

<b>Report title: 2021/22 Provisional Outturn Report</b>	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Councillor Christopher Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs	
<b>Date:</b> 21 June 2022	<b>For:</b> Decision
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<b>County Divisions affected:</b> All Essex	

## 1. Everyone's Essex

- 1.1 The purpose of this report is to present and provide commentary on the provisional outturn position for financial year 2021/22 prior to formal closure of the accounts. The report also explains the key movements since the third quarter financial overview report (presented to Cabinet on 18 January 2022) to the year-end position. The report will highlight that while there is a small revenue under spend of 1.7%, the short to medium term outlook remains incredibly challenging, with rising inflation and cost of living, alongside ongoing demand pressures across social care and market volatility.
- 1.2 This year has seen the continued impact of the pandemic, with over £100m of grants received from government to support this. The ongoing volatility of the pandemic has impacted across the organisation, with large areas of spend where demand has increased, although not to the extent anticipated when budgets were set in Winter 2020, although there have also been areas where demand has exceeded that originally anticipated. This has enabled recommendations to be made to provide support to the challenges we now face.
- 1.3 The current economic outlook is unprecedented in modern times. With inflation expected to increase to 10% and above there will be significant budget challenges for the council. A 10% inflation pressure is double the council tax rise for 2022/23 and although we have an under spend for the last financial year, this added to the council tax increase for future years will not be sufficient to cover increasing costs. We will continue to plan moving forwards to ensure we spend within our means. It should be noted that this outturn report relates to the previous year's budget (2021/22), and that the council tax increase announced in February is for future years (2022/23 onwards).
- 1.4 Despite these challenges the focus remains on prioritising resources to achieve the strategic aims outlined in Everyone's Essex. Resources continue to be prioritised from the Everyone's Essex reserve, notably to deliver renewal of our priority places and investment in economic growth projects (£2.9m), to support delivery of a suite of interventions for skills and employability (£3.8m) and funding for cultural organisations in Essex (£1m).

## 2. Recommendations

Approval is sought for the following in relation to the 2021/22 outturn position:

- 2.1 To create a new General Risk Reserve to support against inflationary risk for future years.
- 2.2 That the net under spend **£15.622m** is appropriated into earmarked revenue reserves as follows:
  - **£10.022m** to a new General Risk Reserve to support mitigation of the cost pressures we face.
  - **£2.6m** to the Everyone's Essex Reserve to support delivery of Everyone's Essex priorities.
  - **£2m** to the Commercial Investment in Essex Places Reserve given increased activity in this area with the Essex Renewal Fund.
  - **£1m** to the Technology and Digitisation Reserve for the heightened cyber risks currently faced as a result of the Ukraine war.
- 2.3 That under spends are allocated between portfolios as set out within the 'Transfers of under / over spends between Portfolios' column of Appendix A.
- 2.4 That the following amounts are appropriated to / from restricted and other revenue reserves:

### **Restricted Funds**

- **Private Finance Initiative (PFI) Reserves**
  - Building Schools for the Future - **£128,000** contribution (Appendix D 8iii)
  - Clacton Secondary Schools - **£343,000** contribution (Appendix D8iii)
  - Debden School - **£1.307m** contribution (Appendix D 8iii)
  - A130 Road - **£988,000** contribution (Appendix D 10iii)
- **Waste Reserve – £4.513m** net contribution comprising:
  - Contribution of £4.894m, to replenish the Reserve as a consequence of previously using it to meet Covid related pressure in 2021/22 and a contribution to return balances not needed as tonnages were lower than anticipated (Appendix D 12iii)
  - Withdrawal of £381,000 to fund waste related projects (Appendix D 12iii)
- **Schools - £5.611m** net contribution to the Schools' reserve, following under spends against schools' budgets in 2021/22 (Appendix D 7i)
- **Partnership Reserves**
  - Youth Offending Service Partnership Reserve - **£547,000** contribution (Appendix D 3iii)
  - Public Sector Reform Partnership Reserve - **£42,000** contribution (Appendix D 3iii)
  - Essex Safeguarding Children's Board Partnership Reserve - **£25,000** withdrawal (Appendix D 3iii)
  - Public Law Partnership Reserve - **£25,000** contribution (Appendix D 13iii)
  - Adults Safeguarding Board Partnership Reserve - **£23,000** contribution (Appendix D 1vi)

## Capital funding

- **Capital funding - £141,000** net withdrawal to transfer capital financing resources to revenue in respect of:
  - Essex Housing - **£1.708m** withdrawal for a technical adjustment relating to expenditure on the Essex County Hospital project, which cannot be capitalised following transfer of part of the site to the Essex Housing LLP (Appendix D 6iii)
  - To support Highways fleet purchase in 2022/23 - **£817,000** contribution (Appendix D 10iii)
  - Capital expenditure relating to improvements to Library and Registrations rooms - **£500,000** contribution (Appendix D 4iii)
  - Capital works relating to Adults Residential Homes - **£250,000** contribution (Appendix D 1vi)

## Other reserves

- **Carry Forwards - £14.209m** contribution, in respect of revenue budget under spends that it is proposed are carried forward for use in 2022/23. The proposals for utilising this Reserve in 2022/23 are set out in **Appendix C** of this report
- **Adults Digital Programme - £247,000** contribution to continue with projects within the programme, the funding will be withdrawn for use in 2022/23. (Appendix D 1vi)
- **Adult Risk - £4.132m** net contribution comprising:
  - £4.170m contribution to allow for the potential risk professional deputyship fees are an allowable disability related expense (Appendix D 1vi)
  - £38,000 withdrawal to fund works in relation to Market Shaping expenditure (Appendix D 1vi)
- **Adults Transformation - £4.718m** contribution to support the Adult Social Care budget for various programmes, with £973,000 to be withdrawn in 2022/23 (Appendix D 1vi)
- **Ambition Fund - £3.772m** net contribution comprising:
  - £3.898m of contributions, due in the main to unspent project funding, of which £2.397m is required for use in the next financial year and therefore will be withdrawn in 2022/23 (Appendix D 1vi, 4iii, 5iii, 6iii, 8iii, 10iii, 11iii, 13iii)
  - £126,000 withdrawal to fund expenditure for Environment and Climate Action works. (Appendix 6iii, 11iii)
- **Bequests - £27,000** contribution for funds bequeathed to the Essex Records Office during the year (Appendix D 5iii)
- **Bursary for Trainee Carers Reserve - £59,000** withdrawal relating to the Nightingale Health and Care Bursary Programme (Appendix D 8iii)
- **Capital Receipts Pump Priming Reserve - £170,000** withdrawal relating to legal costs incurred from the sale of ECC properties (Appendix D 14iii)
- **Children's Transformation Reserve - £467,000** net contribution comprising:
  - £500,000 contribution to replenish the reserve to support transformation capacity to deliver the Children's Transformation Programme and therefore will be withdrawn in 2022/23 (Appendix D 3iii)

- £33,000 withdrawal to fund the Tendring Multidisciplinary Team (Appendix D 3iii)
- **Collection Fund Investment Risk Reserve - £573,000** contribution to support potential funding pressures in future years (Appendix D 9iii)
- **Commercial Investment in Essex Places - £2m** contribution given increased activity in this area with the Essex Renewal Fund (Section 2.2)
- **Community Initiatives Reserve - £282,000** withdrawal to support expenditure incurred on community projects during 2021/22 (Appendix D 4iii)
- **COVID Equalisation Reserve - £8.107m** net withdrawals comprising:
  - £3.681m contribution to return Covid funding where actual expenditure or income losses were lower than previously forecast, or expenditure that has now been covered by other specific grants. (Appendix D 1vi, 8iii, 13iii, 15iii & 16iii)
  - £11.788m withdrawals to help cover Community Resilience, equipment demand and staffing pressures in Adult Social Care and Health, and Children Service and Early Years, and to replenish the Waste Reserve by **£2.906m** for tonnage pressures as a result of behaviour changes linked to Covid originally funded through the Waste Reserve (Appendix D 1vi, 3iii, 8iii & 15iii)
- **Emergency Reserve - £1m** contribution to cover potential increases in fuel across the transport service (Appendix D 10iii)
- **Essex Climate Change Commission - £53,000** contribution relating to Climate Change for use in 2022/23. (Appendix D 4iii & 11iii)
- **Everyone's Essex Reserve - £323,000** withdrawal to fund expenditure in relation to Arts and Heritage, and Climate Action. This is in addition to the contribution to this reserve proposed in recommendation 2.2 above (Appendix D 5iii, 11iii & Section 2.2)
- **General Risk Reserve - £3.836m** contribution to partially mitigate the inflationary risk faced in 2022/23 and beyond. This is in addition to the contribution proposed in paragraph 2.2 above, and will bring the total contribution to £13.858m (Appendix D 8iii, 10iii, 15iii & 17ii & Section 2.2)
- **Health and Safety Reserve - £55,000** net contribution comprising:
  - £541,000 contribution relating to unspent funds for King Edmund's school demolition costs. (Appendix D 8iii)
  - £486,000 withdrawal to cover demolition costs for Edith Borthwick and Country Park expenditure. (Appendix D 5iii & 8iii)
- **Quadrennial elections Reserve - £176,000** withdrawal for costs incurred for the May 2021 elections (Appendix D 4iii)
- **Recovery Reserve - £273,000** contribution due to unspent funds being returned to reserves for use in 2022/23 (Appendix D 6iii)
- **Technology and Digitalisation Reserve - £2.034m** contribution related to unspent funding allocated for the Corporate System Project and for Technology Service Projects and Print Savings. This is in addition to the contribution of **£1m** that is proposed in paragraph 2.2 above for the heightened cyber risks and will bring the total contribution to this reserve to £3.034m (Appendix D 15iii & Section 2.2)
- **Transformation Reserve - £823,000** net withdrawal comprising:
  - £58,000 contribution due to unspent project funding which is now required for use in 2022/23 and therefore will be withdrawn in 2022/23 (Appendix D 4iii)

