridgemarsh	200	-	-	-	200
1	0	Independent Living Older People Ninefields Waltham Abbey	406	411	-	-	817
196	652	Schemes completing 2021/22 or earlier	-	-	-	-	-
260	**770**	**Total Adult Social Care & Health**	**956**	**2,613**	**3,207**	**3,276**	**10,052**

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

2020/21 Actuals £000	2021/22 Original Budget £000	2021/22 Latest Budget £000		2022/23 Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
			Childrens Services				
11,341	12,206	12,353	Children's Services and Early Years	15,392	(1,880)	(1,075)	12,438
13,498	12,425	15,351	Childrens Family Support	17,036	(76)		16,959
31,065	28,954	31,814	Childrens Fieldwork	35,269	(1,329)	(3,684)	30,256
52,513	59,504	58,130	Children Looked After	65,371		(7,959)	57,412
5,005	7,131	8,233	Childrens Strategic Management and Development	8,124	(478)	(550)	7,097
95	344	495	**Domestic Violence**	3,499	(735)	(2,670)	94
7,100	7,073	7,073	**Early Years and Childcare**	11,214	(4,141)		7,073
2,056	1,964	1,951	**Emotional Wellbeing and Mental Health Service**	2,015	(6)		2,008
1,901	2,244	2,244	**Youth Offending Service**	4,545	(684)	(1,617)	2,244
2,131	1,617	1,802	**Early Years - non DSG**	1,665	(409)		1,256
(3,974)	(401)	(401)	**Early Years - DSG**	85,519		(85,920)	(401)
122,732	**133,060**	**139,045**	**Total Childrens Services and Early Years**	**249,649**	**(9,737)**	**(103,475)**	**136,436**

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

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
635	2,691	Early Years	737	5	5	5	752
259	200	Children with Disabilities	200	200	200	200	800
88	456	Adaptions	1,077	450	450	450	2,427
107	-	Family Enhancement Centre	-	-	-	-	-
1,089	**3,347**	**Total Children's Services & Early Years**	**2,014**	**655**	**655**	**655**	**3,979**

Community, Equality, Partnerships and Performance (Cllr Louise McKinlay)
Revenue Budget

2020/21 Actuals £000	2021/22 Original Budget £000	2021/22 Latest Budget £000		2022/23 Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
(11,458)	635	635	**Communities**	709		(62)	647
431	(0)	93	**Community Initiatives Fund**				-
4,688	2,799	3,054	**Coroners**	3,719	(771)		2,948
96	134	132	**Customer Services and Member Enquiries**	135			135
(614)	(475)	(486)	**Deputyship Service**	956	(1,330)		(375)
505	575	567	**Emergency Planning**	623	(34)		589
(150)	(0)	306	**EU Exit**				-
328	189	189	**Initiatives and Partnerships**	197			197
24	(0)	23	**Innovation Fund**				-
13,124	12,295	13,278	**Libraries**	14,657	(1,707)		12,950
657	(0)	785	**Locality Fund**				-
2,313	1,796	1,835	**Members Support**	1,859			1,859
(59)	(81)	1,527	**Outdoor Education**	3,349	(3,561)	0	(213)
(907)	(1,748)	(1,650)	**Registrars**	2,607	(4,343)		(1,737)
2,645	2,647	2,827	**Service Design**	2,611			2,611
622	621	621	**Sports Development**	732	(109)		623
(320)	(0)	(40)	**Strategic Partnerships**				-
3,009	3,415	3,434	**Youth Services**	5,823	(442)	(1,956)	3,425
14,934	**22,800**	**27,130**	**Total Community, Equality, Partnerships and Performance**	**37,976**	**(12,298)**	**(2,018)**	**23,660**
773	895	899	**Democratic Services**	1,168	(227)		941
813	421	1,039	**Equality And Diversity**	396			396
4,097	4,908	5,037	**Legal Services**	6,321	(1,157)		5,164
3,091	3,635	4,509	**Performance, Business Intelligence, Planning and Partnerships**	4,551	(360)		4,192
960	1,166	1,236	**Risk Management**	1,762	(524)		1,238
5,763	5,739	6,931	**Transformation Support Unit**	5,995			5,995
15,497	**16,764**	**19,651**	**Total Community, Equality, Partnerships and Performance RSSS**	**20,194**	**(2,268)**	**-**	**17,927**

Community Initiatives Fund expenditure is funded via draw down from reserves and does not form part of the base budget.

Community, Equality, Partnerships and Performance (Cllr Louise McKinlay)
Capital Programme

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
-	300	Changing Places	100	100	100	100	400
30	254	Essex Outdoors Centres	-	-	-	-	-
30	**554**	**Total Community Equality Partnerships & Performance**	**100**	**100**	**100**	**100**	**400**

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

2020/21 Actuals £000	2021/22 Original Budget £000	2021/22 Latest Budget £000		2022/23 Gross Expenditure £000	2022/23 Income £000	2022/23 Specific Grants £000	2022/23 Total Net Expenditure £000
472	793	888	**Heritage and Cultural Services**	1,613	(481)		1,131
			Leisure				
95	101	101	Contributions To Other Bodies	104			104
(468)	814	1,015	Country Parks	3,239	(2,368)		871
336	150	151	Cressing Temple	228	(85)		144
150	175	175	**Rural Issues**	175			175
117	99	672	**Tourism**	215	(115)		100
1,087	1,092	1,106	**Trading Standards**	1,434	(316)		1,118
416	383	462	**Travellers**	1,055	(585)		470
2,205	**3,607**	**4,570**	**Total Devolution, the Arts, Heritage and Culture**	**8,062**	**(3,949)**	**-**	**4,113**

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

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
428	237	Country Parks Maintenance	60	-	-	-	60
428	**237**	**Total Devolution, the Arts, Heritage & Culture**	**60**	**-**	**-**	**-**	**60**

Economic Renewal, Infrastructure and Planning (Cllr Lesley Wagland)
Revenue Budget

2020/21 Actuals £000	2021/22 Original Budget £000	2021/22 Latest Budget £000		2022/23 Gross Expenditure £000	2022/23 Income £000	2022/23 Specific Grants £000	2022/23 Total Net Expenditure £000
(11,145)	698	668	**Developer Management and Staff**	2,840	(2,110)		729
(3,801)	2,627	13,885	**Economic Regeneration**	3,487	(63)		3,424
1,016	1,018	1,037	**Environmental Planning**	1,377	(334)		1,043
617	434	684	**Garden Communities**	434			434
8,285	(0)	44	**Housing**	1,192	(1,192)		(0)
456	445	282	**Housing Growth and Strategic Sites**	295			295
130	0	319	**International Trade**	259			259
697	336	14	**Inward Investment**	15			15
567	606	596	**Strategic Spatial Planning**	962	(312)		650
346	33	447	**Superfast Broadband**				-
(2,832)	**6,195**	**17,976**	**Total Economic Renewal, Infrastructure and Planning**	**10,860**	**(4,011)**	**-**	**6,849**
955	1,099	1,067	**Capital Programme, Implementation and Delivery**	1,322	(220)		1,102
955	**1,099**	**1,067**	**Total Economic Renewal, Infrastructure and Planning RSSS**	**1,322**	**(220)**	**-**	**1,102**

The 2020/21 actuals and 2021/22 Latest Budget for Economic Regeneration includes Contain Outbreak Management and Economic Recovery funding which is one off and does not form part of the base budget.

The Housing policy line refers to charges that are being incurred and recouped from Essex Housing Development LLP.

Superfast Broadband expenditure is funded via draw down from reserves and does not form part of the base budget.

Economic Renewal, Infrastructure and Planning (Cllr Lesley Wagland)
Capital Programme

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
134	91	A120 Millennium Way Slips	150	7,105	4,276	-	11,531
71	977	A127 Air Quality	255	254	254	262	1,025
509	345	A127 Auto and Connected Highway	1,100	5,500	16,695	1,092	24,387
4,246	450	A127 Fairglen Junction Improvements	900	6,300	13,502	-	20,702
2,747	2,000	A133/A120 Link Road	4,000	35,029	34,650	9,758	83,437
-	29	Abberton Rural Training	20	-	-	-	20
2,264	5,037	Advanced Scheme Design	14,271	3,750	3,750	3,750	25,521
1,264	1,300	Army & Navy, Chelmsford	816	2,680	1,941	11,770	17,208
1,261	403	Basildon Integrated Transport Package	60	-	-	-	60
1,946	3,018	Beaulieu Park Station	9,000	49,851	60,000	30,000	148,851
6,031	5,114	Broadband Delivery UK Essex Superfast Programme	6,155	-	-	-	6,155
6,024	1,882	Chelmsford Growth Area	355	-	-	-	355
4,118	3,650	Chelmsford North Eastern Bypass	10,000	47,474	29,728	-	87,202
-	550	Colchester Grow on Space	3,227	-	-	-	3,227
30,616	**24,846**	**Sub-total Economic Renewal, Infrastructure & Planning**	**50,309**	**157,944**	**164,796**	**56,632**	**429,681**

Economic Renewal, Infrastructure and Planning (Cllr Lesley Wagland) Capital Programme (Cont'd)

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
3,358	2,750	Colchester Rapid Transit	5,368	16,676	14,750	-	36,794
29	85	Colchester St Botolphs	-	2,903	5,919	-	8,822
528	416	Cycling Infrastructure	1,253	2,000	2,000	-	5,253
3,887	4,686	Economic Growth Fund	6,538	3,500	3,500	500	14,038
4,315	8,831	Essex Housing Programme	28,474	36,211	28,029	6,434	99,148
-	1,000	Essex Pedal Power - Tendring	1,400	-	-	-	1,400
-	-	Harlow Investment Fund	5,000	-	-	-	5,000
594	2,506	Harlow Sustainable Transport Corridors North/South (Phase 1:Gilston t	2,160	14,500	17,811	-	34,471
-	590	Jaywick Market & Commercial Space	1,682	-	-	-	1,682
-	-	Local Space Cluster Warehouse	186	-	-	-	186
-	-	Localities	2,337	12,328	8,315	-	22,980
223	191	Loughton Library	159	8,965	2,694	-	11,818
19,788	26,185	M11 Junction 7A and Gilden Way Upgrading	11,686	-	-	-	11,686
85	2,327	M11 Junction 8	6,000	3,446	-	-	9,446
8	25	Moulsham Lodge	20	13	-	-	33
73	141	Primrose Meadow	106	12	8	205	331
164	170	Shenfield Library	2,245	1,012	-	-	3,257
-	62	St Peters Independent Living Older People	282	7	7	7	303
45	-	Westfield	22	4	6	6	38
5,047	14,697	Schemes completing 2021/22 or earlier	-	-	-	-	-
68,759	**89,506**	**Total Economic Renewal, Infrastructure & Planning**	**125,227**	**259,521**	**247,835**	**63,785**	**696,367**

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

2020/21 Actuals £000	2021/22 Original Budget £000	2021/22 Latest Budget £000		2022/23 Gross Expenditure £000	2022/23 Income £000	2022/23 Specific Grants £000	2022/23 Total Net Expenditure £000
			Education and Life Long Learning DSG				
1,461	(73)	4,734	Schools and Central Services Block	325,069		(325,141)	(73)
(9,371)	(2,589)	(7,275)	High Needs Block	163,739	(1,264)	(165,064)	(2,589)
			Education and Life Long Learning Non DSG				
15,261	16,267	16,766	Access To Education	29,192	(12,742)		16,450
(818)	(808)	(743)	Adult Community Learning	10,701	(2,874)	(8,279)	(452)
135	(833)	1,464	Schools	5,040	(5,794)	(446)	(1,201)
1,215	1,217	1,198	Skills	1,298			1,298
2,154	3,269	4,243	Special Educational Needs	7,539	(3,814)		3,725
621	347	338	Strategic Management	743	(377)		366
10,658	**16,799**	**20,726**	**Education Excellence, Life Long Learning and Employability**	**543,321**	**(26,866)**	**(498,931)**	**17,525**

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

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
25,046	22,133	Basic Need Schemes	27,856	53,394	38,147	40,326	159,723
9,699	10,649	Schools Capitalised Building Maintenance	6,400	6,400	6,400	6,400	25,600
3,121	8,160	Special Schools including Pupil Referral Unit	18,591	23,061	3,218	-	44,870
675	4,471	Temporary Accommodation and Relocatable Replacement	6,735	3,500	3,500	3,500	17,235
174	560	Schools Feasibilities	250	200	200	200	850
38,715	**45,974**	**Total Education Excellence, Life Long Learning and Employability**	**59,832**	**86,555**	**51,465**	**50,426**	**248,278**

Finance, Resources and Corporate Affairs (Cllr Christopher Whitbread)
Revenue Budget

2020/21 Actuals £000	2021/22 Original Budget £000	2021/22 Latest Budget £000		2022/23 Gross Expenditure £000	2022/23 Income £000	2022/23 Specific Grants £000	2022/23 Total Net Expenditure £000
			Central Services To The Public				
3,758	5,203	5,203	Council Tax Sharing Scheme	7,648			7,648
(6,316)	519	491	Other Services	3,233	(2,207)	(256)	771
(70)	1,490	2,032	**Customer Services**	2,107	(270)		1,837
			Precepts				
1,722	1,757	1,757	Environmental Agency	1,827			1,827
390	390	390	Kent and Essex Sea Fisheries	390			390
1,254	1,254	1,254	Lee Valley Park	1,254			1,254
(154)	0	0	**Traded Strategy**	10			10
584	**10,613**	**11,127**	**Total Finance, Resources and Corporate Affairs**	**16,470**	**(2,477)**	**(256)**	**13,737**
9,227	8,464	10,087	**Business Support**	8,885			8,885
76	88	87	**Car Provision Scheme**	2,715	(2,614)		101
1,506	454	2,078	**Customer Services**	1,969			1,969
9,197	10,026	10,273	**Finance**	14,868	(4,978)		9,891
7,502	6,762	6,957	**Human Resources**	9,138	(958)		8,180
24,071	22,745	35,501	**Information Services**	25,974	(1,044)		24,930
685	3,820	4,458	**Insurance**	5,660	(1,632)		4,027
4,629	4,742	5,877	**Procurement**	5,115	(195)		4,920
14,994	15,179	15,505	**Property**	22,617	(8,253)		14,364
71,887	**72,280**	**90,821**	**Total Finance, Resources and Corporate Affairs RSSS**	**96,941**	**(19,674)**	**-**	**77,267**

Finance, Resources and Corporate Affairs (Cllr Christopher Whitbread) Capital Programme

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
204	122	Next Generation Networks	95	-	-	-	95
5,348	5,235	Capitalised Building Maintenance (Non School estate)	5,000	5,000	5,000	5,000	20,000
0	3,115	Salix Grant Projects	750	750	750	750	3,000
3,409	99	Schemes completing 2021/22 or earlier	-	-	-	-	-
8,961	**8,571**	**Total Finance, Resources & Corporate Affairs**	**5,845**	**5,750**	**5,750**	**5,750**	**23,095**

Highways Maintenance and Sustainable Transport (Cllr Lee Scott)
Revenue Budget

2020/21 Actuals £000	2021/22 Original Budget £000	2021/22 Latest Budget £000		2022/23 Gross Expenditure £000	2022/23 Income £000	2022/23 Specific Grants £000	2022/23 Total Net Expenditure £000
1,018	1,124	1,186	**Development Management**	1,135	(127)		1,008
28,090	32,768	32,454	**Home to School Transport**	35,884	(804)		35,080
			Infrastructure				
76	0		Additional pothole works				-
2,076	1,265	1,273	Bridges	1,375	(38)		1,338
(728)	437	445	Congestion	8,356	(8,676)		(320)
482	504	500	Highways Asset Management	517			517
(283)	(2,856)	(2,669)	Highways Management and Administration	(2,970)	(1,393)		(4,363)
1,342	548	563	Localism	455			455
11,989	18,413	18,413	Ongoing Operator Payments for A130 PFI	19,466			19,466
423	738	1,179	Park and Ride	2,879	(2,063)		817
1,397	1,809	1,802	Public Rights Of Way	2,041	(193)		1,848
428	675	671	Road Safety	918	(11)	(221)	685
16,613	14,123	14,449	Roads And Footways	14,460	(123)		14,337
6,856	7,368	7,425	Street Lighting	8,188	(650)		7,538
(3,334)	94	135	Traffic Management Act	3,704	(4,696)		(992)
3,538	3,283	3,283	Winter Service	3,329			3,329
29,254	30,271	30,337	**Passenger Transport**	33,649	(1,285)	(773)	31,590
2,769	2,011	2,177	**Transport Strategy**	2,065			2,065
102,006	**112,576**	**113,624**	**Total Highways Maintenance and Sustainable Transport**	**135,451**	**(20,059)**	**(995)**	**114,397**

Highways Maintenance and Sustainable Transport (Cllr Lee Scott) Capital Programme

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
8,494	9,333	Bridges	9,750	9,450	9,450	9,450	38,100
1,502	2,683	Flood Management	3,561	4,061	4,561	-	12,183
8,292	8,000	Footway Maintenance	8,000	8,000	8,000	8,000	32,000
1,628	6,506	LED Rollout	7,000	7,000	3,372	-	17,372
3,789	4,550	Local Highways Panels	6,650	6,000	6,051	4,000	22,701
336	369	Passenger Transport	2,053	1,704	966	250	4,973
281	400	Public Rights Of Way	400	400	400	400	1,600
41,914	43,018	Road Maintenance	41,658	40,750	40,750	40,750	163,908
1,914	2,000	Safety Barrier Replacement	2,000	2,000	2,000	2,000	8,000
3,069	3,500	Street Lighting Replacement	3,000	3,000	3,000	3,000	12,000
2,275	2,245	Surface Water Alleviation	2,755	2,500	2,500	2,500	10,255
2,743	2,111	Traffic Signal Refurbishments	2,482	2,150	2,150	2,150	8,932
940	430	Schemes completing 2021/22 or earlier	-	-	-	-	-
77,177	**85,147**	**Total Highways Maintenance & Sustainable Transport**	**89,309**	**87,015**	**83,200**	**72,500**	**332,024**

Leader (Cllr Kevin Bentley)
Revenue Budget

2020/21 Actuals £000	2021/22 Original Budget £000	2021/22 Latest Budget £000		2022/23 Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
825	963	1,289	**Corporate Policy**	1,162			1,162
972	1,024	1,010	**Democratic Core**	1,029			1,029
394	233	617	**Environmental Strategy**	205			205
2,190	**2,220**	**2,915**	**Total Leader**	**2,397**	**-**	**-**	**2,397**
1,960	1,810	1,970	**Communications and Customer Relations**	1,860			1,860
1,960	**1,810**	**1,970**	**Total Leader RSSS**	**1,860**	**-**	**-**	**1,860**

Leader (Cllr Kevin Bentley)
Capital Programme

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
265	125	ECC Estate energy storage	65	-	-	-	65
-	-	LoCase II (public estate)	215	-	-	-	215
135	827	Schemes completing 2021/22 or earlier	-	-	-	-	-
400	**952**	**Total Leader**	**280**	**-**	**-**	**-**	**280**

Waste Reduction and Recycling (Cllr Malcolm Buckley)
Revenue Budget

2020/21 Actuals £000	2021/22 Original Budget £000	2021/22 Latest Budget £000		2022/23 Gross Expenditure £000	2022/23 Income £000	2022/23 Specific Grants £000	2022/23 Total Net Expenditure £000
(8)	250	244	**Management and Support Services**	393			393
			Waste Management				
0	(65)	(73)	Waste Management and Support Services	87	(60)		27
1,471	1,124	1,121	Waste Strategy	1,128	(1)		1,127
25,065	25,238	25,238	Recycling Initiatives	26,094			26,094
12,359	10,909	10,909	Civic Amenity Service	14,646			14,646
42,091	42,283	42,433	Waste Disposal	40,425			40,425
1,610	3,665	3,665	Courtauld Road Waste Treatment	3,873			3,873
141	96	96	Exceptional Waste	98			98
407	423	423	Landfill Aftercare	491	(46)		445
696	969	969	Tipping Away Payments	2,804			2,804
(2,550)	(3,170)	(3,170)	Trade Waste Income		(3,200)		(3,200)
81,283	**81,723**	**81,856**	**Total Waste Reduction and Recycling**	**90,040**	**(3,307)**	**-**	**86,733**

Waste Reduction and Recycling (Cllr Malcolm Buckley)
Capital Budget

2020/21 Actuals £000	2021/22 Latest Budget £000	Portfolio	2022/23 Budget £000	2023/24 Aspirational £000	2024/25 Aspirational £000	2025/26 Aspirational £000	Four Year Total £000
(5)	124	Schemes completing 2021/22 or earlier	-	-	-	-	-
(5)	**124**	**Total Waste Reduction and Recycling**	**-**	**-**	**-**	**-**	**-**

Other Operating costs

The revenue budget in 2022/23 is **£109m**. The expenditure includes the net appropriations to reserves and restricted funds as described in the Reserves section (starting on page 52) of **£49m** and the costs of financing the capital programme of **£63m.**

The movement since 2021/22 is mainly due to changes in the appropriations and withdrawals from the reserves between the years, in line with changes in the specific liabilities, for example changes in PFI payment profiles.

2020/21	2021/22	2021/22		2022/23			
	Original	Latest		Gross		Specific	Total Net
Actuals	Budget	Budget		Expenditure	Income	Grants	Expenditure
£000	£000	£000		£000	£000	£000	£000
30,970	33,476	33,476	**Capital Financing**	37,799			37,799
(952)	(850)	(850)	**Dividends Received**		(1,150)		(1,150)
			Interest Payable				
(848)	(802)	(802)	Contributions - Transferred Debt		(511)		(511)
21,181	23,436	24,236	External Interest Payable	25,349			25,349
(80)			Loan Charges Grant				-
			Interest Receivable				
(1,346)	(881)	(881)	External Interest Receivable	(250)	(1,230)		(1,480)
260	173	173	Interest Reallocated		344		344
49,185	**54,552**	**55,352**		**62,897**	**(2,547)**	**-**	**60,351**

2020/21 Actuals £000	2021/22 Original Budget £000	2021/22 Latest Budget £000		2022/23 Gross Expenditure £000	2022/23 Income £000	2022/23 Specific Grants £000	2022/23 Total Net Expenditure £000
			Approps To/(From) Reserves and Restricted Use Funds (i)				
(2,830)	(9,255)	(9,255)	A130 PFI Reserve		(10,308)		(10,308)
	10,089	10,089	Adult Social Care Risk				-
(1,581)		(1,260)	Adults Digital Programme				-
3,500		2,500	Adults Transformation Reserve				-
12,607	2,700	(13,215)	Ambition Fund Reserve	6,800			6,800
590	0	286	Building Schools for the Future				-
		(65)	Bursary for Trainee Carers				-
1,000	(0)	(0)	Capital Receipts Pump Priming	6,000			6,000
(34)			Capital Receipts Reserve				-
474	(76)	(114)	Carbon Reduction Reserve		(114)		(114)
6,469	(3,260)	(19,348)	Carry Forwards Reserve				-
			Childrens Risk	2,500			2,500
1,314		5,406	Childrens Transformation Reserve				-
208	(0)	(123)	Clacton PFI Reserve				-
2,616	12,418	2,132	Collection Fund Risk Reserve	5,951			5,951
		1,075	Commercial Investment in Essex Places Reserve		(170)		(170)
(86)	350	257	Community Initiatives Fund	350			350
37,496	28,808	17,747	Covid Equalisation		(1,831)		(1,831)
334	(0)	(528)	Debden PFI Reserve				-
12,564	4,000	4,000	Emergency	9,094			9,094
		261	Equalities Fund				-
4,750	(0)	(422)	Essex Climate Change Commission				-
		45,000	Everyones Essex				-
557	0	(13,592)	Grant Equalisation Reserves				-
(288)	2,038	1,789	Health and Safety Reserve				-
87		(1,238)	Insurance Reserve				-
306			Partnership Reserves				-

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

2020/21 Actuals £000	2021/22 Original Budget £000	2021/22 Latest Budget £000		2022/23 Gross Expenditure £000	2022/23 Income £000	2022/23 Specific Grants £000	2022/23 Total Net Expenditure £000
			Approps To/(From) Reserves and Restricted Use Funds (ii)				
326	326	326	Property Investment				-
(168)	500	459	Quadrennial Elections Reserve	500			500
25,000		(25,650)	Renewal Fund Reserve				-
4,995	3,074	2,989	Reserve For Future Capital Funding	14,674			14,674
8,958			Schools Reserves				-
4,964	10,000	(1,135)	Technology and Digitisation	10,000			10,000
(303)			Tendring Public Private Partnership				-
(304)	(304)	(304)	Trading Activities Reserves		(304)		(304)
17,285	5,480	(4,898)	Transformation Reserve	11,823			11,823
4,574	(6,344)	(6,494)	Waste Reserve		(6,209)		(6,209)
145,380	**60,543**	**(3,323)**		**67,692**	**(18,937)**	**-**	**48,755**
194,564	**115,094**	**52,028**	**Total Other Operating Costs**	**130,589**	**(21,483)**	**-**	**109,106**

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

Trading Activities

This section sets out the budgets relating to those services that are currently set up as Trading Activities, which operate under separate Trading Accounts. For 2022/23, the Trading Activities have a target operating surplus of **£304,000**

	Revenue reserve 1 April 2022	Income	Expenditure	(Surplus) / deficit	Appropriations To County Revenue Account	Appropriations To Trading Activity reserve	Revenue reserve 31 March 2023
	£000	£000	£000	£000	£000	£000	£000
Place Services	(1,113)	(3,459)	3,159	(300)	(300)	-	(1,113)
Music Services Traded	(228)	(3,891)	3,887	(4)	(4)	-	(228)
Total	**(1,341)**	**(7,350)**	**7,046**	**(304)**	**(304)**	**-**	**(1,341)**

Reserves

Any organisation which is being prudently managed, whether in the commercial, charitable or public sector, will maintain a level of reserves to deal with future or unexpected pressures.

Much has been written about Local Authority reserves and much is misunderstood.

We have built specific reserves to manage known financial liabilities and possible risks – as good financial practice would dictate; these can be split into three types:

- Those reserves which are for known current and future contractual liabilities or are beyond the control of the Council. These are restricted in use and cover items such as Private Finance Initiative (PFI) contracts and Schools Balances
- Those reserves which are for more general purposes such as the Transformation Reserve, used to fund revenue investment in areas such as new ways of working and more efficient services, and
- The General Balance.

To provide greater clarity in reporting, these are presented under two headings of ‘Restricted Funds’ which covers the first bullet point above and ‘Reserves’, which covers the last two.

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

We also use these specific cash backed reserves to generate interest receipts and minimise the cost of debt. We expect to earn **£235,000** in 2022/23 from temporarily investing surplus cash in the market, which is included in the budget, and will be used to fund services. However, it saves substantially more by using the reserves to offset what would otherwise be external borrowing costs. In 2022/23, it is estimated that this will enable us to avoid borrowing costs of **£4.1m**, thereby allowing funds to be used instead for front line service delivery.