- £881,000 withdrawal mainly for work on the Ways of Working and Workforce strategy projects (Appendix D 6iii, 10iii, 11iii & 15iii)

- 2.5 That the financing of capital payments in 2021/22 is approved on the basis set out within **Appendix G** to this report.
- 2.6 Capital payment approvals, and associated capital financing, of **£17.341m** are re-profiled into subsequent financial years, in respect of slippage in schemes (as shown in the 'Slippage' column of Appendix H).
- 2.7 Capital payment approvals, and associated capital financing, of **£4.676m** are brought forward in respect of schemes that have progressed ahead of schedule (as shown in the 'Advanced works' column of Appendix H).
- 2.8 That 2021/22 capital payment approvals are reduced by a total of **£23.259m** (as shown in the 'Reductions' column of Appendix H), with increases of **£21.381m** to other schemes (as shown in the 'Additions' column of Appendix H), to reflect achieved activity in 2021/22.

Approval is also sought for the following in relation to the 2022/23 budget:

- 2.9 To agree to delegate authority to the Executive Director for Corporate Services (S151 officer), in consultation with the Cabinet Member for Finance, Resources and Corporate Affairs, to apply the total of **£24.744m** from the Carry Forwards Reserve in 2022/23 for the purposes detailed in Appendix C of this report for amounts that have been requested at year end, plus amounts previously approved by Cabinet to be carried into the Reserve during 2021/22. The Section 151 Officer will advise the Cabinet Member for Finance, Resources and Corporate Affairs if, after consultation with the relevant Executive Director, the amount of any carry forward should be reduced

### **3. Executive Summary**

#### **3.1 Introduction**

- 3.1.1 This has been an exceptional and peculiar year, given we have continued to be in receipt of over £100m of one-off covid-related grants from government underwriting our risk, although the majority of these measures from government have now ceased. The ongoing effect of the pandemic has made forecasting uncertain and volatile throughout the year, resulting in a better year end position than expected. This has impacted across the organisation, with large areas of spend where demand, although increased, was not as high as anticipated when the budget was set in Winter 2020, including across Adult Social Care, Children Services, Transport and Waste.
- 3.1.2 We face an extremely challenging period now and in the medium term, with inflation at a 40-year high, and forecast to rise even further. Robust financial management over the last year, despite the exceptional circumstances the Council has faced, has enabled recommendations in this report that will offer some financial risk mitigation in the short term to the impact of escalating costs, alongside some opportunities for one-off investment in our key priorities.
- 3.1.3 The report sets out an under spend on revenue of **£15.622m** (1.7%) against a budget of £894.907m. This position is after adjusting for proposals to carry forward

under spends for use in 2022/23 and reserve movements. £2.039m of the under spend is driven by reduced capital financing costs, as borrowing has been at a lower level than anticipated, and a £1.883m favourable position on Funding, where government grants have been greater than expected predominantly following receipt of the Tax Income Loss Guarantee grant. **This leaves £11.7m due to under spends on services, driven by:**

- Adult Social Care and Health, where demand for Nursing has not been as high as expected, as the Continuing Care pipeline did not materialise as budgeted, Domiciliary where assumed growth in the market has not happened as providers struggle with recruitment and retention issues, and Cash Payments, where there has been an increase in packages transferring to an ECC managed service, alongside greater levels of surplus funds returned from service users than expected. Alongside, the backlog in assessments has remained static across the financial year, with the service using a vulnerability matrix to ensure that those at highest risk are prioritised.
- Children's Services and Early Years, where pent up demand from the pandemic has not materialised to the extent predicted, with lower numbers of children being placed (due to delays in care, court proceedings and reduced contact), and fewer internal fostering carers than planned (resulting in increased use of external foster carers) as a result of Covid.
- Pupil numbers and contract price growth have slowed in Home to School Transport compared to previous years. Budgets were set assuming the historic level of growth would continue, and whilst cost escalation has been seen for re-tendered routes, it was not as high as the expected rates.

Proposals for how the £15.622m under spend is utilised (predominantly to support the risks faced from the current economic outlook) are set out in section 2.2.

- 3.1.4 The underlying volatility in expenditure and uncertainty in forecasting that has prevailed throughout 2021/22 due to the ongoing pandemic impact has been reported to Cabinet every quarter and, not unexpectedly, we have seen movements across most services in the provisional closure figures. We have seen an improvement of £9.774m on the position reported at the Third Quarter stage, which was a forecast under spend of £5.848m. The reasons for this movement are set out in **Appendix D**.
- 3.1.5 The Council has experienced additional expenditure and lost income in relation to the pandemic of £124m for 2021/22, an increase against the original budget of circa 12%. These pressures are less than the total Covid funding available for 2021/22 of circa £160m, however pressures as a result of the pandemic prevail, so this is not an uncommitted surplus. Based on our latest intelligence over half the remaining funding is already committed for use against continuing pressures and losses extending into 2022/23.
- 3.1.6 There is an under spend on capital of £14.543m against the final approved budget of £235.762m. This is 94% delivery against the final approved budget, or 76% against original budget. This is broadly in line with our delivery record in 2020/21, where we achieved 92% against the final approved budget.
- 3.1.7 BDO LLP, the Council's external auditor, has yet to formally conclude the audit of the Council's Accounts for 2020/21 or advise on the arrangements for the audit of the 2021/22 Accounts. It is however anticipated that the 2021/22 Audit Plan will be presented to the Audit, Governance and Standards Committee in September 2022 and that the statutory deadline for completion of the 2021/22 audit will be 30 November 2022. It is possible that changes will be required to the Accounts for either or both years, to address matters raised by the Auditor, which may alter the

position presented within this report. The results of the external audits for 2020/21 and 2021/22 will be reported to the Audit, Governance and Standards Committee upon conclusion of the audits, at which stage the Committee is expected to approve the Accounts. The Statement of Accounts will then be published on the Council's website.

## **3.2 Overview - Revenue**

3.2.1 Through careful financial planning and management, Essex County Council has delivered a moderate under spend of £15.622m (1.7%), of which £1.2m is due to a one-off year end adjustment relating to the actuarial valuation of the insurance provision. This position has been delivered through another year of exceptional impact on the financial management of the organisation as a result of the pandemic; with additional costs of circa £124m, funded through multiple and complex grant streams - this has again created a substantial impact on a £894m budget. As set out through the quarterly reports this year, some assumptions around demand growth in 2021/22 have not materialised at the level originally estimated, whilst others have exceeded expectations. Given the uncertainty at the time when the budget was set in February 2021, the overall outcome is deemed as a positive position, although the risk now highlighted is that a level of pent up demand will filter through during 2022/23, further exacerbating the impact of escalating inflation.

3.2.2 The net under spend of £15.622m reflects:

- i. A net under spend by services of **£11.700m**. With three major areas driving the under spend **£5.350m** relates to Adult Social Care and Health, **£2.573m** for Highways Maintenance and Sustainable Transport, and **£1.407m** relating to Community, Equality, Partnerships and Performance
- ii. A **£2.039m** under spend position for interest, capital financing and dividends.
- iii. An over achievement on funding of **£1.883m**
- iv. Proposals to transfer **£54.439m** (net) to earmarked revenue reserves. Excluding transfers to Restricted Funds (£13.502m) which are funds not under the Council's control, and carry forward requests (£14.209m), a significant proportion of the residual balance relates to the creation of risk reserves to provide support to the 2022/23 budget given the estimated pressures we face from rising inflation.