Reserves

				Estimated closing balances			
				2022/23		2023/24	2024/25
	Balance at 1 April 2021 £000	Balance at 1 April 2022 £000	Budgeted Contributions/ Withdrawals £000	Assumed usage £000	Closing balance £000	£000	£000
General Balance	(68,096)	(68,096)	-	-	(68,096)	(68,096)	(68,096)
Reserves earmarked for future use (cont'd)							
Adults Digital Programme	(1,288)	0	-	-	0	0	0
Adult Social Care Risk	-	(10,089)	-	2,522	(7,567)	(5,045)	(2,522)
Adults Transformation	(3,500)	(8,087)	-	2,022	(6,065)	(4,044)	(2,022)
Ambition Fund	(16,578)	(2,861)	(6,800)	3,220	(6,441)	(3,221)	-
Bursary for trainee carers	(500)	(397)	-	397	-	-	-
Capital Receipts Pump Priming	(4,204)	(3,704)	(6,000)	2,500	(7,204)	(5,704)	(4,204)
Carbon Reduction and Energy Risk	(1,096)	(982)	114	4	(864)	(712)	(522)
Carry Forward	(21,273)	(11,533)	-	11,533	-	-	-
Childrens Risk	-	-	(2,500)	625	(1,875)	(1,250)	(625)
Childrens Transformation	(1,314)	(6,720)	-	-	(6,720)	(6,720)	(6,720)
Collection Fund Risk	(4,029)	(7,014)	(5,951)	-	(12,965)	(12,965)	(12,965)
Commercial Investment in Essex Places	(12,583)	(13,658)	170	-	(13,488)	(13,428)	(13,428)
Community Initiatives Fund	(401)	(308)	(350)	350	(308)	(308)	(308)
Covid Equalisation	(37,496)	(24,367)	1,831	22,536	0	0	0
EES Pensions	(4,000)	(4,000)	-	-	(4,000)	(4,000)	(4,000)
Emergency	(12,564)	(12,564)	(9,094)	9,087	(12,571)	(12,571)	(12,571)
Emergency Planning	(300)	(300)	-	-	(300)	(300)	(300)
Essex Climate Change Commission	(5,000)	(3,200)	-	1,401	(1,799)	(1,035)	(397)
Essex Crime and Police	(73)	(73)	-	-	(73)	(73)	(73)
Everyones Essex	-	(44,346)	-	14,782	(29,565)	(13,355)	(0)
Future Capital Funding	(9,847)	(11,262)	(14,674)	14,674	(11,262)	(11,262)	(11,262)
Health and Safety	(2,812)	(4,602)	-	-	(4,602)	(4,602)	(4,602)

Reserves

				Estimated closing balances			
				2022/23		2023/24	2024/25
	Balance at 1 April 2021 £000	Balance at 1 April 2022 £000	Budgeted Contributions/ Withdrawals £000	Assumed usage £000	Closing balance £000	£000	£000
Reserves earmarked for future use (cont'd)							
Insurance	(7,498)	(6,260)	-	-	(6,260)	(6,260)	(6,260)
Newton Reserve	(122)	(122)	-	-	(122)	(122)	(122)
Property Investment	(977)	(1,303)	-	-	(1,303)	(1,303)	(1,303)
Quadrennial Elections	(925)	(875)	(500)	-	(1,375)	(1,875)	(2,375)
Renewal Fund	(27,900)	-	-	-	-	-	-
Social Distancing and Hygeine	(900)	(900)	-	-	(900)	(900)	(900)
Technology and Digitisation	(8,749)	(3,870)	(10,000)	8,470	(5,400)	(5,430)	(10,430)
Transformation	(54,686)	(42,266)	(11,823)	12,500	(41,589)	(40,909)	(40,229)

Restricted Funds

				Estimated closing balances 2022/23		2023/24	2024/25
	Balance at 1 April 2021 £000	Balance at 1 April 2022 £000	Budgeted Contributions/ Withdrawals £000	Assumed usage £000	Closing balance £000	£000	£000
Long Term Contractual Commitment							
PFI Reserves							
A130 PFI	(36,448)	(27,193)	10,308	-	(16,885)	(6,820)	(1,778)
Building Schools for the Future PFI	(823)	(1,267)	-	(163)	(1,430)	(1,597)	(1,768)
Clacton Secondary Schools' PFI	(740)	(721)	-	(107)	(828)	(938)	(1,051)
Debden School PFI	(964)	(949)	-	(528)	(1,477)	(2,021)	(2,581)
Waste Reserve	(116,850)	(109,077)	6,209	892	(101,976)	(95,368)	(89,689)
Grant Equalisation Reserve	(50,409)	(13,655)	-	13,655	(0)	(0)	(0)
Trading Activities	(1,341)	(1,341)	304	(304)	(1,341)	(1,341)	(1,341)
Partnerships and Third Party	(1,764)	(1,764)	-	-	(1,764)	(1,764)	(1,764)
Schools	(43,601)	(43,601)	-	-	(43,601)	(43,601)	(43,601)

Annex 2

Performance

Introduction

Outlined below are the measures that we will we use to assess whether we are meeting our ambitions of Everyone's Essex over the next year.

Our approach to performance recognises that there are different types of performance measures and that they need to be treated differently and used appropriately, and progress will be monitored by the Council and reported regularly:

Contextual measures – these capture high-level, real-world outcomes that reflect ECC's ambition for Essex residents and communities. Securing change in these measures may require long-term changes in local social and economic conditions – while ECC has a role in influencing these changes, no single agency can directly affect outcomes.

Strategic measures – measures identified as critical to delivery in the coming year to make progress towards our ambition for Essex. Core measures are limited in number to provide clarity and focus for strategic discussions. Some core measures may be reported annually, but regular updates will be provided for most indicators, and are chosen on the basis that ECC can influence performance improvement over the coming year.

These measures will be supported locally in the functions with indicators that support the day to day operation of the council, and will be used by Cabinet members and Executive Directors

STRATEGIC MEASURES: STRONG, INCLUSIVE & SUSTAINABLE ECONOMY

Good jobs | Levelling Up the Economy | Infrastructure | Future growth and investment | Green growth

Strategic Performance Measures	Baseline	Targets (indicative in 23-24 and 24-25)			
		2021/22	2022/23	2023/24	2024/25
Number of people benefiting from ECC skills and employability programmes	N/A	3000	1720	1720	1720
Jobs created a) directly through ECC programmes; and b) indirectly through ECC investments	a) N/A	655	550	tbc	tbc
	b) n/a	We will track and publish details of jobs created through ECC investment, but no target can be meaningfully set over the plan period.			
Investment secured from third parties to fund local regeneration programmes	N/A	£96m	£20m	£20m	£20m
Infrastructure investment secured from developers (via S106)	£9,690,124*	Increase on baseline	Increase on previous year	Increase on previous year	Increase on previous year
New homes delivered (via Essex Housing and ECC Independent Living programme)	N/A	113	31	304	315

* Based on quarter 1 (April – June) 2021/22

Measures where further development work is required:

"Improvement in the Culture and Arts offer in Essex"- we are looking to develop an appropriate measure to track the impact of investment in culture and the arts (£500k in 2021/22 with an additional annual commitment in year 2 – year 4).

CONTEXTUAL MEASURES: STRONG, INCLUSIVE & SUSTAINABLE ECONOMY

Good jobs | Levelling Up the Economy | Infrastructure | Future growth and investment | Green growth

Contextual Performance Measures	Baseline	Desired trajectory (indicative in 23-24 and 24-25)			
		2021/22	2022/23	2023/24	2024/25
Housebuilding: percentage of annual local plan targets for new homes achieved	92% (2020)	Increase	Increase	Increase	Increase
Job density: local jobs per head of the working-age population	0.79 (March 2019)	0.79	0.79	0.87	0.87
Unemployment rate	4.5% (July 2021)	4.50%	4.40%	2.30%	2.20%
The number of Essex businesses operating in high-growth sectors	30285 (2020)	Increase	Increase	Increase	Increase
The value of the tourist economy in Essex	N/A	Re-baseline year	Increase	Increase	Increase
The proportion of working age residents qualified to level 4 or above	35.3% (2020)	37.2%	37.2%	38.1%	39.2%
The proportion of working age residents qualified to level 3 or above	55.5% (2020)	55.5%	56.2%	56.9%	57.6%
The proportion of working age residents with no qualifications	5.1% (2020)	5.1%	5%	4.9%	4.8%
The number of jobs created in Essex in growth sectors (including green growth)	N/A	Baseline year	Increase	Increase	Increase

Measures where further development work is required:

"Income inequality"- we are looking to develop an appropriate measure to track the difference in income between the highest and lowest earning percentiles/places in Essex, ensuring that that this does not create a pressure to reduce incomes for any residents/communities.

STRATEGIC MEASURES: HIGH QUALITY ENVIRONMENT

Net zero | Transport and built environment | Minimise waste | Levelling Up the environment | Green communities

Strategic Performance Measures	Baseline	Targets (indicative in 23-24 and 24-25)			
		2021/22	2022/23	2023/24	2024/25
ECC's carbon rating (based on Carbon Disclosure Project)	B (2020)	B	B	A-	A
% of ECC electricity from renewable sources (GWh)	-	TBC	TBC	TBC	100%
Retrofit in Low Income Households	N/A	80	TBC	TBC	TBC
Replacement LED streetlights	N/A	27,500	27,500	27,359	Completed
Sections of coastal path completed	-	2	9	Project completed	
Number of National Flood Management Schemes delivered	-	13	12	TBC	TBC
Number of trees planted by Essex Forest initiative	38,305 (2020/21)	50,000 (Cumulative)	75,000 (Cumulative)	Current phase of initiative completed	
Total household waste collected per household (kg)	1,070kg (2020/21)	1,100kg	1,050kg	1,020kg	980kg
Percentage of household waste sent for reuse, recycling or composting	51.8% (2020/21)	50%	53%	55%	56%

Measures where further development work is required:

"Coverage of Cycleways"- we are looking to develop an appropriate measure to assess the coverage and availability of cycleway across Essex cities, towns and villages. This work is dependent on the development of a new methodology for capturing new cycleway construction through major schemes, development management, local highways panels and other investments.

CONTEXTUAL MEASURES: HIGH QUALITY ENVIRONMENT

Net zero | Transport and built environment | Minimise waste | Levelling Up the environment | Green communities

Contextual Performance Measures	Baseline	Desired trajectory (indicative in 23-24 and 24-25)			
		2021/22	2022/23	2023/24	2024/25
Total Essex GHG emissions (MtCO2e)	-	7.02	TBC	TBC	TBC
Total number of direct jobs in Low-Carbon and renewable energy sector	-	TBC	TBC	TBC	TBC
% EV take up in Essex	0.65% (2020)	0.76%	1.12%	1.83%	2.90%
EV Charging points across Essex	N/A	Increase	TBC	TBC	TBC
Increase in the modal share from cars and into bus/bike/foot)	-	31%	32.5%	34%	35.5%

STRATEGIC MEASURES: HEALTH WELLBEING & INDEPENDENCE FOR ALL AGES

Levelling Up health | Healthy lifestyles | Promoting independence | Place-based working | Carers

Strategic Performance Measures	Baseline	Targets (indicative in 23-24 and 24-25)			
		2021/22	2022/23	2023/24	2024/25
Percentage / number of target population who took up an NHS Health Checks in the quarter	4,394 (Q1 2021/22)	23,000	46,000 (subject to covid)	46,000 (subject to covid)	46,000 (subject to covid)
% schools in Essex participating in the 'Daily Mile' initiative	62.4% (June 2021)	65.6%	68.6%	71.6%	74.4%
Number Receiving Weight Management Support (YTD)	-	12,000	7,000	12,000	25,000
Percentage of residents who report being lonely	-	5.5%	4.0%	3.0%	2.5%
Non re-presentation to treatment within 6 months of successful completion - Opiates/Non-opiates /Alcohol	Opiates 80.5% Non Opiate 96.6% Alcohol 97.2% (Q4)	Opiates 83% Non Opiate 97% Alcohol 97%	Opiates 85% Non Opiate 98% Alcohol 97%	Opiates 87% Non Opiate 98% Alcohol 97%	Opiates 88% Non Opiate 98% Alcohol 97%
Percentage of physically active adults	67.6% (2019/20)	68%	69%	70%	72%
% of CYP seen by the CAMHS service	32.7%	35%	TBC	TBC	TBC

Measures where further development work is required:

- Child obesity – ECC 's public health function is looking at the development of a specific indicator and targets that focus on supporting children and families to lose weight as part of an overall weight management programme.

STRATEGIC MEASURES: HEALTH WELLBEING & INDEPENDENCE FOR ALL AGES

Levelling Up health | Healthy lifestyles | Promoting independence | Place-based working | Carers

Strategic Performance Measures	Baseline	Targets (indicative in 23-24 and 24-25)			
		2021/22	2022/23	2023/24	2024/25
Percentage of older people (aged 65+) who received reablement/ rehabilitation services after hospital discharge	2.9%	3.6%	4.2%	4.2%	4.2%
Number of adult social care users in receipt of care technology	N/A	2877	4195	5566	6444
Number of adults with LD known to social services in paid employment	323	344	391	456	537
Number of adults with LD known to social services who secure new employment	N/A	86	115	144	173
% adults known to secondary mental health services in paid employment	15.6%	Increase	Increase	Increase	Increase
% of adults with a learning disability that transition into adult social care in residential care	18%	Decrease	Decrease	Decrease	Decrease
The proportion of adults in contact with secondary mental health services living independently, with or without support	72.9%	Increase	Increase	Increase	Increase
The proportion of new clients who received short term services, where no further request was made for ongoing support	48%	50%	52%	54%	55%
The proportion of carers who stated they were 'extremely' or 'very' satisfied with social services	34.9%	Increase	Increase	Increase	Increase

Measures where further development work is required:

- Stability and development of the workforce - we are looking to develop an appropriate measure to track changes in the care workforce to ensure that this continues to support a strong care market and the provision of quality services."