3.2.3 The focus now needs to move to the extremely challenging period ahead - with government now ceasing to underwrite the majority of risk through specific grants, inflation at unprecedented levels, growing interest rates and the Bank of England expecting GDP growth to slow sharply. It is highly probable that there will continue to be volatility in the financial position across revenue and capital throughout 2022/23 and in to 2023/24. Inflation risk alone of £35m above that budgeted is estimated for 2022/23. Therefore, the position will be closely monitored throughout the year ahead.

3.2.4 During 2021/22, the Council has made good progress towards delivering its strategic aims and priorities. More detail can be found in the Organisation Plan 2021/22: [ECC Organisation-Plan 2021 22.pdf](#)

3.2.5 Commentary on the provisional outturn position for each portfolio is provided in **Appendix D** of the report.

### 3.3 Trading activities

- 3.3.1 The Council's activities that operate on a trading account basis have increased their revenue reserves during 2021/22 by **£172,000** against a financial target set for the year of breakeven (after budgeted appropriations to ECC).
- 3.3.2 Commentary on the provisional outturn position for each Trading Activity is provided in **Appendix F** of the report.

### 3.4 Capital

- 3.4.1 Capital delivery of **94%** against latest budget has been achieved in 2021/22.
- 3.4.2 The original budget for the capital programme was **£290.341m**. During the year this has been revised to allow for revisions to project delivery plans. The final approved total capital programme budget amounted to **£235.762m**. Actual capital expenditure amounted to **£221.219m**, resulting in an under spend of **£14.543m**. There is a need for caution as there are risks ahead with inflation and supplies in the market. This may make for a more volatile 2022/23 in regard to the delivery of the programme.
- 3.4.3 During 2021/22, circa 400 schemes were undertaken. Our residents have benefited from and will continue to benefit from a wide range of new investment including:
- Essex Highways had another busy year delivering essential work on improving our roads and footways, vital to maintaining a safe network (£47.834m). Each improvement and maintenance scheme helps keep our residents safe, contributes to longer-term economic growth, and helps deliver our vision for safer, greener and healthier travel.
  - Significant packages of transport improvement work continue to progress such as delivery of a new junction at M11 J7A (£26.529m) and Beaulieu Park Station (£4.492m) commencing to the detailed design stage.
  - Active Travel Fund 2 saw commencement of the 5 projects in Essex to deliver local cycling and walking infrastructure plans to relocate road-space by creating high quality routes which can accommodate an increase in cycling and start to create cycle networks.



- 16 Essex capital build projects. We were successful in securing £28.082m for 16 Essex capital build projects through the Getting Building Fund. The fund was designed to allow “shovel ready projects” to start on site as soon as possible and regenerate the economy. In 2020/21 £5.415m was spent on these projects and a further £13.512m spent in 2021/22, with 10 of the projects completing. The remaining £9.155m has been approved for spend in 2022/23 on the six remaining projects.
- Circa 1,725 new school places delivered across Essex, including the county’s first new school buildings designed to be net-zero in operation.
- The flood management programme designed and delivered 7 schemes benefitting 126 properties as well as completing feasibility studies that will form our pipeline of schemes for design and delivery in 2022/23.
- Several carbon reduction initiatives were delivered, such as the Green Homes grant Local Authority delivery phase 1a and solar panel installation at the Essex Records Office, all part of ECC’s ambition in achieving net zero carbon emissions by 2030.
- LED Phase 4 Street Lighting delivered 25,000 new LED street light lanterns totalling £8.271m, thereby saving Essex residents and businesses money by reducing energy usage, as well as contributing to an environmental carbon saving.

#### 3.4.4 Approval is sought to:

- Re-profile capital payment budgets of **£17.341m**, from 2021/22 into future years as a consequence of slippage in schemes;
- Bring capital payment budgets of **£4.676m** forward in respect of schemes that have progressed ahead of schedule; and
- Realign scheme and payment approvals to reflect actual activity in 2021/22– this results in payment approvals for some schemes being reduced by **£23.259m**, with increases of **£21.381m** to several other schemes.

3.4.5 Appendix G provides a comparison of approved and forecast outturn capital payments by portfolio and Appendix H summarises the proposed variance plan. Commentary on the provisional outturn position for each portfolio is provided in Appendix I.

### 3.5 Commercial property

3.5.1 The commercial property investment portfolio is online with budget (£1.306m). While rental income was marginally lower than budget by £40,000, this was offset by lower than budgeted operating costs for the portfolio. The budgeted £326,000 appropriation to the Property Investment Fund reserve has been made this year to help meet any unexpected void or Covid impact costs in the future. The portfolio is in a good position currently, fully occupied with one lease to be finalised imminently to return the tenant to paying rent. The valuations have risen £2.4m in the last year.

### 3.6 Reserves and balances

3.6.1 The final approved budget for 2021/22 included provision for appropriations to or from various revenue reserves and restricted funds. Proposals are presented throughout this report which further impact on the Council's reserves and balances. Approval is sought for **£54.439m** (net) to be transferred to earmarked reserves mainly relating to setting aside resources to help manage the growing pressure from the current high levels of inflation, together with utilising under spends from 2021/22 to support delivery of activities in 2022/23.

- **£11m** relates to restricted funds, particularly specific grants, which are funds held for medium to long term contractual commitments or on behalf of others and not available for alternative use by the Council
- **£14m** relates to carry forward of under spends into 2022/23 for specific purposes as set out in **Appendix C**
- Approximately **£19m** relates to sums set aside to support and mitigate both general economic risks and service specific risk
- Approximately **£9m** relates to funds set aside and reprofiling of budget to support future years budgets and transformational activities
- Approximately **£8m** is for investment in Everyone's Essex and the Council's strategic priorities
- Approximately **£5m** relates to Covid related costs where either additional funding is required to offset pressures, or funding is returned to the reserve as pressures are lower than originally estimated, or where commitments are now anticipated in 2022/23
- Approximately **£2m** for technical adjustments in respect of Essex Housing LLP

A schedule setting out each of the Council's reserves with a summary of its purpose is provided in **Appendix J**

3.6.2 **Appendix K** shows the position on the restricted funds and revenue reserves, assuming the proposals contained within this report are accepted. These reserves represent funds set aside for specific policy purposes and contingencies and are necessary to ensure the Council's continued financial resilience to future financial challenges and known pressures. As referenced above the Council is expecting to experience significant increases in costs given the current uncertain economic outlook and high inflation, and recommendations in this report will provide some mitigation towards the potential impact, although it is very difficult to forecast.

3.6.3 **Appendix L** summarises the position on the General Balance at 31st March 2022. The closing balance is sufficient to fund **23** days of operating expenditure.

### 3.7 Prudential indicators and treasury management

3.7.1 Summaries of the Prudential Indicators and investment and borrowing levels are provided in **Appendix M** and **Appendix N** respectively.

## 4 Policy context

4.1 This report provides an assessment of the financial position of the Council at the end of the 2021/22 financial year, and as such, provides a financial representation of the corporate plan. The Organisation Plan and Budget for 2021/22 were approved in parallel in February 2021.

## **5 Financial Implications**

- 5.1 All actions proposed within this report are within the available funding. There are appropriate actions to deal with variances arising.

## **6 Legal Implications**

- 6.1 The Council is responsible for setting the budget each year. Once agreed the executive then have to work within the policy framework and keep within the budget, although they are permitted to make changes to the budget as set out in Financial Regulations.

## **7 Equality and Diversity implications**

- 7.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when the Council makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
  - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
  - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 7.3 The equality implications are assessed as part of budget setting process and as part of individual schemes.
- 7.4 There are no equality and diversity, or other resource implications associated with this report.

## **8 List of Appendices**

Appendix A – Revenue Variance Plan  
Appendix B – Revenue Outturn Summary  
Appendix C – Overview of revenue carry forward requests  
Appendix D – Revenue Position – Detailed commentary  
Appendix E – Trading Activities  
Appendix F – Trading Activities – Detailed commentary  
Appendix G – Capital Payments and Financing Summary  
Appendix H – Capital Variance Plan  
Appendix I – Capital Position – Detailed commentary  
Appendix J – ECC Reserves and their Purpose  
Appendix K – Restricted use and other revenue reserves  
Appendix L – General Balance  
Appendix M – Prudential Indicators  
Appendix N – Treasury Management Summary

(Available at [www.essex.gov.uk](http://www.essex.gov.uk) if not circulated with this report)

**9      List of Background Papers**

Budgetary control reports

## Appendix A – Revenue Variance Plan

VARIANCE PLAN						
	Provisional	Proposed mitigating actions				
	Outturn	Transfers of under /	Under spends to be	Appropriations	Underlying under /	Total of
	Variance (Under) / Over spend	over spends between portfolios	carried forward into 2022/23	to/(from) other reserves	(over) spends	mitigating actions
	£000	£000	£000	£000	£000	£000
Adult Social Care and Health	(9,895)	(11)	-	4,556	5,350	9,895
Children's Services and Early Years						
Dedicated Schools Budget	-	-	-	-	-	-
Non Dedicated Schools Budget	(3,042)	47	2,895	(605)	705	3,042
Community, Equality, Partnerships and Performance	(4,223)	1,034	1,356	426	1,407	4,223
Devolution, the Arts, Heritage and Culture	(822)	(123)	1,073	(128)	-	822
Economic Renewal, Infrastructure and Planning	159	579	580	(1,475)	157	(159)
Education Excellence, Lifelong Learning and Employability						
Dedicated Schools Budget	(5,611)	-	-	5,611	-	5,611
Non Dedicated Schools Budget	(3,238)	(1,898)	1,198	3,895	43	3,238
Finance, Resources and Corporate Affairs	(1,689)	(2)	1,147	573	(29)	1,689
Highways Maintenance and Sustainable Transport	(11,119)	664	2,373	5,509	2,573	11,119
Leader	(371)	147	128	96	-	371
Waste Reduction and Recycling	(1,277)	(330)	-	1,607	-	1,277
Recharged Support Services						
Community, Equality, Partnerships and Performance						
Assurance	(102)	-	-	-	102	102
Democratic Services and Governance	(67)	-	-	-	67	67
Equality and Diversity	(374)	(321)	270	425	-	374
Legal Services	(158)	-	128	25	5	158
Performance, Business Planning and Partnerships	(916)	228	688	-	-	916
Transformation Support Unit	(1,126)	1	-	1,125	-	1,126
Finance, Resources and Corporate Affairs						
Business Support	(1,360)	(1)	-	1,361	-	1,360
Car Provision Scheme	2	3	-	-	(5)	(2)
Customer Services	(111)	-	100	-	11	111
Finance	(647)	2	582	-	63	647
Human Resources	654	(21)	215	(803)	(45)	(654)
Information Services	(2,302)	-	220	2,034	48	2,302
Insurance Cost Recovery Account	(1,594)	-	350	-	1,244	1,594
Procurement	(233)	-	210	-	23	233
Property and Facilities Management Service	(155)	(88)	-	243	-	155
Leader						
Communications and Customer Relations	(62)	(22)	-	103	(19)	62
Economic Renewal, Infrastructure and Planning						
Capital Programme Implementation and Delivery	58	112	-	(170)	-	(58)
Net cost of services (Portfolios)	(49,621)	-	13,513	24,408	11,700	49,621
Other operating costs - Interest, capital financing and dividends	(2,935)	-	696	200	2,039	2,935
General government grant	(2,648)	-	-	-	2,648	2,648
Financing	765	-	-	-	(765)	(765)
Net expenditure	(54,439)	-	14,209	24,608	15,622	54,439
Appropriations to / from restricted funds and other revenue reserves						
Carry Forwards reserve	14,209	-	(14,209)	-	-	(14,209)
Restricted funds	13,502	-	-	(13,502)	-	(13,502)
Capital financing	(141)	-	-	141	-	141
Transformation Reserve	(823)	-	-	823	-	823
Other reserves	27,692	-	-	(12,070)	(15,622)	(27,692)
General Balance	-	-	-	-	-	-
Net Total	-	-	-	-	-	-

## Appendix B – Revenue Outturn Summary

2020/21 Actual		2021/22						
		Original Budget	Final Budget	Provisional Outturn	Variance			
					Unadjusted variance	Proposed mitigations	Underlying variance	
£000		£000	£000	£000	£000	£000	£000	%
414,173	Adult Social Care and Health	441,280	450,190	440,295	(9,895)	4,545	(5,350)	(1.2%)
	Children's Services and Early Years							
(3,974)	Dedicated Schools Budget	(401)	(75)	(75)	-	-	-	-
126,706	Non Dedicated Schools Budget	133,461	138,287	135,245	(3,042)	2,337	(705)	(0.5%)
14,934	Community, Equality, Partnerships and Performance	22,801	27,948	23,725	(4,223)	2,816	(1,407)	(5.0%)
2,210	Devolution, the Arts, Heritage and Culture	3,607	4,763	3,941	(822)	822	-	-
(2,832)	Economic Renewal, Infrastructure and Planning	6,195	21,046	21,205	159	(316)	(157)	(0.7%)
	Education Excellence, Lifelong Learning and Employability							
(7,955)	Dedicated Schools Budget	(2,662)	(2,967)	(8,578)	(5,611)	5,611	-	-
18,613	Non Dedicated Schools Budget	19,460	23,152	19,914	(3,238)	3,195	(43)	(0.2%)
583	Finance, Resources and Corporate Affairs	10,613	6,949	5,260	(1,689)	1,718	29	0.4%
102,006	Highways Maintenance and Sustainable Transport	112,576	113,247	102,128	(11,119)	8,546	(2,573)	(2.3%)
2,191	Leader	2,220	3,107	2,736	(371)	371	-	-
81,282	Waste Reduction and Recycling	81,723	81,943	80,666	(1,277)	1,277	-	-
	Recharged Support Services							
	Community, Equality, Partnerships and Performance							
960	Assurance	1,166	1,236	1,134	(102)	-	(102)	(8.3%)
773	Democratic Services and Governance	895	899	832	(67)	-	(67)	(7.5%)
813	Equality and Diversity	421	1,006	632	(374)	374	-	-
4,097	Legal Services	4,908	5,037	4,879	(158)	153	(5)	(0.1%)
3,091	Performance, Business Planning & Partnerships	3,635	4,547	3,631	(916)	916	-	-
5,763	Transformation Support Unit	5,739	7,489	6,363	(1,126)	1,126	-	-
	Finance, Resources and Corporate Affairs							
9,227	Business Support	8,464	11,898	10,538	(1,360)	1,360	-	-
76	Car Provision Scheme	88	87	89	2	3	5	5.7%
1,506	Customer Services	454	2,054	1,943	(111)	100	(11)	(0.5%)
9,197	Finance	10,027	10,125	9,478	(647)	584	(63)	(0.6%)
7,502	Human Resources	6,762	7,544	8,198	654	(609)	45	0.6%
24,071	Information Services	22,745	33,066	30,764	(2,302)	2,254	(48)	(0.1%)
685	Insurance Cost Recovery Account	3,820	4,458	2,864	(1,594)	350	(1,244)	(27.9%)
4,629	Procurement	4,742	5,703	5,470	(233)	210	(23)	(0.4%)
14,994	Property and Facilities Management Service	15,179	15,413	15,258	(155)	155	-	-
	Leader							
1,960	Communications and Customer Relations	1,810	2,668	2,606	(62)	81	19	0.7%
	Economic Renewal, Infrastructure and Planning							
	Capital Programme Implementation and Delivery	1,099	1,067	1,125	58	(58)	-	-
838,236	Net cost of services (Portfolios)	922,827	981,887	932,266	(49,621)	37,921	(11,700)	(1.2%)
	Other operating costs							
49,184	Interest, capital financing and dividends	54,550	51,975	49,040	(2,935)	896	(2,039)	(3.9%)
(34)	Appropriations from Usable Capital Receipts reserve	-	-	-	-	-	-	-
	Appropriations to/(from) revenue reserves							
6,469	Carry Forwards reserve	(3,260)	(10,737)	3,472	14,209	(14,209)	-	-
12,393	Restricted funds	(15,903)	(29,989)	(16,487)	13,502	(13,502)	-	-
4,995	Capital financing	3,074	5,952	5,811	(141)	141	-	-
17,285	Transformation Reserve	5,480	(5,358)	(6,181)	(823)	823	-	-
104,272	Other revenue reserves	71,153	44,256	71,948	27,692	(12,070)	15,622	35.3%
1,032,800	Net expenditure	1,037,921	1,037,986	1,039,869	1,883	-	1,883	0.2%
(130,874)	General government grant	(143,014)	(143,079)	(145,727)	(2,648)	-	(2,648)	1.9%
11,653	General Balance - contribution / (withdrawal)	-	-	-	-	-	-	-
913,579	Budget Requirement	894,907	894,907	894,142	(765)	-	(765)	(0.1%)
	Financed by							
(18,598)	Revenue Support Grant	(18,701)	(18,701)	(18,701)	-	-	-	-
(179,888)	National non-domestic rates	(158,975)	(158,975)	(158,276)	699	-	699	(0.4%)
(707,983)	Council tax precept	(717,510)	(717,510)	(717,510)	-	-	-	-
(7,110)	Collection fund surpluses	279	279	345	66	-	66	23.7%
(913,579)	Total Financing	(894,907)	(894,907)	(894,142)	765	-	765	(0.1%)

## Appendix C – Overview of revenue carry forward requests (1 of 2)

Carry forward requests of **£14.209m** are identified in this report for use in 2022/23. As **£3.750m** of these have already had approval agreed in previous quarterly reports to Cabinet, there are a total of **£10.459m** seeking approval through this report. Carry forwards are a normal part of financial management.