CONTEXTUAL MEASURES: HEALTH WELLBEING & INDEPENDENCE FOR ALL AGES

Levelling Up health | Healthy lifestyles | Promoting independence | Place-based working | Carers

Contextual Performance Measures	Baseline	Desired trajectory (indicative in 23-24 and 24-25)			
		2021/22	2022/23	2023/24	2024/25
Healthy Life expectancy at birth	Male 64.2 Female 65.6 (2017-19)	Male 64.6 Female 65.6	Increase for males and females at each point of measurement		
Inequality in life expectancy at birth	Male 8 Female 6.5 (2017-19)	Male 7.1 Female 5.4	Reduction for males and females at each point of measurement		
Number of Essex residents living in communities in IMD bottom 20%	c.123,000 (2019)	Data unavailable until 2024			60,000
Under 75 mortality rate from all cardiovascular diseases	60.7 per 100,000 (2017-19)	60.1	59.5	58.9	58.4

STRATEGIC MEASURES: A GOOD PLACE FOR CHILDREN AND FAMILIES TO GROW

Education outcomes	Levelling Up outcomes for families	Family resilience and stability	Safety	Outcomes for vulnerable children

Strategic Performance Measures	Baseline	Stability thresholds			
		2021/22	2022/23	2023/24	2024/25
% of families with successful intervention (Family Solutions)	84%	85%	85%	86%	86%
% of CYP who do not enter the care system following D-Bit intervention	78%	80%	80%	82%	82%
The number of children known to social care per 10,000	196.9	190-210			
The number of children subject to Children in Need plans per 10,000	46.5 (1473)	47.3 - 63.1 (1500- 2000 children)			
The number of children subject to child protection plans per 10,000	21.3 (675)	17.3 - 20.5 (550-650 children)			
The number of looked after children per 10,000	33.8 (1073)	34.7 - 39.4 (1100-1250 children)			
Begin to understand the overrepresentation of BAME CYP across the statutory social care system	BAME CYP account for 23.5% of all open to social care; 22.5% of CIC; and 25% of CP Plans	Understand and appropriately manage the overrepresentation of BAME children across social care.			
Percentage of those supported by youth offending services who reoffend within 12 months	32%	32%	32%	32%	32%
Average number offences per re-offender in 12 months	3.1	3.1	3.1	3.1	3.1

Measures where further development work is required:

- Percentage of children at risk of exploitation who de-escalate risk level – a new data collection tool is being developed that will allow us to track de-escalation of risk levels for individual children. The tool is likely to go live within the next few months, but we would anticipate the need to establish a baseline position before management thresholds are defined.
- Ensuring pathways to domestic abuse support are accessible to all: ECC's Children and Families Service are currently undertaking work examining the needs of victims in marginalised groups and with protected characteristics with a view to encouraging individuals to come forward and seek the support they need. From 2022 onwards we will be able to target those groups that are requiring support in accessing services and see more victims from these protected groups accessing support.

STRATEGIC MEASURES: A GOOD PLACE FOR CHILDREN AND FAMILIES TO GROW

Education outcomes	Levelling Up outcomes for families	Family resilience and stability	Safety	Outcomes for vulnerable children

Strategic Performance Measures	Baseline	Targets (indicative in 23-24 and 24-25)			
		2021/22	2022/23	2023/24	2024/25
Percentage of a) eligible 2 year olds and b) all 3 and 4 year olds, accessing funding for childcare in a setting rated at least good by Ofsted	a) 96.6% b) 95.2% (2020/21)	a) 96.6% b) 95.2%	a) 97.1% b) 95.7%	a) 98.1% b) 96.7%	a) 99.1% b) 97.7%
New a) primary and b) secondary school places created	N/A	a) 410 b) 360	a) 510 b) 1860	a) 735 b) 450	a) 1670 b) 930
Percentage of 16-18 year olds who are NEET/unknown (Dec/Jan/Feb average)	4.3 (2020/21)	4.3	4.1	4	3.8
Percentage of a) schools and b) settings fully engaged in Trauma Perceptive Practice	N/A	a) 42% b) 7%	a) 60% b) 30%	a) 80% b) 50%	a) 100% b) 75%

CONTEXTUAL MEASURES: A GOOD PLACE FOR CHILDREN AND FAMILIES TO GROW

Education outcomes	Levelling Up outcomes for families	Family resilience and stability	Safety	Outcomes for vulnerable children

Strategic Performance Measures	Baseline	Desired trajectory (indicative in 23-24 and 24-25)			
		2021/22	2022/23	2023/24	2024/25
Percentage of children and young people attending at a school judged at least good by Ofsted	85.0 (2020/21)	Re-establish baseline	Year-on-year improvement		
Percentage of pupils achieving a Good Level of Development in early years (age 5)	74.4 (2018/19 – Pre-COVID)	Re-establish baseline	Year-on-year improvement		
Percentage of pupils achieving at least the expected standard in Reading, Writing & Maths (KS2 - age 11)	66.3 (2018/19 – Pre-COVID)	Re-establish baseline	Year-on-year improvement		
Percentage of pupils achieving 9-4 in English & Maths (KS4 - age 16)	63.9 (2018/19 – Pre-COVID)	Re-establish baseline	Year-on-year improvement		
Percentage of children and young people in the following groups achieving desired outcomes at EYFS, KS2 and KS4: a) Disadvantaged children; b) Children in Care; c) Young Carers; d) Children with SEND; e) White British boys; and f) Gypsy, Roma, Traveller community	N/A	Re-establish baseline	Year-on-year improvement		
Gap between Essex's most/least deprived neighbourhoods/districts and the county average with respect to: a) School absence rates; and b) School exclusions	N/A	Re-establish baseline	Year-on-year improvement		

STRATEGIC MEASURES: SERVICE EXCELLENCE

Strategic Performance Measures	Baseline	Targets (indicative in 23-24 and 24-25)			
		2021/22	2022/23	2023/24	2024/25
Residents who think Essex County Council provides good value?	46% (2020)	48%	50%	52%	54%
Collection rate of Council Tax achieved for the year	96% (2020/21)	96%	97%	98%	98%
IMPOWER Council Productivity Ranking	7	1-10	1-10	1-10	1-10
Deliver social value through procurement and practice to increase availability of entry level jobs	N/A	50	100	210	Exceed 210
Percentage of websites that have had full accessibility audit	N/A	24	Increase	Increase	Increase
Percentage of users rating their online experience as 5/5 (satisfied)	N/A	Baseline being established	Increase	Increase	Increase
Total number of websites	91	87	Decrease	Decrease	Decrease

Measures where further development work is required:

- "Digital Inclusion" – work is underway to present Members with options on how to tackle issues around digital inclusion. Effective performance measures on this issue will need to be developed as part of this work/ as this work closes.
- "Representativeness of workforce"- we are looking to develop an appropriate measure to track the difference in income between the highest and lowest earning percentiles/places in Essex, ensuring that that this does not create a pressure to reduce incomes for any residents/communities.
- "Staff wellbeing" – data collection has been delayed. ECC's current benchmark for staff wellbeing is 'I feel positive about my mental wellbeing right now' (captured in the October Remote Working survey), where 76% of respondents answered positively. Further development work is required to ensure this measure captures social, financial and physical wellbeing too.
- "Employee engagement" - we are looking to develop an appropriate measure to track employee engagement. Given the level of change that employees have experienced over the past 18 month, we would anticipate the need to re-establish a baseline prior to setting future targets.

Annex 3

Capital and Treasury Management Strategy

CAPITAL AND TREASURY MANAGEMENT STRATEGY

This Strategy explains how decisions are made about capital expenditure, investments and treasury management. The Strategy contains several elements as follows:

- **Capital expenditure**

In this section, the process for approving, monitoring and financing capital projects is explained.

- **Capital financing and borrowing**

This section provides a projection of the Council's Capital Financing Requirement and the external borrowing required. It also explains how the Council will discharge its duty to repay debt.

- **Treasury management investments**

This section explains how and where cash balances arising as a result of the Council's day to day activities will be invested to ensure that the funds are protected from loss and are available when needed.

- **Other investments**

This section contains an overview of the Council's other investment activities.

- **Treasury management Policy Statement and Treasury Management Practices**

This section contains the Council's Treasury Management Policy Statement and Treasury Management Practices.

- **Knowledge and skills**

The final section explains the knowledge and skills available to the Council in relation to management of borrowing and investment activities.

Further details are provided in the following sections.

CAPITAL EXPENDITURE

Capitalisation policies

Capital expenditure is expenditure on the acquisition or construction of land, buildings, roads and bridges, vehicles, plant and equipment and other assets that:

- Will be held for use in the delivery of services, for rental to others, or for administrative purposes; and
- Will be of continuing benefit to the Council for a period extending beyond one financial year.

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

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

- Where the Council has no direct future control or benefit from the resulting assets, but would treat the expenditure as capital if it did control or benefit from the resulting assets; and
- Where statutory regulations require the Council to capitalise expenditure that would not otherwise have expenditure implications according to accounting rules.

The Council operates several limits for capital expenditure which means that items below these limits are charged to revenue rather than capital.

The limits are currently as follows:

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

Governance

The Cabinet Member for Finance, Resources and Corporate Affairs, in conjunction with the Executive Director, Corporate Services, manages the preparation of a capital programme, on behalf of the Council, on an annual basis in accordance with the Council's capital projects governance arrangements and capitalisation criteria.

Each project that is added to the Capital Programme is for the provision and for the purposes of delivering public services (including housing, regeneration and local infrastructure) or in support of joint working with others to deliver such services. No schemes are added to the Capital Programme if their only purpose is to achieve a financial return.

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

- A 'start date' for planning purposes.
- An overall 'scheme approval' which sets the overall budget for the scheme.
- An 'annual payments guideline' which sets the parameters for expenditure in each of the financial years over which the scheme is expected to span.

Once the capital programme or a scheme is approved, Executive Directors are, subject to the rule in the Constitution that officers may not take a Key Decision and limits within the scheme of delegation to officers, authorised to progress with capital projects that have:

- An approved 'start' date in the current or a prior financial year (i.e. schemes with a start date in a future financial year are indicative only, and do not constitute approval to spend).
- Adequate scheme and payments approval in the capital programme to finance these projects.

Schemes will usually only be added to, or removed from, the Capital Programme as part of the annual budget setting process. Any request outside of this process to change the capital programme by adding or removing schemes, or by allocating additional scheme and payment approvals to an approved scheme, must be approved by the Cabinet Member for Finance, Resources and Corporate Affairs (up to a limit of **£5m**) or by the Cabinet (for schemes of **£5m** or more).

Executive Directors will ensure that:

- All officers responsible for committing expenditure on any approved capital project comply with all relevant guidance and follow approved certification processes.
- Budget holders are accountable for the effective management of the scheme and payment approvals allocated to them to either oversee or directly manage.
- Appropriate monitoring processes are in place to ensure that the scheme and payment approvals for a capital project are not overspent.
- Reports are made to the relevant Cabinet Member(s) on expenditure compared with the scheme and payment approvals for the capital projects for which they are accountable.

The Executive Director, Corporate Services will ensure that timely information is available on expenditure for each capital project, which is sufficiently detailed to enable Executive Directors and their managers to fulfil their budgetary responsibilities.

The Executive Director, Corporate Services will also monitor performance against the Council's approved capital programme on an on-going basis and will advise upon the overall financial position. Specifically, the Executive Director, Corporate Services will prepare financial overview reports for the Cabinet Member for Finance, Resources and Corporate Affairs to present to Cabinet on a regular basis. These financial overview reports will provide a comparison of the Council's projected expenditure with the latest approved capital programme and assess the financing implications of variations in forecast under / over-spends against payment approvals.

Capital Expenditure Plans

The proposal is for capital investment of **£284m** for the 2022/23 programme, with an indicative programme for the subsequent three years totalling **£1,030m**. These planning levels represent a continued major investment in the infrastructure and economy of Essex. Further details are presented elsewhere within the Council's 2022/23 Annual Plan.

When expenditure is classified as capital expenditure for capital financing purposes, this means that the Council can finance that expenditure from any of the following sources:

- **Capital grants and contributions** - amounts awarded to the Council in return for past or future compliance with certain stipulations.
- **Capital receipts** – amounts generated from the sale of assets and from the repayment of capital loans, grants or other financial assistance.
- **Revenue contributions** – amounts set aside from the revenue budget in the Reserve for Future Capital Funding.
- **Borrowing** - amounts that the Council does not need to fund immediately from cash resources, but instead charges to future years' revenue budgets in annual instalments.

Actual capital expenditure and financing sources for 2020/21 (*provisional, pending conclusion of the external audit of the Council's Statement of Accounts for 2020/21*), together with the original and updated plans for 2021/22, proposals for 2022/23 and the indicative guidelines for the subsequent three years, are summarised in **Annex 3A**, with detailed plans presented elsewhere within the Annual Plan.

CAPITAL FINANCING REQUIREMENT AND BORROWING

Context

The Council is required by regulation to comply with the **CIPFA Prudential Code for Capital Finance in Local Authorities** (the 'Prudential Code') when assessing the affordability, prudence and sustainability of its capital investment plans.

Fundamental to the prudential framework is a requirement to set a series of prudential indicators. These prudential indicators collectively build a picture that demonstrates the impact over time of the Council's capital expenditure plans upon the revenue budget and upon borrowing and investment levels and explain the overall controls that will ensure that the activity remains affordable, prudent and sustainable.

A summary of the Prudential Indicators for the period 2020/21 through to 2025/26 is provided in **Annex 3A**. The Prudential Indicators for 2020/21 are provisional, pending conclusion of the external audit of the Council's 2020/21 Statement of Accounts.

Explanatory comments are provided in the following paragraphs.