A complete list of the **£10.459m** carry forward requests is provided below.

Carry forward requests	Total £000
<b>Childrens Services and Early Years (Non DSG)</b>	
Mitigate 2022/23 budget pressures	250
To support volatility of the service and expected pressures	595
Prevention work in Youth Offending	100
<b>Sub total</b>	<b>945</b>
<b>Community, Equality, Partnerships and Performance</b>	
Customer projects - Library Service	661
Intranet project	343
Essex Outdoors - investment in conversion/replacement of some machinery, barriers and mobilisation costs	173
To allow Legal Services to combat post pandemic demand	97
To enable the Youth Strategy Projects to be completed	64
New dome at Essex Outdoors (Mersea)	18
<b>Sub total</b>	<b>1,356</b>
<b>Devolution, the Arts, Heritage and Culture</b>	
Electrical testing remediation (Gypsy and Traveller sites)	540
Country Parks and Archive - investment in conversion/replacement of some machinery, barriers and mobilisation costs	533
<b>Sub total</b>	<b>1,073</b>
<b>Economic Renewal, Infrastructure and Planning</b>	
Harlow Gilston Garden Town - creation of a joint committee	280
Economic growth pipeline - capital project delays	150
Harlow Investment Fund and localities work	150
<b>Sub total</b>	<b>580</b>
<b>Education Excellence, Lifelong Learning and Employability</b>	
The Skills service within Sustainable Growth have an Economic Growth plan for 2022/23	940
Commercial strategy design work	106
Educational psychologists	62
<b>Sub total</b>	<b>1,198</b>
<b>Finance, Resources and Corporate Affairs</b>	
To support potential pay inflation pressures in future years	821
Customer projects including customer digitisation	326
<b>Sub total</b>	<b>1,147</b>
<b>Highways Maintenance and Sustainable Transport</b>	
To cover costs and contribute to a project to bring the highway tree stock up to a better condition	308
Support delivery of the Home to School transport Phase 2 work	265
<b>Sub total</b>	<b>573</b>

## Appendix C – Overview of revenue carry forward requests (2 of 2)

Carry forward requests	Total £000
<b>Leader</b>	
Environmental Feasibility projects	27
Strategy and Coaching consultancy work(contractually committed with Ashridge)	101
<b>Sub total</b>	<b>128</b>
<b>Community, Equality, Partnerships and Performance (RSSS's)</b>	
<b>Equality and Diversity</b>	
Community safety	270
<b>Legal Services</b>	
To allow Legal Services to combat post pandemic demand	128
<b>Performance, Business Planning and Partnerships</b>	
To support function priorities in the delivery of performance and business intelligence	688
<b>Sub total</b>	<b>1,086</b>
<b>Finance, Resources and Corporate Affairs (RSSS's)</b>	
<b>Customer</b>	
Customer project - Automation exploration	100
<b>Finance</b>	
Bridging capacity for Tech Services projects	150
Corporate Systems Project	100
Support to the MyOracle team with external consultancy to support solutions for the MyOracle system	100
Financial Services staffing	100
Financial Services and P2P Training	78
Stopford Booking System Replacement (Customer)	54
<b>Human Resources</b>	
To extend the Workforce Strategy project	177
People business partner	38
<b>Information Services</b>	
Delays to purchases of devices relating to supply issues due to recent economic climate	100
Bridging capacity for Tech Services projects	80
IT training	40
<b>Insurance Cost Recovery Account</b>	
Essex Housing interest shortfall	350
<b>Procurement</b>	
Social value	110
Procurement interim staffing	100
<b>Sub total</b>	<b>1,677</b>
<b>Operating Costs</b>	
Dividend savings	250
Mitigate fluctation in dividend receipts	200
Apprenticeship levies	93
Inflation in insurance liability	80
To support inflated levies budgets	73
<b>Sub total</b>	<b>696</b>
<b>Net Total</b>	<b>10,459</b>

## Appendix D – Revenue Position – Detailed commentary

Comments are included below on the most significant of the variances against budget at a portfolio level:



## **1. Adult Social Care and Health: £5.350m (1.2%) adjusted under spend**

- i. After proposed adjustments the position is an under spend of £5.350m, an increase in the under spend of £3.270m since the position reported at Third Quarter.
- ii. Adult Social Care continues to feel and respond to the significant impact of the Covid 19 pandemic. In particular, the consequences of paused work and backlog on teams, and of reviews and assessments, changing demographics projections and the demand for services. The care market also manages the impact with both resident population and staff recruitment and retention a factor. These elements continue to create a challenge in being able to accurately predict future demand. It should be noted that this reported position is in the context of £15.244m being applied from ECC Covid-specific funds and core budget, and £58.965m of government funds being passported directly to providers to support Covid-related costs. These funding streams are not continuing in 2022/23 and there are high risks of additional cost pressures impacting on ECC as a result.
- iii. Public Health shows a position in line with budget; this is after appropriating £3.649m of the Public Health Grant to the reserve for use in future years. In 2021/22 the Public Health budget has been increased to reflect the 'Contain Outbreak Management' funding and 'Track & Trace' funding received from Government, at the end of the year £2.248m of the Contain Outbreak Management funding was unspent and will be carried forward in line with grant conditions to be spent in 2022/23. Central Government also awarded ECC self-isolation grant funding of £2.879m, of which £1.288m remains unspent at the end of 2021/22 and in line with the grant conditions this will also be carried forward into 2022/23 to support activities that were commissioned in 2021/22.
- iv. Within the overall provisional outturn position reported for Adult Social Care, there are £4.317m of savings reflected as not delivered, predominantly due to slippage in the Connect Programme because of Covid related delays, Choice & Control and Physical and Sensory Impairment BAU. There are a number of under and over spends across the different types of care provision where the actual current demand for services is either greater or less than the predictions made when setting the budget. The Hospital Discharge Pathway funding guidance was issued after the current year budget was agreed and therefore the monies recovered from this source are driving some of the under spend, this funding has ceased at 31 March 2022.
- v. The favourable movement from the Third Quarter is driven by Domiciliary Care due to higher levels of package terminations than predicted together with assumptions made about the speed at which the market would be able to deliver all the packages that were being actively sourced, including those where sourcing has been a real challenge
- vi. Approval is sought to the following actions as a consequence of the provisional outturn position for 2021/22:

- **£6.365m** withdrawal from the Covid Equalisation Reserve for the Covid Resilience Fund
- **£4.170m** contribution to the Adults Risk Reserve to allow for the potential risk professional deputyship fees are an allowable disability related expense
- **£3m** contribution to the Adults Transformation Reserve to fund future Digital, Data & Technology investments
- **£1m** contribution to the Ambition Fund Reserve relating to the return of Homelessness and Rough Sleepers (HRS) funding due to the utilisation of specific Covid grant funding instead
- **£787,000** contribution to the Covid Equalisation Reserve due to a contribution from North Essex Clinical Commissioning Group
- **£745,000** contribution to the Adults Transformation Reserve to fund Population Health Management posts for 2022/23 – 2024/25
- **£550,000** withdrawal from the Covid Equalisation Reserve for Residential and Nursing Care block beds contracts
- **£537,000** contribution to the Adults Transformation Reserve due to slippage in the Meaningful Lives Matter (MLM) programme
- **£445,000** contribution to the Ambition Fund Reserve for Key Worker Counselling funding reprofiled for use in 2022/23
- **£250,000** contribution to the Reserve for Future Capital Funding for future capital projects in relation to Residential Homes
- **£250,000** withdrawal from the Covid Equalisation Reserve for increased equipment related spend
- **£247,000** contribution to the Adults Digital Reserve returning Digital Programme funds to be utilised in 2022/23
- **£238,000** contribution to the Adults Transformation Reserve due to slippage in the Choice & Control programme for use in 2022/23
- **£107,000** contribution to the Ambition Fund Reserve for return of funding for Mental Health
- **£130,000** contribution to the Adults Transformation Reserve due to slippage in the Newton Connects programme, for use in 2022/23
- **£68,000** contribution to the Adults Transformation Reserve due to slippage in the Physical and Sensory Impairment project for use in 2022/23
- **£38,000** withdrawal from the Adults Risk Reserve in relation to Market Shaping spend

- **£23,000** contribution to the Adults Safeguarding Board Partnerships Reserve due to actual spend lower than predicted in the year
- **£12,000** contribution to the Ambition Fund Reserve due to unspent funds relating to the Embrace project

## 2. Children's Services and Early Years DSG: on line

- The provisional outturn of **£75,000 which is on line** with the final approved budget of **£75,000**.
- Within this position the Early Years Dedicated Schools Grant over spent by £1.799m, primarily due to the Government reducing the provisional allocation for 2021/22 by £2m. This was based on the January 2021 census which, due to the pandemic, was lower than the January 2020 census. This in year over spend has been funded through surplus funds within the Early Years Dedicated Schools Block.