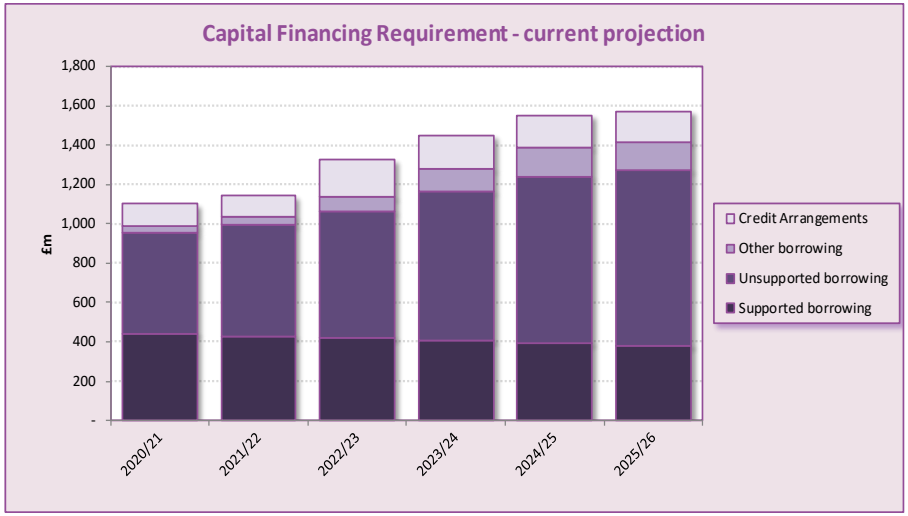
Capital Financing Requirement

When the Council finances capital expenditure from borrowing, this means that it can charge the expenditure to the revenue budget in annual instalments over a number of years into the future. It does this in accordance with its policy for the repayment of debt (see **Annex 3C**).

The actual Capital Financing Requirement (CFR) for 2020/21 is derived from the Council's Balance Sheet for 2020/21 and it provides a measure of the amount of capital expenditure that the Council has already spent that has yet to be funded from cash resources. That is, it provides a measure of the Council's indebtedness, and hence of its need to borrow for capital financing purposes.

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

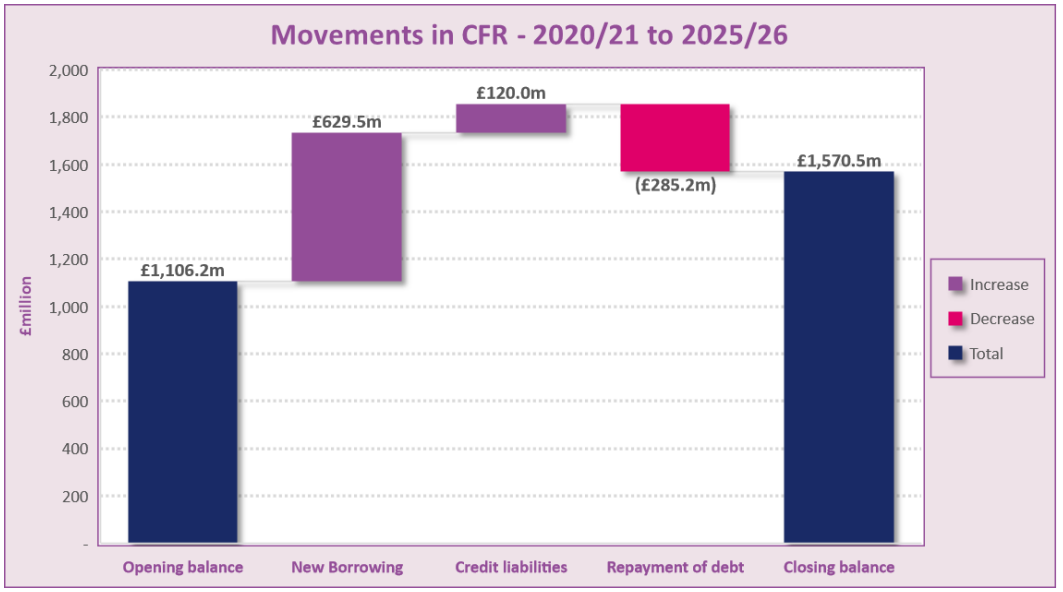
The actual CFR for 2020/21 and forward projections for the current and forthcoming years are illustrated in the graph below:



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

- Finance further capital expenditure from borrowing and credit arrangements (*which **increases** the CFR*); and
- Make provision for the repayment of debt (*which **reduces** the CFR*).

The CFR is on an upward trajectory because the amount of capital expenditure that the Council plans to finance from borrowing over the period to 2025/26 (at **£629.5m**) exceeds the amount of debt that will be repaid (**£285.2m**) over the same period.



There is also a substantial increase in credit arrangements (**£120m**), largely reflecting the estimated impact of bringing leases currently classified as operating leases onto the Council's Balance Sheet in 2022/23, which is a requirement of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. This does not change the costs to the Council of these arrangements.

The estimates of the CFR assume that the Council will repay debt on the basis set out in **Annex 3C**.

Revenue Provision for the repayment of debt policy

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

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

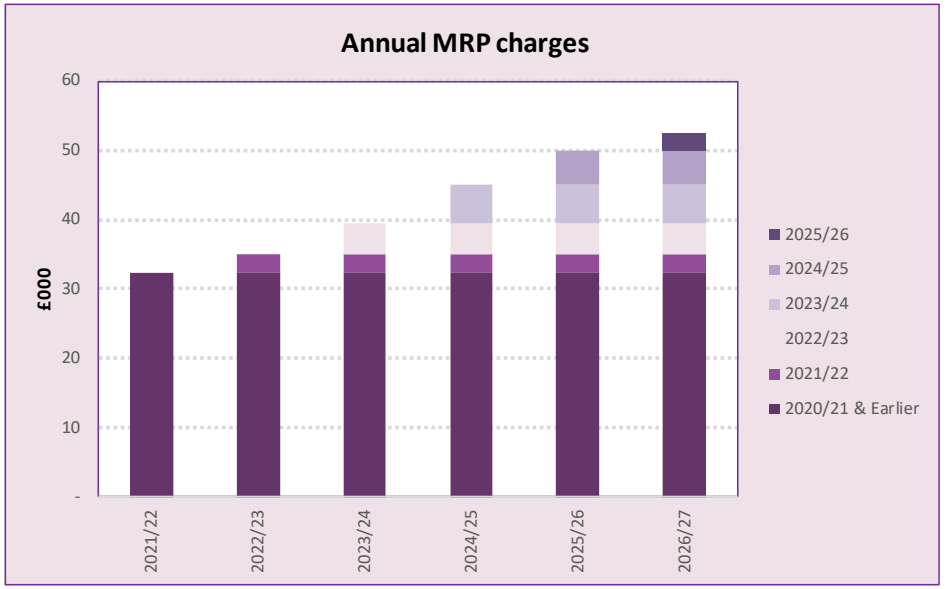
Statutory guidance requires MRP to be provided annually on a prudent basis, and interprets 'prudent' to mean that:

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

The Secretary of State does not rule out or otherwise preclude the use of alternative methods to those listed above if another method is considered more appropriate.

In accordance with the requirement to make a prudent 'revenue provision for the repayment of debt', the Council ensures that debt is repaid over a period that is commensurate with the period over which the capital expenditure provides benefit. This is achieved by applying the methodologies explained in **Annex 3C**.

The 'revenue provision' charges that result from applying the policies set out in **Annex 3C** are illustrated below**.** The charges increase incrementally as a consequence of the proposals presented elsewhere in the Annual Plan to incur capital expenditure that will be financed from borrowing in each year of the Council's current financial planning horizon.



External Borrowing Limits

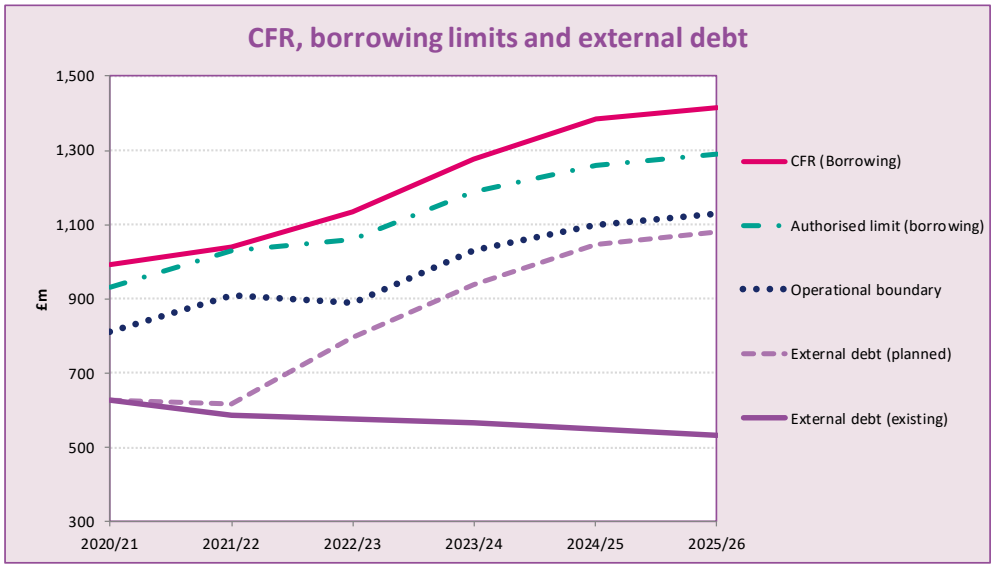
The Council is only permitted to borrow externally (including via credit arrangements) up to the level implied by its Capital Financing Requirement (CFR).

To ensure that external borrowing does not exceed the CFR, other than in the short term, limits are established for external debt, as follows:

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

The proposed limits, which are set out in **Annex 3A**, make separate provision for external borrowing and other long-term liabilities, and are based upon an estimate of the most likely but not worst-case scenarios. They allow enough headroom for fluctuations in the level of cash balances and in the level of the Capital Financing Requirement.

As illustrated in the adjacent graph, the authorised limit and operational boundary related to external borrowing are below the current estimates of the Capital Financing Requirement for borrowing.



This graph also shows the current level of external borrowing and how this is expected to increase as a result of the Council's current capital expenditure plans.

Borrowing Strategy

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

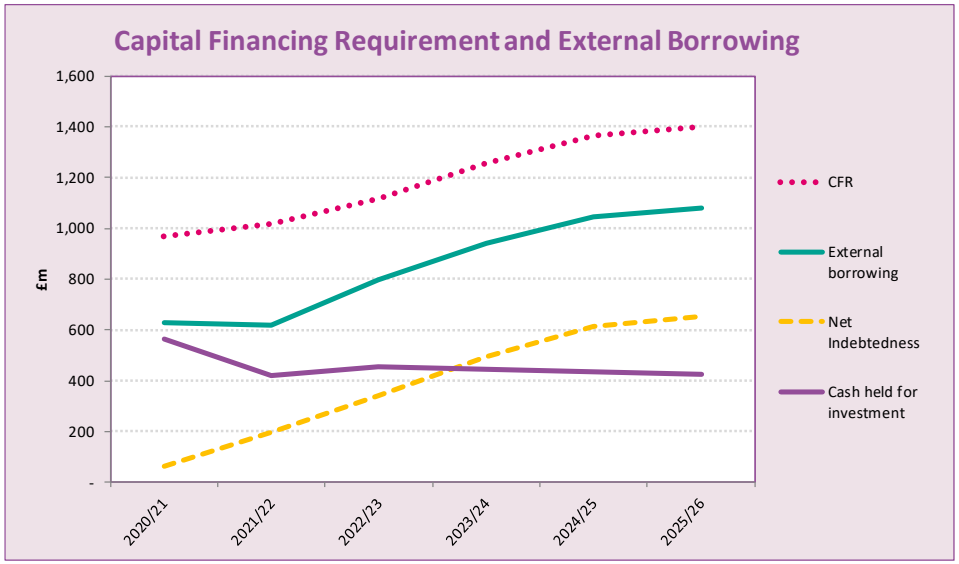
Currently, long-term external borrowing amounts to **£586m** which is equivalent to around **57%** of the estimated CFR for borrowing as at 31 March 2022. It is however possible (and assumed for the purposes of this Strategy) that further external borrowing (up to **£32m**) will be undertaken before 31 March 2022. This would increase external borrowing to **£618m** as at 31 March 2022, which will be equivalent to **61%** of the estimated CFR at that point.

The Council is able to sustain external borrowing at a level below its CFR because it is able to temporarily utilise the cash balances it has by virtue of holding funds in reserves and balances as an alternative to external borrowing. This practice is referred to as 'internal borrowing'.

Internal borrowing does not reduce the magnitude of funds held in reserves and balances; the funds are merely being borrowed until they are required for their intended purpose. The use of internal borrowing will enable the Council to avoid external borrowing costs of up to **£4.1m** in 2022/23.

The Council will externalise its borrowing when it needs to do so to ensure that it has sufficient liquidity to meet its day-to-day cashflow requirements. It has been assumed, for the purposes of this Strategy, that further long-term external borrowing will be undertaken when the cash held for liquidity purposes falls below **£400m** on a sustained basis.

The adjacent graph provides a graphical representation of the expected position – that is, it shows that the Council expects to maintain external borrowing at a level well below its Capital Financing Requirement over the Council's current planning horizon, and that cash balances of circa **£400m** will be held for investment over this period too.

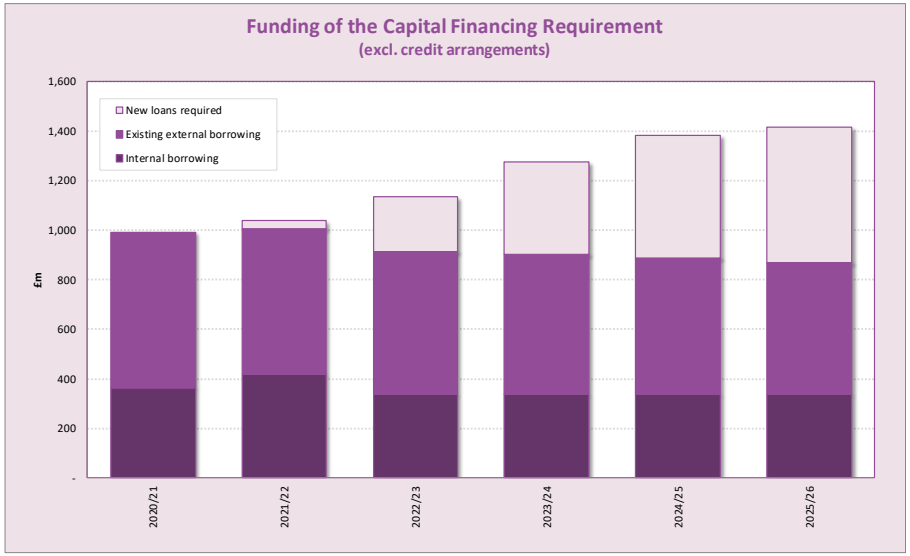


The graph also shows the Council's net indebtedness. Net indebtedness is the amount borrowed externally by the Council, reduced by the cash the Council expects to invest externally.

The measure of net indebtedness shows that, if the Council does not hold any cash for investment, external borrowing

could be much lower. However, as already noted, the Council needs to hold some cash balances for investment, to ensure that it has funds available when they are needed to meet the Council's outgoings.

The following graph shows how it is anticipated to fund the Capital Financing Requirement:



That is, it shows how much it is expected will be funded from internal borrowing and how external borrowing is likely to increase.

This translates into the following forecasts of long-term external borrowing over the current planning horizon:

Current Forecast	Long term borrowing requirement				
	2021/22	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m	£m
Existing external loans	586	**575**	565	549	532
New external borrowing	**32**	**221**	**374**	**498**	**547**
Total external borrowing	**618**	**796**	**939**	**1,047**	**1,079**
Internal borrowing	420	**338**	338	337	337
Total borrowing	**1,038**	**1,134**	**1,277**	**1,384**	**1,416**

However, the external borrowing requirement will be kept under review, and new long-term external loans will only be secured:

- When the funds are required to meet the Council's expected cash flows and to provide liquidity; and
- Within the parameters established by the **authorised limit** and **operational boundary** for external debt (as set out within **Annex 3A**).

Prospects for interest rates

The Council predominantly expects to satisfy its borrowing requirement from the Public Works Loan Board (PWLB). PWLB interest rates are set with reference to gilt rates.

Since the start of 2021, there has been a lot of volatility in gilt yields, and hence in PWLB rates.

Whilst there is likely to be a steady but slow rise in gilt yields over the course of the next few years, there will undoubtedly be a lot of unpredictable volatility over this period too.

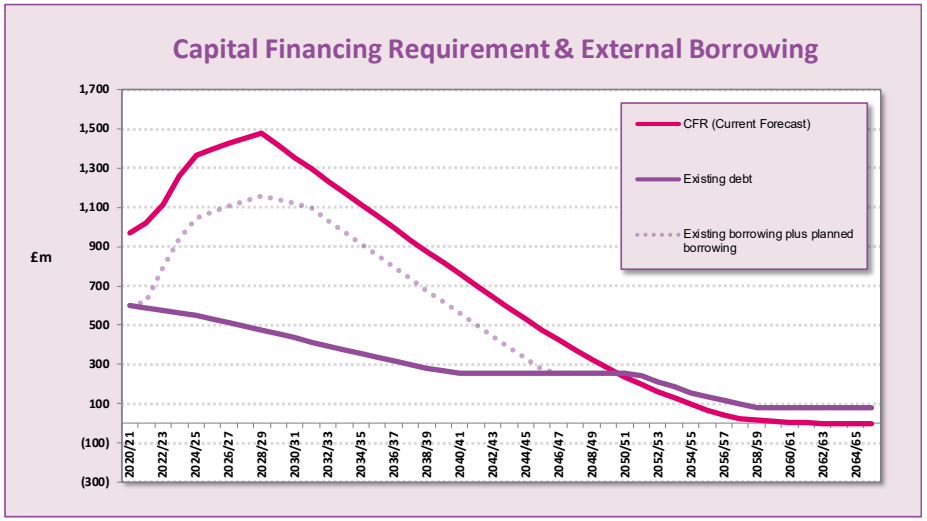
Monetary policy in the UK will have a major impact on gilt yields, but rising treasury yields in America could also impact on UK gilt yields, although gilt yields and treasury yields do not always move in unison.

Maturity structure of borrowing

Limits are proposed, in **Annex 3C**, for the maturity structure of borrowing. The purpose of these limits is to guide decisions about the period over which new borrowing will be secured, to ensure that the Council does not have:

- A large amount of debt maturing in any one year that it may need to refinance in that year alongside any new borrowing that may be required; and
- External loans in excess of its CFR, other than in the short term.

Although external borrowing is currently at a level well below the CFR, this only remains the case until 2050/51; in 2050/51, the CFR falls below existing loans on a sustained basis, as illustrated in the graph below:



No assumptions are included in the above forecast of the CFR for additional capital expenditure beyond the current planning horizon. Therefore, it is probable that the longer-term forecast of the CFR will exceed that shown above. However, any new loans secured over the period covered by this Strategy will be repaid before 2050/51, to ensure that external loans do not further exceed the longer-term forecast of the CFR.

Interest rate exposure

In order to manage and minimise the impact of movements in interest rates, limits are proposed within **Annex 3C** that will establish the ranges within which fixed and variable rate borrowing will be undertaken.

The Council usually secures its long-term loans at fixed rates of interest, to provide certainty over the cost of maintaining the loans over their lifetime (indeed, all the Council's current long-term borrowing is at rates of interest that were fixed at the outset, for the whole duration of the loans).

Whilst any new loans secured over the period of this strategy are likely to also be secured at fixed rates of interest, up to **30%** could, alternatively, be secured at variable rates of interest.

Performance indicators

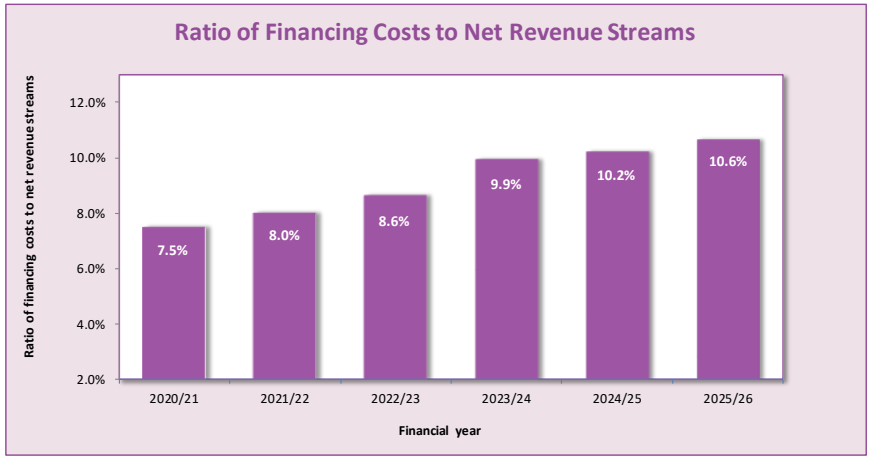
If long-term borrowing is undertaken, performance will be assessed against the average PWLB rate for the year for the applicable loan type and interest rate banding.

Short term borrowing will be assessed against the Sterling Overnight Index Average (SONIA). SONIA is published by the Bank of England and is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.

Ratio of financing costs to net revenue streams

The trend in the '**cost of capital**' is provided by the '**ratio of financing costs to net revenue streams**'. This ratio provides a key indicator of affordability, as it shows the proportion of the annual revenue budget that is being consumed year on year in order to finance the costs of borrowing (*i.e. interest payable on external loans and leases and the amount required for the statutory provision for the repayment of debt*).

The actual ratios for 2020/21 and the latest estimates for 2021/22 and the forthcoming four years, are provided in **Annex 3C**. The trend in this ratio over this period is illustrated as follows:



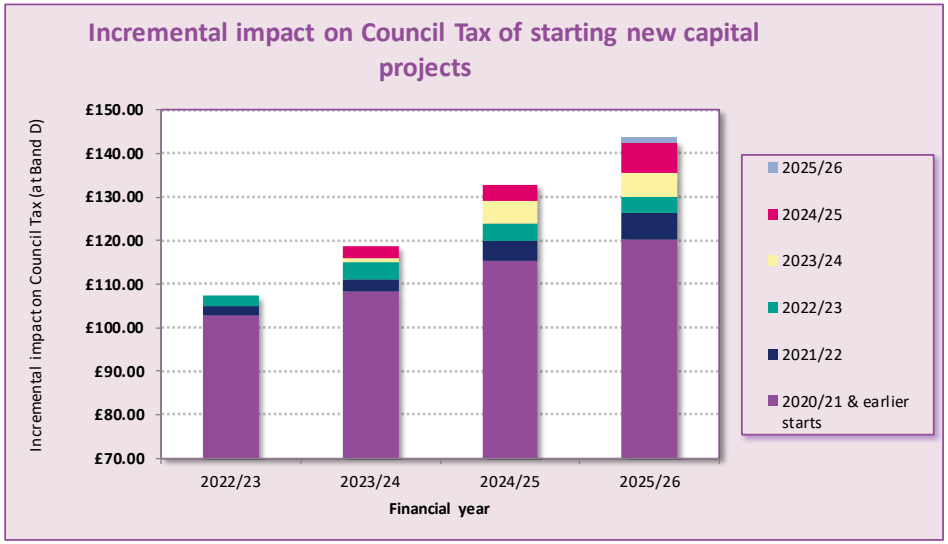
This shows that the proportion of the revenue budget that is required to fund borrowing costs is expected to increase from **7.5%** in 2020/21 to **10.6%** by 2025/26.

Incremental impact upon Council Tax

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

The incremental impact upon council tax (at **band D**) from continuing with capital schemes started in, and prior to, 2020/21 and the additional amounts that result from commencing new capital projects in 2021/22 and the subsequent four years is set out in **Annex 3A.**

The adjacent graph shows the amount of council tax required to meet the costs of borrowing (*i.e. interest payable on external loans and leases and the amount required for the statutory provision for the repayment of debt*) split between the amounts that arise because of capital projects that started in 2020/21 or earlier years, and the amounts arising as a consequence of commencing additional capital projects in each year of the Council's current planning horizon.



The actual impact upon council tax may be lower than that implied in **Annex 3A** because:

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

TREASURY MANAGEMENT INVESTMENTS

Introduction

The Council holds cash balances as a consequence of timing differences between its cash inflows and outflows. These cash balances need to be invested until they are required for use in the course of the Council's day to day activities. The investment of funds for this purpose is referred to as treasury management.

The Council's treasury management investment activities must be undertaken in compliance both with the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (referred to as the Treasury Management Code) and with statutory guidance.

The Treasury Management Code and statutory guidance require the Council to prepare an annual strategy that explains how the Council will invest its funds for treasury management purposes, giving priority to security and liquidity, and then to yield.

Outlook for interest rates

The coronavirus outbreak has done huge economic damage to the UK and economies around the world.

After the Bank of England took emergency action in March 2020 to cut the Bank Rate firstly to **0.25%**, and then to **0.10%**, it became the first western central bank to put interest rates back up (to **0.25%**) in December 2021.

With inflation expected to peak at around **6%** in April 2022, the Monetary Policy Committee (MPC) may increase the bank rate again in February or May 2022, although this could depend on the severity of the Omicron variant.

Bank rate increases beyond May 2022 are more difficult to forecast, as inflation is likely to drop sharply in the second half of 2022. However, the MPC will want to normalise the bank rate over the next few years so that its main monetary policy tool is ready to use in time for the next downturn.

Investment projections

As noted elsewhere, the Council must use its cash balances to defer external borrowing for as long as possible. However, it must also retain sufficient liquidity of funds to ensure that it has cash available when it needs it, to cover its outgoings.

In practice, this means that the cash balances the Council holds for investment can be subject to significant fluctuation. However, for planning purposes, it is assumed that the Council will maintain cash balances for investment of circa **£400m** for the duration of the current financial planning horizon (as set out in **Annex 3C**).

Investment strategy

When the Council has surplus cash balances, these are invested until they are next required. Usually, this means that funds are invested on a short-term basis (i.e. up to a maximum period of 365 days), but up to **£30m** may be invested for periods beyond 365 days.

In accordance with regulatory requirements, the primary objectives, when investing the Council's funds, are **security** (*protecting the capital sum invested from loss*) and **liquidity** (*ensuring the funds invested are available for expenditure when needed*). The generation of **yield** is distinct from these prudential objectives. However, this does not mean that the Council ignores yield; once proper levels of security and liquidity are determined, yield is then considered.

The Council's funds will primarily be invested according to the Secretary of State's definition of **specified** investments. These are sterling deposits made for periods of less than one year with investment schemes of high quality and which are not defined by regulation as capital expenditure. Specified investments include deposits with the UK Government, other local authorities, money market funds and bodies of high credit quality.

Funds may also be invested according to the Secretary of State's definition of **non-specified investments**. Non specified investments are any financial investments that do not meet the criteria to be treated as a specified investment. The inclusion of non-specified investments in the Council's investment strategy is to allow funds (up to a maximum of **£30m**) to be invested for periods of in excess of one year.

A lending list will be compiled to include counterparties satisfying the criteria set out within **Annex 3D**. The lending limits that will be applied to counterparties satisfying these criteria are also set out within **Annex 3D**. Additional operational market information (including Credit Default Swaps and negative rating watches and outlooks) will also be considered before making any specific investment decisions.

The criteria for choosing counterparties (as set out within **Annex 3D**) provide a sound approach to investing in normal market circumstances. However, the Executive Director, Corporate Services will determine the extent to which the criteria set out within **Annex 3D** will be applied in practice.