## 3. Children's Services and Early Years Non DSG: £3.042m (2.2%) under spend

- The provisional outturn of £135.245m is 2.2% lower than the final approved budget of £138.287m. After proposed adjustments there is a £705,000 under spend (0.5%) which represents an adverse movement of £19,000 since the position reported at Third Quarter.
- The unadjusted under spend is as a result of lower numbers of children in care mainly within Internal Fostering, Children with Disabilities in residential care, the use of unregistered placements, respite care and special guardianship orders. This has been partially offset through increased expenditure to support Separated Migrant Children. In addition, it should be noted that through the year caseloads for social workers have largely increased month on month which may then impact on care numbers in 2022/23.
- Approval is sought to the following actions as a consequence of the provisional outturn position for 2021/22:
  - Carry forward **£945,000** to the service as set out in **Appendix C**
  - **£1.636m** withdrawal from the Covid Equalisation Reserve to fund placements, staffing pressures and additional personal allowances
  - **£547,000** contribution to the Youth Offending Teams Partnership reserve, where remand costs ended the year lower than expected
  - **£500,000** contribution to the Children's Transformation Reserve to partly restore drawdowns during the year to support transformation capacity in future years

- **£33,000** withdrawal from the Children's Transformation Reserve in respect of funding staffing for the Multi-Disciplinary Team
- **£42,000** contribution to the Public Sector Reform Partnership reserve which reflects lower than predicted spend in the year
- **£25,000** withdrawal from the Essex Safeguarding Children's Board Partnership Reserve to cover funding for an additional post

#### 4. **Community, Equality, Partnerships and Performance: £4.223m (15.1%) under spend**

- i. The provisional outturn of **£23.725m** is 15.1% lower than the final approved budget of **£27.948m**. After proposed adjustments there is a **£1.407m** under spend (5%) which represent a favourable movement of **£1.209m** since the position reported in the Third Quarter.
- ii. The unadjusted under spend is driven by several areas and these include; Libraries £1.270m, Registrars £743,000 and Service Design £1.098m due to the level of vacancies across the services. Projects within Youth Services have been cancelled or delayed which has led to reduced expenditure, leading to an under spend of £756,000. Outdoor Education, where a provision of £542,000 raised last year has not been required and has therefore been released. Furthermore Brexit funding of £306,000 is now no longer required, and finally a £306,000 under spend in Localities due to unspent member's allocations.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2021/22:
  - Carry forward **£1.356m** for various projects as set out in **Appendix C**
  - **£500,000** contribution to the Reserve for Future Capital Funding in relation to future improvement and reconfiguration to Library and registrations rooms
  - **£306,000** contribution to the Ambition Fund Reserve in relation to unused Member's allocation being returned to the reserve for use in 2022/23
  - **£282,000** withdrawal from the Community Initiative Fund Reserve to cover community initiatives costs during 2021/22
  - **£176,000** withdrawal from the Quadrennial Elections reserve in relation to May 2021 Elections expenditure
  - **£30,000** contribution to the Transformation Reserve due to unspent funds relating to the Future Library Service Strategy
  - **£28,000** contribution to the Transformation Reserve for works surrounding accessibility which will be undertaken in the next financial year
  - **£20,000** contribution to the Essex Climate Change Commission Reserve to return unspent funding for use in 2022/23.

## **5. Devolution, the Arts, Heritage and Culture: £822,000 (17.3%) under spend**

- i. The provisional outturn of **£3.941m** is 17.3% lower than the final approved budget of **£4.763m**. After proposed adjustments, there is no underlying variance, which represents a favourable movement of £190,000 since the position reported in the Third Quarter.
- ii. The unadjusted under spend relates to works for Visit Essex slipping into 2022/23 (£226,000), due to a revised spending plan following delays as a result of Covid restrictions negatively impacting tourism. Planned activities such as advertising and promoting Essex, and trying to increase membership income were deemed unsuitable during this time. Furthermore, under spends within Leisure, which are mainly attributable to over recovery of income for car parking (£180,000) and sales (predominantly Food and Drink £88,000), and Country Parks staffing due to in-year vacancies (£73,000).
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2021/22:
  - Carry forward **£1.073m** as set out in **Appendix C**
  - **£260,000** withdrawal from the Everyone's Essex Reserve to fund projects in relation to Mercury Theatre, FirstSite and Essex Cultural Diversity projects
  - **£121,000** withdrawal from the Health and Safety Reserve to Country Parks for costs incurred relating to works carried out to address priority non-compliance health and safety issues across Country Parks, improving safety for staff and visitors.
  - **£226,000** contribution to the Ambition Fund Reserve, in respect of delays to Visit Essex planned activities due to the pandemic, which is now required for use in 2022/23
  - **£27,000** contribution to the Bequest Reserve for funds bequeathed to Essex Records Office.

## **6. Economic Renewal, Infrastructure and Planning: £159,000 (0.8%) over spend**

- i. The provisional outturn of **£21.205m** is 0.8% higher than the final approved budget of **£21.046m**. After proposed adjustments, there is a **£157,000** under spend which represents a favourable movement of **£131,000** since the position reported at the Third Quarter.
- ii. The unadjusted over spend relates to a £1.7m over spend within Housing Strategy, Development & Investment due to the write off of previously capitalised expenditure relating to Essex County Hospital, which is now being treated as abortive costs as the project has been transferred to Essex Housing LLP. This is partially offset by a £961,000 under spend within Economic Renewal, and a £537,000 under spend within Garden Communities, where projects have been delayed which has moved the original spending profile into future years.
- iii. Approval is sought for the following actions as a consequence of the provisional outturn position for 2021/22:

- Carry forward **£580,000** for various projects as set out in **Appendix C**
- **£1.708m** withdrawal from the Reserve for Future Capital Funding for schemes that have moved in-year to Essex Housing LLP
- **£273,000** contribution to the Recovery Reserve for utilisation in 2022/23 in relation to the Economic Growth Cabinet Member Action for staffing costs
- **£81,000** contribution to the Ambition Fund Reserve for utilisation in 2022/23 in relation to the Marketing Essex Cabinet Member Action funding that is returned due to delays as a result of the pandemic
- **£60,000** withdrawal from the Transformation Reserve to Planning in relation to staffing costs incurred as part of the Community Infrastructure Levy (CIL) and Viability project
- **£47,000** withdrawal from the Ambition Fund Reserve to Sector Development to cover costs incurred relating to approved projects
- **£14,000** withdrawal from the Transformation Reserve in support of costs relating to Essex Housing.

## 7. Education and Skills Dedicated Schools Grant (DSG): **£5.611m under spend**

- The under spend relates to the movement in school balances, which have increased due to schools under spending in year. **£5.611m** has been appropriated to the Schools Reserve to offset this under spend.
- Within this position the Dedicated Schools Grant is under spent by £6.838m, primarily within the High Needs Block due to increased funding from the Government and lower spend, and now brings the block into a small surplus position. There is an over spend in the Central Schools Services block which reflects the historic commitments for the SEND and PRU capital project and this has been funded through surplus funds within the Central School Services Block.