Interest rate exposure

In order to manage and minimise the impact of movements in interest rates, limits are proposed within **Annex 3B** that will establish the ranges within which fixed and variable rate investments will be undertaken. As noted elsewhere, most of the Council's investments are made for periods of less than 365 days, for durations that ensure that the cash is available to meet expenditure when needed. Because of the relatively short-term nature of these deposits, there is little to differentiate between fixed and variable rates of interest – funds could equally be invested fully at fixed rates of interest or fully at variable rates.

Liquidity

Liquidity is defined as having adequate, but not excessive cash resources, borrowing arrangements and overdraft or standby facilities to ensure that funds are always available for the achievement of the Council's objectives. In this respect, the Council will seek to maintain liquid short-term deposits of at least **£50m** available with a week's notice.

Performance

Performance on cash invested short term, in order to maintain liquidity of funds, will be benchmarked against the Sterling Overnight Index Average (**SONIA**) rate; the aim being to achieve investment returns that are equivalent to, or greater than, the average SONIA rate for the year.

Treasury Management advisors

The Council employs **Link Asset Services, Treasury Solutions** to provide it with treasury management advice.

The services provided by Link Asset Services, Treasury Solutions include advice on treasury matters and capital finance issues, economic and interest rate analysis and creditworthiness information. Notwithstanding this, the final decision on all treasury matters remains vested with the Council.

The services received from Link Asset Services; Treasury Solutions are subject to regular review.

Support to subsidiaries and partnerships

The Council currently provides treasury management support to its subsidiaries Essex Cares Ltd and the Essex Housing Development LLP and holds cash balances on behalf of the partnerships for which it is the 'accountable' body (principally the South East Local Enterprise Partnership).

As part of the agreement to provide treasury management support to its subsidiaries, the Council provides a working capital loan facility of up to **£5m** to each of Essex Cares Ltd and the Essex Housing Development LLP. These are bridging facilities that enable both entities to manage temporary shortfalls of cash. In addition, in relation to Essex Cares Ltd and the partnerships for which the Council is the accountable body, the Council temporarily borrows any surplus cash balances they have and returns these sums when they are required to cover their outgoings.

Any amounts lent to, or borrowed from, these organisations are consolidated with the Council's own cash balances daily, and the Council invests or borrows on the net position.

The Council charges interest on amounts lent to these organisations and pays interest on any amounts it borrows from them, in accordance with the terms of formal agreements between the respective parties.

Other matters

Accounting arrangements were introduced from 1 April 2018 which require an increasing range of investments to be classified as ‘fair value through profit and loss’ (FVPL) and carried at ‘fair value’. Statutory regulations allow revaluation gains and losses on investments classified as FVPL to be held in an unusable reserve, but only until **31st March 2023**; thereafter, revaluation gains and losses will be recognised in the Revenue Account as they arise. Use of FVPL investments will be considered carefully.

OTHER INVESTMENTS

Introduction

Other Investments are those made or held:

- Primarily to generate a financial return and are neither linked to treasury management activities or directly part of delivering services.
- For service purposes (including housing, regeneration and local infrastructure) which may achieve a commercial return but obtaining these returns is not the primary purpose of the investment.

Both categories of 'other' investment invariably constitute capital expenditure. However, it is only permissible to finance the latter category from borrowing.

The following paragraphs provide an overview of the Council's current 'other' investments and those included within the proposed 2022/23 capital programme or in the indicative programme for the subsequent three years.

Investment properties

The Council acquired three properties, at a total cost of **£33.9m** (two in 2017/18 and one in 2018/19), which are held for capital appreciation and/or to earn rental income.

A proportion of the annual rental income from these properties has been set aside in the Property Investment earmarked revenue reserve to mitigate against the risk of future losses.

These investment properties are measured at their fair value (which ensures the valuation reflects the market conditions at the end of each reporting period). The fair value measurements enable the Council to assess whether the underlying assets provide security for capital investment.

As these properties were acquired primarily to generate a financial return, the Council will not add to the current portfolio of properties.

Shareholdings

Medtech Accelerator Ltd

The Council holds **500,000** ordinary **£1** shares in the company **Medtech Accelerator Ltd** (this currently represents a **20%** holding in the company). The company facilitates the early-stage development of innovations in medical technology by financing projects at an early stage in order to maximise the potential for success in bringing new life enhancing technologies to patients.

Harlow Investment Fund

The Cabinet has agreed, in principle, to enter into an agreement to subscribe for or purchase shares in the **Harlow Investment Fund Ltd** partnership, a proposed fund seeking to invest in property to secure the growth and regeneration required in Harlow.

The Council's investment in the Fund (included in the proposed capital programme for 2022/23) will be capped at **£5m** (equivalent to a 10% equity holding).

Loans to local enterprises and third parties

The Council has awarded several loans towards expenditure which would, if incurred by the Council, be capital expenditure. Both loans were awarded on behalf of the South East Local Enterprise Partnership.

The loans that are currently outstanding are as follows:

South East Local Enterprise Partnership loans	Year to be repaid	Loan amount (£000)	Interest rate (%)
Essex University - Centre for advanced engineering			
First instalment	2025/26	**1,000**	0%
Second instalment	2026/27	**1,000**	0%
Total		**2,000**	
Colchester Northern Gateway	2021/22	**1,350**	0%
Total		**3,350**	

Loans to subsidiaries of the Council

As noted in the Treasury Management Investments section, the Council provides treasury management support to its subsidiary companies, **Essex Cares Ltd** and **Essex Housing Development LLP**.

In addition to providing treasury management support to these entities, the Council has also provided (or will provide) them with capital loans, for the following purposes:

- **Essex Cares Ltd**

The Council awarded a loan of **£610,000** to Essex Cares in 2014/15 for the refurbishment of the Freebournes site.

The loan is repayable over a maximum of 10 years; at the time of writing, the principal sum outstanding is **£183,000**.

- **Essex Housing Development LLP**

The Council has agreed to provide a development loan facility to the LLP in relation to approved housing development projects.

Based on the current capital programme proposals, loans totalling **£107.3m** could be advanced to the LLP over the period 2021/22 to 2025/26. However, each housing project will be subject to Cabinet approval, following submission of robust business cases and delivery plans.

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

TREASURY MANAGEMENT POLICY STATEMENT AND TREASURY MANAGEMENT PRACTICES

The Chartered Institute of Public Finance and Accountancy (CIPFA) published a revised version of its Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (the Treasury Management Code) in December 2021.

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

The Treasury Management Code contains the following definition of treasury management activities which has been adopted by CIPFA:

The management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

'Investments' in this definition include those arising as a consequence of managing the Council's cash flows and those held primarily for financial return.

The Treasury Management Code identifies several key principles for treasury management, including that:

- Objectives, policies, practices, strategies and reporting arrangements should be in place to ensure that treasury management activities are effectively managed and controlled.
- The policies, practices and strategies should prioritise security and liquidity when investing treasury management funds.
- The policies, practices and strategies should also explain how value for money will be secured, and the arrangements to ensure effective control of risks.

The Council's Treasury Management Policy Statement (which set out the policies, objectives and approach to risk management of its treasury management activities), and its Treasury Management Practices (which set out the way the Council sought to achieve its policies and objectives for treasury management) have been updated to reflect the requirements of the updated Treasury Management Code.

They are presented for approval in the following annexes:

- **Annex 3E** – Treasury Management Policy Statement
- **Annex 3F** – Treasury Management Practices
- **Annex 3G** – Management practices for non-treasury investments

KNOWLEDGE AND SKILLS

The Council recognises the importance of ensuring that all officers involved in the treasury management function and other investment activities are fully equipped to undertake the duties and responsibilities allocated to them. The Executive Director, Corporate Services is responsible for recommending and implementing the necessary arrangements and does this by:

- **Appointing individuals who are both capable and experienced**

All individuals involved in the delivery of the treasury management function are required to be professionally qualified accountants, who have a responsibility to undertake continuing professional development.

- **Providing training and technical guidance**

All individuals involved in the delivery of the treasury management function are provided with access to relevant technical guidance and training necessary to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills to undertake the duties and responsibilities allocated to them.

- **Appointing a treasury management and other professional advisors**

By employing external providers of treasury management services, the Executive Director, Corporate Services ensures that the individuals involved in delivery of the Council's treasury management activities have access to specialist skills and resources.

In addition, professional advisors are employed as required to ensure that the Council has access to the specialist skills and resources necessary to undertake other investment activities.

The Executive Director, Corporate Services will ensure that elected members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

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

ANNEX 3A - PRUDENTIAL INDICATORS

Summary of prudential indicators		2020-21 Actual	2021-22 Original Estimate	2021-22 Updated Estimate	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast
Capital expenditure & financing								
Capital Expenditure	**£m**	197	235	236	**284**	442	392	196
Capital Financing								
Borrowing	**£m**	68	103	82	**131**	182	153	81
Grants and contributions	**£m**	126	111	146	**142**	248	232	111
Capital receipts and earmarked reserves	**£m**	3	21	8	**11**	12	7	4
Total capital financing	**£m**	**197**	**235**	**236**	**284**	**442**	**392**	**196**
Capital financing requirement								
Capital financing requirement (CFR)								
Opening CFR	**£m**	1,076	1,123	1,106	**1,145**	1,323	1,451	1,548
Add								
Additional borrowing	**£m**	68	115	82	**131**	182	153	81
Additional credit liabilities (PFI / Finance leases)	**£m**	5	5	5	**100**	5	5	5
		1,149	**1,243**	**1,193**	**1,376**	**1,510**	**1,609**	**1,634**
Less								
Revenue provision for debt repayment	**£m**	(40)	(47)	(46)	**(53)**	(59)	(61)	(63)
Capital receipts applied to repay debt	**£m**	(3)	(5)	(2)	**-**	-	-	-
Capital Financing Requirement	**£m**	**1,106**	**1,191**	**1,145**	**1,323**	**1,451**	**1,548**	**1,571**

Summary of prudential indicators		2020-21 Actual	2021-22 Original Estimate	2021-22 Updated Estimate	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast
Analysis of the Capital Financing Requirement								
Supported borrowing and pre 2008/09 unsupported borrowing	£m	442	430	430	**418**	406	394	382
Unsupported borrowing								
General	£m	533	606	586	**664**	774	866	907
Deferred (loans, housing and investment properties)	£m	15	44	22	**52**	97	124	127
Sub total - borrowing	£m	**990**	**1,080**	**1,038**	**1,134**	**1,277**	**1,384**	**1,416**
Credit arrangements (PFI / Finance leases)	£m	116	111	107	**189**	174	164	155
Total	£m	**1,106**	**1,191**	**1,145**	**1,323**	**1,451**	**1,548**	**1,571**
Gross borrowing and the CFR								
Medium term forecast of CFR	£m	1,323	1,333	1,451	**1,548**	1,571	1,589	1,603
Forecast external debt (long term) and credit arrangements	£m	742	848	692	**764**	740	713	686
Headroom	£m	**581**	**485**	**759**	**784**	**831**	**876**	**917**
External debt								
Authorised limit								
Borrowing	£m	620	1,030	870	1,060	1,190	1,260	1,290
Other long term liabilities	£m	284	111	107	189	174	163	155
Total authorised limit	£m	**904**	**1,141**	**977**	**1,249**	**1,364**	**1,423**	**1,445**
Operational boundary								
Borrowing	£m	520	910	740	890	1,030	1,100	1,130
Other long term liabilities	£m	265	107	102	184	170	159	150
Total operational boundary	£m	**785**	**1,017**	**842**	**1,074**	**1,200**	**1,259**	**1,280**
Actual external debt (incl. credit arrangements)	£m	**742**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

Summary of prudential indicators		2020-21 Actual	2021-22 Original Estimate	2021-22 Updated Estimate	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast
Financing to net revenue streams								
Financing to Net Revenue Streams	%	7.70%	8.80%	8.00%	8.60%	9.90%	10.20%	10.60%
Incremental impact on Council Tax								
Effect of capital schemes starting in:								
2020/21 and earlier years	£	78.34	92.15	100.12	102.92	108.26	115.35	120.14
2021/22	£	1.86	0.88	0.65	1.95	2.84	4.65	6.26
2022/23	£		-	-	2.50	3.81	3.77	3.73
2023/24	£		-	-	-	1.11	5.32	5.27
2024/25	£		-	-	-	2.66	3.63	7.27
2025/26	£		-	-	-	-	-	1.02
2026/27	£		-	-	-	-	-	-
Total	£	**80.20**	**93.03**	**100.77**	**107.37**	**118.68**	**132.72**	**143.69**

ANNEX 3B - TREASURY MANAGEMENT SUMMARY

Treasury Management Summary		2020-21 Actual	2021-22 Original Estimate	2021-22 Latest Estimate	2022-23 Estimate	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast
Estimated debt and investments								
Investments (estimated balance at each 31st March)	**£m**	555	212	412	**445**	435	425	416
External debt (operational boundary for borrowing)	**£m**	520	910	740	**890**	1,030	1,100	1,130
Expected movement in interest rates								
Bank Rate *(at each 31st March)*	**%**	0.10%	0.10%	0.25%	**0.75%**	1.00%	1.25%	1.50%
PWLB (borrowing) rates								
5 year	**%**	1.44%	0.85%	1.50%	**1.70%**	1.90%	2.00%	2.10%
10 year	**%**	1.95%	1.20%	1.70%	**1.90%**	2.10%	2.30%	2.40%
25 year	**%**	2.39%	1.70%	1.90%	**2.20%**	2.30%	2.50%	2.60%
50 year	**%**	2.19%	1.55%	1.70%	**2.00%**	2.10%	2.30%	2.40%
Source: Link Asset Services (Treasury Solutions) (December 2021)								
Effect of 1% increase in interest rates								
Interest on borrowing	**£000**	N/A	1,695	160	**1,265**	2,975	4,360	5,225
Interest on investments	**£000**	N/A	(2,284)	(4,217)	**(4,542)**	(4,441)	(4,346)	(4,259)
Interest attributed to reserves & balances	**£000**	N/A	2,231	2,155	**2,052**	2,052	2,052	2,052
Interest attributed to other bodies	**£000**	N/A	36	61	**61**	61	61	61
Net total	**£000**	N/A	**1,678**	**(1,841)**	**(1,164)**	**647**	**2,127**	**3,079**
Borrowing requirement (external borrowing)	**£m**	-	91	32	**189**	153	124	49