## 8. Education Excellence, Life Long Learning and Employability (Non DSG): **£3.238m (14%) under spend**

- The provisional outturn of **£19.914m** is 14% lower than the final approved budget of **£23.152m**. After proposed adjustments, there is a **£43,000** under spend (0.2%) which represents a favourable movement of **£192,000** since the position reported at the Third Quarter.
- The £3.238m under spend is largely due to the unspent PFI credits of £1.778m which will be returned to reserves, a £983,000 under spend around the Education Recovery Taskforce that will be utilised in 2022/23, and a £305,000 under spend on SEND Operations for Covid pressures, which is requested to be carried forward into 2022/23.
- Approval is sought to the following actions as a consequence of the provisional outturn position for 2021/22:
  - Carry forward **£1.198m** for various projects as set out in **Appendix C**

- **£1.307m** contribution to the PFI Equalisation Reserves due to unspent PFI credits relating to the Debden Park PFI
- **£983,000** contribution to the Ambition Fund Reserve relating to an under spend on the Education Recovery Taskforce to be utilised in 2022/23
- **£756,000** contribution to the General Risk Reserve to cover unquantifiable energy cost risks in 2022/23
- **£541,000** contribution to the Health and Safety Reserve relating to the School Organisation and Place Planning under spend for the King Edmund school demolition costs
- **£365,000** withdrawal from the Health and Safety Reserve for the Edith Borthwick demolition costs in the surplus schools property budget
- **£343,000** contribution to the PFI Equalisation Reserves due to unspent PFI credits relating to the Clacton Secondary Schools PFI
- **£305,000** contribution to the Covid Equalisation Reserve in relation to the under spend on the Special Educational Needs Operations Cabinet Member Action to be utilised in 2022/23
- **£128,000** contribution to the PFI Equalisation Reserves due to unspent PFI credits relating to the Building Schools for the Future PFI
- **£59,000** withdrawal from the Bursary for Trainee Carers Reserve for the Nightingale Project which sits in Adult Community Learning (ACL)
- **£44,000** withdrawal from the Covid Equalisation Reserve to support additional recruitment needs in 2021/22; specifically a recruitment consultant to boost Education recruitment activities.

## 9. Finance, Resources and Corporate Affairs: **£1.689m (24.3%) under spend**

- The provisional outturn of **£5.260m** is 24.3% lower than the final approved budget of **£6.949m**. After proposed adjustments there is a **£29,000** over spend with an adverse movement of £895,000.
- The unadjusted under spend is due to the centralised pay inflation budget not being fully required in 2021/22 – this has been requested as a carry forward to mitigate any future pay inflation pressure.
- Approval is sought to the following actions as a consequence of the provisional outturn position for 2021/22:
  - Carry forward **£1.147m** for various projects as set out in **Appendix C**
  - **£573,000** contribution to the Collection Fund Risk Reserve in relation to the under spend on the Council Tax sharing scheme, to offset potential funding pressures in future years

## 10. Highways Maintenance and Sustainable Transport: **£11.119m (9.8%) under spend**

- i. The provisional outturn of **£102.128m**, is 9.8% lower than the final approved budget of **£113.247m**. After proposed adjustments, there is a **£2.573m** under spend (2.3%) which represents a favourable movement of **£2.060m** since the position reported at the Third Quarter.
- ii. The unadjusted under spend sits across a number of areas. Within Home to School Transport, there is an under spend of £2.390m, where the risk of cost escalation has been realised, but not at the rate anticipated. One-off under spends in Passenger Transport, Concessionary Fares and Local Bus include a saving following the re-negotiated fixed pot based upon a continued downward trajectory in passenger numbers, and delivery of Local Bus evening and weekend services (£2.188m). Furthermore, an under spend of £2.942m in Highways, due to a combination of early adopter contract extension savings, lower than anticipated direct labour, materials and plant cost, as well as wider staffing vacancies and efficiencies following a re-organisation. Finally, income generated within Essex Highways exceeded the 2021/22 budgeted level due to higher than anticipated levels of activity (£1.340m).
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2021/22:
  - Carry forward **£573,000** for various projects as set out in **Appendix C**
  - **£1m** contribution to the General Risk Reserve to help fund potential Local Bus pressures in 2022/23 resulting from risk of commercial operator withdrawals, income pressures and fuel price increases
  - **£1m** contribution to the Emergency Reserve to cover potential increases in fuel across the transport service
  - **£988,000** contribution to the PFI Equalisation Reserve due to lower than anticipated traffic volume numbers relating to the A130 PFI, with the balance returned for future use
  - **£850,000** contribution to the General Risk Reserve to help potential pressures on the highways service due to supply chain price increases
  - **£817,000** contribution to the Reserve for Future Capital Funding for replenishment of highways fleet in future years
  - **£787,000** contribution to the General Risk Reserve to help offset the potential increase in energy prices specifically in relation to street lighting
  - **£105,000** contribution to the Ambition Fund reserve as the funding made available for gully's is no longer required
  - **£38,000** withdrawal from the Transformation reserve to cover costs incurred on the Demand Responsive Transport project.



## 11. Leader - £371,000 (11.9%) under spend

- i. The provisional outturn of £2.736m, is 11.9% lower than the final approved budget of £3.107m. After proposed adjustments, there is on line position which represents an adverse movement of **£5,000** since the position reported at the Third Quarter.
- ii. The under spend is primarily attributable to vacancies within Corporate Policy.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2021/22:
  - Carry forward **£128,000** for projects as set out in **Appendix C**
  - **£208,000** contribution to the Ambition Fund Reserve to return funding in relation to Community and Residence action for use in 2022/23
  - **£79,000** withdrawal from the Ambition Fund Reserve to fund expenditure relating to the Environment and Climate Action programme
  - **£63,000** withdrawal from the Everyone's Essex Reserve to fund expenditure in relation to the Environment and Climate Action to support delivery of the Commission's recommendations
  - **£33,000** contribution to the Essex Climate Change Commission Reserve to return unspent funding relating to the Environment & Climate Action Programme for use in 2022/23
  - **£3,000** withdrawal from the Transformation Reserve to fund expenditure relating to Levelling Up activities.

## 12. Waste Reduction and Recycling – £1.277m (1.6%) under spend

- i. The provisional outturn of **£80.666m** is **11.9%** lower than the final approved budget of **£81.943m**. After proposed adjustments, there is an **online** position, which represents a favourable movement of **£83,000** since the position reported at the Third Quarter.
- ii. The unadjusted under spend is predominantly in relation to a reduction in tonnage (£2m) requiring disposal across a number of waste streams compared to levels anticipated. Tonnage volumes are circa 5,000 tonnes (1.5%) lower than budgeted. This offsets over spends in Blueprint Circular Economy with works unable to be fully reimbursed, with only 69% of costs reimbursed in line with the agreement (£182,000), increased management overhead costs (£146,000) and finally additional costs for various projects relating to integrated Waste Handling Contracts (£380,000).
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2021/22:

- **£1.988m** contribution to the Waste Reserve to return balances no longer needed as tonnages were lower than anticipated
- **£381,000** withdrawal from the Waste Reserve to cover project costs

**13. Community, Equality, Partnerships and Performance RSSS – £2.743m (13.6%) under spend**

- The provisional outturn of **£17.471m** is 13.6% lower than the final approved budget of **£20.214m**. After proposed adjustments, there is a **£174,000** under spend (0.9%) which represents a favourable movement of **£191,000** since the position reported in the Third quarter.
- The under spend is driven by multiple areas, including Performance, Business Intelligence, Planning and Partnerships (£917,000), due to a combination of vacancies and delayed recruitment, and an under spend in Delivery and Assurance of £1.125m after delays in the recruitment for specialised project managers which will now occur in 2022/23. Furthermore, an under spend of £425,000 relating to the Working Families Project, that now will take place in 2022/23, due to being unable to deliver in line with the original timeline.
- Approval is sought to the following actions as a consequence of the provisional outturn position for 2021/22:
  - Carry forward **£1.086m** for various projects as set out in **Appendix C**
  - **£1.125m** contribution to the Covid Equalisation Reserve for the return of Delivery and Assurance resourcing following utilisation of other specific Covid grant funding
  - **£425,000** contribution to the Ambition Fund Reserve relating to Working Families project funding for use in 2022/23
  - **£25,000** contribution to the Public Law Partnership Reserve returning unspent funding during the year.

**14. Economic Renewal, Infrastructure and Planning Recharged Support Services: £58,000 (5.4%) over spend**

- The provisional outturn of **£1.125m** is 5.4% higher than the final approved budget of **£1.067m**. After proposed adjustments, there is an online position which represents an immaterial movement in the position reported at the Third Quarter.
- The unadjusted over spend is due to an under recovery of income of £265,000 which was due to be generated via commercial income by selling services to third parties. However, due to the service no longer delivering projects for the Department of Education and the impact of Covid on the construction industry this has led to the full target being unachievable. This is being partially mitigated

by in-year staffing vacancies, recharges to capital projects and lower than anticipated activity spend.

iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2021/22:

- **£170,000** withdrawal from the Capital Receipt Pump Priming Reserve to offset the pressure that has occurred relating to legal costs incurred from the sale of ECC properties.