Treasury Management Summary		2020-21 Actual	2021-22 Original Estimate	2021-22 Latest Estimate	2022-23 Estimate	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast
Interest rate exposures								
Upper limits for exposure to fixed rates								
Net exposure	**£m**	620	1,030	870	**1,060**	1,190	1,260	1,290
Debt	**%**	100%	100%	100%	**100%**	100%	100%	100%
Investments	**%**	100%	100%	100%	**100%**	100%	100%	100%
Upper limits for exposure to variable rates								
Net exposure	**£m**	186	309	261	**318**	357	378	387
Debt	**%**	30%	30%	30%	**30%**	30%	30%	30%
Investments	**%**	100%	100%	100%	**100%**	100%	100%	100%
Maturity structure of borrowing (upper limit)								
Under 12 months	**%**	1%	40%	40%	**40%**	40%	40%	40%
12 months and within 24 months	**%**	3%	40%	40%	**40%**	40%	40%	40%
24 months and within 5 years	**%**	5%	40%	40%	**40%**	40%	40%	40%
5 years and within 10 years	**%**	15%	40%	40%	**40%**	40%	40%	40%
10 years and within 25 years	**%**	35%	75%	73%	**75%**	64%	60%	60%
25 years and within 40 years	**%**	29%	40%	48%	**40%**	40%	40%	40%
40 years and within 50 years	**%**	0%	20%	20%	**20%**	20%	20%	20%
50 years and above	**%**	12%	20%	20%	**20%**	20%	20%	20%
Maturity structure of borrowing (lower limit)								
All maturity periods	**%**	0%	0%	0%	**0%**	0%	0%	0%
Total sums invested for more than 364 days								
Upper limit for sums invested for more than 364 days	**£m**	13	50	50	**30**	30	30	30

ANNEX 3C – REVENUE PROVISION FOR THE REPAYMENT OF DEBT POLICY

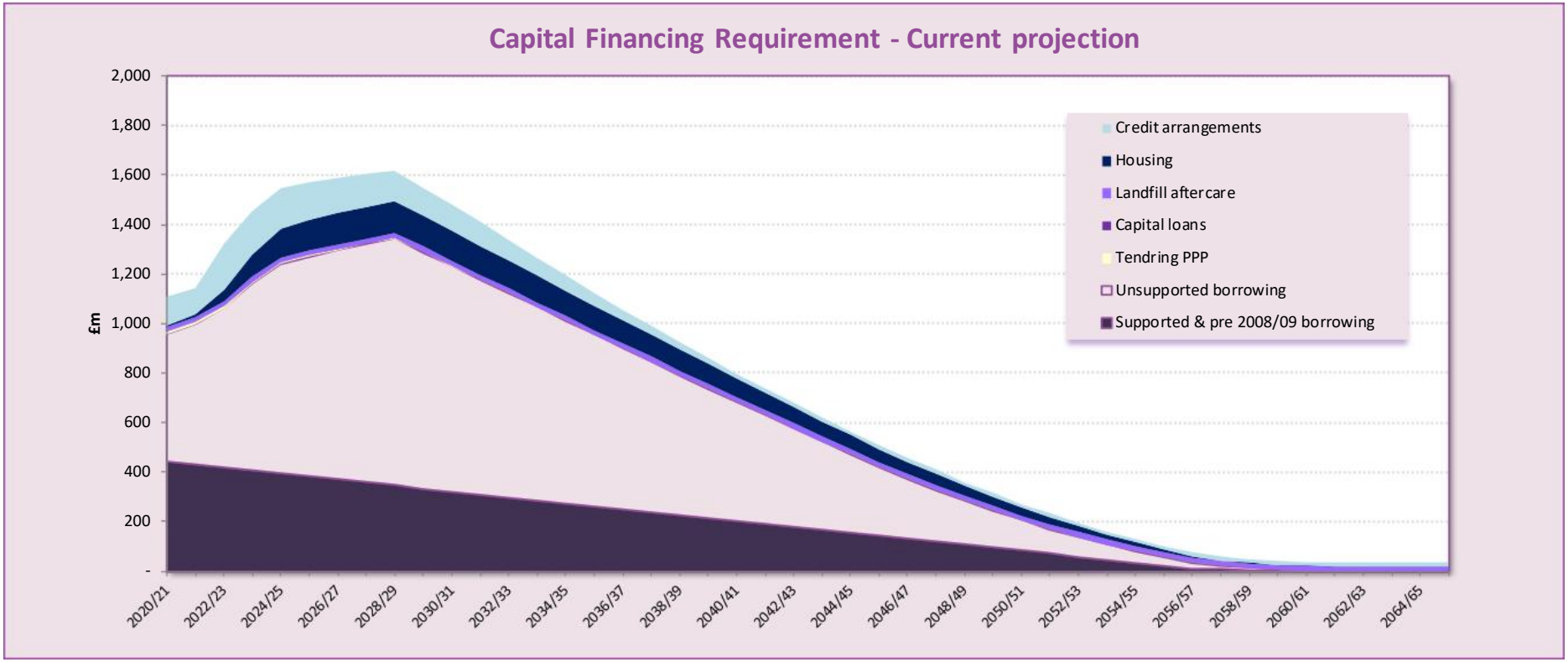
In accordance with the requirement to make a prudent 'revenue provision for the repayment of debt', the Council ensures that debt is repaid over a period that is commensurate with the period over which the capital expenditure provides benefit. This is achieved by applying the following methodology:

Borrowing	MRP repayment basis
Pre 1st April 2008 debt	This element of the Capital Financing Requirement is being repaid on a 50-year '**Equal instalments**' basis, with commencement of the 50-year term in 2007/08.
Government supported debt (2008/09 onwards)	This element of the Capital Financing Requirement is being repaid on a 50-year '**Equal Instalments**' basis, with commencement of the 50-year term in the financial year following the capital expenditure.
Unsupported borrowing General	This element of the Capital Financing Requirement is being repaid using the **Asset Life** method. This spreads the unsupported borrowing over the useful life estimated at the start of the relevant asset lives (or over a shorter period where use of the standard useful life would not be supportable as prudent).
Unsupported borrowing Loans awarded for capital purposes	This element of the Capital Financing Requirement is being repaid using the **Asset Life** method, which spreads the unsupported borrowing over the estimated useful life of the assets for which the loans are awarded. Where the Council receives the repayment of an amount loaned, the income is classified as a capital receipt. The first call on the capital receipt will be to repay the related Capital Financing Requirement.
Credit arrangements	MRP is met by a charge equal to the element of rent/charge that goes to write down the balance sheet liability.

Revenue provision is chargeable in the first financial year after the relevant capital expenditure is incurred.

Where it is practical or appropriate to do so, the Council may make voluntary revenue provision, or apply capital receipts, to reduce debt over a shorter period.

On the basis of the MRP policies outlined above, and the capital programme proposals outlined elsewhere within the Capital and Treasury Management Strategy, the longer-term forecast of the Capital Financing Requirement is as follows:



ANNEX 3D - COUNTERPARTY CRITERIA FOR INVESTMENTS

1. Context

In order to minimise the risk to investments, the Council stipulates the minimum acceptable credit quality of counterparties for inclusion on its lending list. Where applicable, it does this by reference to the credit ratings, watches and outlooks published by all three ratings agencies (i.e. Fitch, Standard and Poor and Moody's). Definitions of the credit ratings of the three main rating agencies are available upon request.

2. Banks and building societies

The Council will invest funds with:

- UK banks and building societies
- Non-UK banks domiciled in a country with a minimum sovereign rating of **AA-**

that have credit ratings equivalent to, or better than, the following:

Rating category	Credit rating agencies		
	Fitch	Standard & Poor's	Moody's
Short term	**F1**	**A-1**	**P-1**
Long term	**A**	**A**	**A2**

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

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

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

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

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

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

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

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

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

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

4. Money Market Funds

Money Market Funds (MMFs) are short term, pooled investments that are placed, by a manager, in a wide range of money market instruments. The size of the investment pool of a MMF enables the manager to not only offer the flexibility of overnight and call money, but also the stability and returns of longer dated deposits.
Strict rules and criteria are set down by the official rating agencies, covering the types of investment counterparties used, the maturity distribution of the funds and investment concentrations.

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

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

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

5. UK Government

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

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

6. Other local authorities

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

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

7. Property Funds

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

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

8. Time and monetary limits applying to investments

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

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

Time and monetary limits

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

Notes:

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

ANNEX 3E – TREASURY MANAGEMENT POLICY STATEMENT

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

1. The Council defines its treasury management activities as:

- The management of its investments and cash flows, its banking, money market and capital market transactions.
- The effective control of the risks associated with those activities.
- The pursuit of optimum performance consistent with those risks.

2. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.

3. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and of employing suitable performance measurement techniques, within the context of effective risk management.

4. The Council's policies for borrowing and investments are set out within the annual Capital and Treasury Management Strategy.

ANNEX 3F – TREASURY MANAGEMENT PRACTICES

TMP 1 - Risk Management

A key objective of the Council's treasury management activities is to safeguard the principal sums it invests from loss.

The Section 151 Officer will ensure there are arrangements in place for the identification, management and control of treasury management risk and will report on the adequacy of these arrangements and on the circumstances of any actual or likely difficulty in achieving the Councils objectives in this respect.

[1] Credit and counterparty risk management

The Council will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited. The Council will also maintain a formal policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

[2] Liquidity risk management

The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it to have the level of funds available to it which are necessary for the achievement of its business objectives.

The Council will not borrow earlier than required to meet its cash flow needs, unless there is a clear business case for doing so and will only do so for the current capital programme, to fund future debt maturities and/or to ensure an adequate level of liquidity of funds.

[3] Interest rate risk management

The Council will manage its exposure to fluctuations in interest rates with a view to containing its net interest costs in accordance with its treasury management policy and strategy.

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates.

[4] Exchange rate risk management

The Council will manage its exposure to fluctuations in exchange rates to minimise any detrimental impact on its budgeted income and expenditure levels.

[5] Inflation risk management

The Council will keep under review the sensitivity of its treasury management activities to inflation and will seek to manage the risk accordingly in the context of its wider exposure to inflation.

[6] Refinancing risk management

The Council will ensure that its borrowing, private financing and lease arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are as competitive as can reasonably be achieved in the light of market conditions prevailing at the time.

The Council will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective.

[7] Legal and regulatory risk management

The Council will ensure that its treasury management activities comply with its statutory powers and regulatory requirements.

The Council will also ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may affect with the Council, particularly with regard to duty of care and fees charged.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the Council.

[8] Operational risk, including fraud, error and corruption

The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through inadequate or failed internal processes, people and systems or from external events. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements.

[9] Price risk management

The Council will seek to ensure that its treasury management policies and objectives are not compromised by adverse market fluctuations in the value of the sums it invests and will accordingly seek to protect itself from the effects of such fluctuations.

TMP 2 - Performance measurement

The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

TMP 3 - Decision-making and analysis

The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of

learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were considered.

TMP 4 - Approved instruments, methods and techniques

The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in its annual Capital and Treasury Management Strategy.

The Council has reviewed its classification with financial institutions under MIFID II and will set out in its annual Capital and Treasury Management Strategy those organisations with which it is registered as a professional client.

TMP 5 - Organisation, clarity and segregation of responsibilities, and dealing arrangements

The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is always a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly regarding the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If it is intended to depart from these principles, the Section 151 Officer will ensure that the reasons are properly reported, and the implications properly considered and evaluated.

The Section 151 Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Section 151 Officer will also ensure that those engaged in treasury management will follow the policies and procedures set out.

The Section 151 Officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

The delegations to the Section 151 Officer in respect of treasury management are set out in the Council's Financial Regulations and Scheme of Delegation for Financial Management. The Section 151 Officer will fulfil all such responsibilities in accordance with the Council's policy statement and TMPs and the CIPFA Standard of Professional Practice on Treasury Management.

TMP 6 - Reporting requirements and management information arrangements

Regular reports will be prepared and considered on the implementation of the Council's treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum:

- Full Council will receive an annual report on the strategy and plan to be pursued in the coming year.
- The Cabinet will receive reports on the performance of the treasury management function, and on any circumstances of non-compliance with the Council's Treasury Management Policy Statement and TMP's, as part of the Council's quarterly financial overview reporting.

The Council's Corporate Policy and Scrutiny Committee have responsibility for the scrutiny of treasury management policies and practices.

TMP 7 - Budgeting, accounting and audit arrangements

The Section 151 Officer will prepare, and full Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income.

The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk management, TMP 2 Performance Measurement, and TMP 4 Approved instruments, methods and techniques. The Section 151 Officer will exercise effective controls over this budget and will report upon and recommend any changes required in accordance with TMP 6 Reporting requirements and management information arrangements.

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

TMP 8 - Cash and cash flow management

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

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

TMP 9 - Money laundering

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

TMP 10 - Training and qualifications

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

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

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

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

TMP 11 - Use of external service providers

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

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

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

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

TMP 12 - Corporate governance

The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and

its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

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

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

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

New investments will only be undertaken following the Council's business case and governance framework for decision making.

Each proposal to make a non-treasury management investment will articulate:

- The objectives and management arrangements for the investment.
- The risk of loss and the arrangements for mitigating such losses.
- The decision making and reporting arrangements.
- The performance management arrangements.

The Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the Council's risk exposure.