**15. Finance, Resources and Corporate Affairs Recharged Support Services  
£5.746m (6.4%) under spend**

- i. The provisional outturn of **£84.602m** is 6.4% lower than the final approved budget of **£90.348m**. After proposed adjustments, there is a **£1.339m** under spend (1.5%) which represents a favourable movement of **£1.236m** since the position reported at the Third Quarter.
- ii. The unadjusted under spend is a result of a £2.302m under spend within Information Services as reserve funds drawn down in the financial year for a number of projects will now be utilised in 2022/23. Furthermore, a technical adjustment to the Insurance Cost Recovery Account leading to an under spend of £1.594m, following recommendations in the year end actuarial valuation around the level of provision required. Finally, an under spend in Business Support of £1.360m, due to supplementary funding being returned following utilisation of other specific Covid grant funding.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2021/22:
  - Carry forward **£1.677m** for various projects as set out in **Appendix C**
  - **£2.034m** contribution to the Technology and Digitisation Reserve in relation to Print Strategy, Corporate Services Programme, Next Generation Networks and Technology Service's unspent project funding required for use in 2022/23
  - **£1.361m** contribution to the Covid Equalisation Reserve for the return of Business Support funding following utilisation of other specific Covid grant funding
  - **£748,000** withdrawal from the Transformation Reserve relating to the Ways of Working project (£611,000) and the Workforce Strategy project (£137,000)
  - **£243,000** contribution to the General Risk Reserve to fund potential unquantifiable energy cost risk in 2022/23 owing to current energy price rises, inflation and new contract rates
  - **£37,000** withdrawal from the Covid Equalisation Reserve for HMRC liability relating to reward vouchers issued during the pandemic
  - **£18,000** withdrawal from the Transformation Reserve for pension strain costs associated with Wellbeing redundancies.

**16. Leader Recharged Support Services - £62,000 (2.3%) under spend**

- i. The provisional outturn of **£2.606m** is 2.3% lower than the final approved budget of **£2.668m**. After proposed adjustments, there is a **£19,000** over spend (0.7%) which represents a favourable movement of **£37,000** since the position reported at the Third Quarter.
- ii. The unadjusted under spend is driven by Communications and Marketing, where pandemic related activities funded by reserves did not take place as expected this year, coupled with a delay in the planned Strategy and Coaching Contract with an external consultant, as the spending plan for this needs to be refined before expenditure can be incurred.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2021/22:
  - **£103,000** contribution to the Covid Equalisation Reserve returning unspent funding relating to Communications and Marketing

**17. Other Operating Costs (interest, financing, and dividends) - £2.935m under spend (5.6%)**

- i. The unadjusted position comprises under spends on interest payable and on revenue provision for the repayment of debt and a better than expected return on investments. The under spend on interest payable arose because it did not prove necessary to secure new external loans during the year. The under spend on revenue provision for the repayment of debt (referred to as Minimum Revenue Provision or MRP) resulted from financing less of the 2020/21 Capital Programme from borrowing than was anticipated when the 2021/22 budget was set. The better than expected return on investments largely resulted from several increases in the Bank Rate during the latter part of the financial year.
- ii. Approval is sought to the following action as a consequence of the provisional outturn position for 2021/22:
  - Carry forward **£696,000** as set out in **Appendix C**
  - **£200,000** contribution to the General Risk Reserve relating to potential interest rate growth risk in 2022/23

**18. Other Operating Costs (General Government Grants and Financing) - £1.883m (1.9%) above budget**

- i. The higher than budgeted general government grant funding is predominantly due to receipt of the Tax Income Loss Guarantee grant this financial year. When the budget was set, the value of this grant was not known, as it relates to tax losses resulting from the pandemic in 2020/21, which could not be calculated until the current financial year.

## Appendix E – Trading Activities

### Trading Activities Summary

2020/21 Actual £000		2021/22					Rag status
		Original Budget £000	Final Budget £000	Provisional Outturn £000	Variance £000	Variance %	
(7,053)	Income	(6,927)	(7,081)	(7,692)	(611)	8.6%	●
6,701	Expenditure	6,594	6,747	7,240	493	7.3%	◆
-	Financing Items	-	-	-	-	-	■
(352)	(Surplus)/Deficit	(333)	(334)	(452)	(118)	35.3%	●
(161)	Appropriations	334	334	280	(54)	(16.2%)	●
(513)	Net (increase) / decrease in revenue reserves	1	-	(172)	(172)	-	■
	Analysis of net (increase) / decrease in Trading Activities reserves						
(113)	Music Services	1	-	(33)	(33)	-	■
(400)	Place Services	-	-	(139)	(139)	-	■
(513)	Net (increase) / decrease in revenue reserves	1	-	(172)	(172)	-	■
2020/21 Closing Balance £000					2021/22 Opening Balance £000	Closing Balance £000	
(1,341)	Total Reserves Balance				(1,341)	(1,513)	

## **Appendix F – Trading Activities – Detailed commentary**

Comments on the performance of individual trading activities are set out below.

### **1. Music Services**

- i. The trading activity increased its accumulated revenue reserves in 2021/22 by **£33,000** (compared to a 'break even' financial target) due to more income being generated than expected due to the post-pandemic update from schools being better than anticipated.

### **2. Place Services**

- i. The trading activity increased its accumulated revenue reserves in 2021/22 by **£139,000** (compared to a 'break even' financial target). This is due to unplanned income generated by the management team, and higher than anticipated income from the Natural Environment team. This followed the change to the business model for the Legacy Grazing project, and increased demand as a result of the implementation of the Environment Act.

## Appendix G – Capital payments and financing summary

	Original Approval	Final Approval	Actual	Variance
	£000	£000	£000	£000
Adult Social Care and Health	1,160	652	653	1
Children's Services and Early Years	2,235	3,347	3,110	(237)
Deputy Leader & Community, Equality, Partnerships and Performance	500	554	489	(65)
Devolution, the Arts, Heritage and Culture	70	354	158	(196)
Economic Renewal, Infrastructure and Planning	136,623	89,137	80,416	(8,721)
Education Excellence, Life Long Learning and Employability				
Local Authority Controlled	62,008	45,974	44,019	(1,955)
Schools Controlled	366	1,065	443	(622)
Finance, Resources and Corporate Affairs	5,813	8,571	7,629	(942)
Highways Maintenance and Sustainable Transport	80,904	85,031	83,242	(1,789)
Leader	662	953	936	(17)
Waste Reduction and Recycling	-	124	124	-
<b>Total payments to be financed</b>	<b>290,341</b>	<b>235,762</b>	<b>221,219</b>	<b>(14,543)</b>
<b>Financed by</b>				
Unsupported borrowing	114,543	77,470	62,214	(15,256)
Grants and contributions	167,898	149,992	150,705	713
Capital receipts	5,000	1,300	1,300	-
Reserve for future capital funding	2,900	7,000	7,000	-
<b>Total financing</b>	<b>290,341</b>	<b>235,762</b>	<b>221,219</b>	<b>(14,543)</b>

## Appendix H – Capital Variance Plan (Summary)

	2021/22				2021/22	2022/23
	Slippage	Additions	Reductions	Advanced Works	Changes	Changes
	£000	£000	£000	£000	£000	£000
Adult Social Care and Health	(254)	251	-	4	1	250
Children's Services and Early Years	(221)	10	(26)	-	(237)	221
Deputy Leader & Community, Equality, Partnerships and Performance	(125)	60	-	-	(65)	125
Devolution, the Arts, Heritage and Culture	(18)	18	(196)	-	(196)	18
Economic Renewal, Infrastructure and Planning	(8,153)	9,708	(12,081)	1,805	(8,721)	6,348
Education Excellence, Life Long Learning and Employability						
Local Authority Controlled	(2,621)	1,469	(1,821)	1,018	(1,955)	1,603
Schools Controlled	(677)	235	(180)	-	(622)	677
Finance, Resources and Corporate Affairs	(1,929)	1,944	(1,085)	128	(942)	1,801
Highways Maintenance and Sustainable Transport	(3,343)	7,677	(7,844)	1,721	(1,789)	1,622
Leader	-	9	(26)	-	(17)	-
Waste Reduction and Recycling	-	-	-	-	-	-
<b>Total payments to be financed</b>	<b>(17,341)</b>	<b>21,381</b>	<b>(23,259)</b>	<b>4,676</b>	<b>(14,543)</b>	<b>12,665</b>
<b>Financed by</b>						
Unsupported borrowing					(15,256)	
Grants and contributions					713	
Capital receipts					-	
Reserve for future capital funding					-	
<b>Total financing</b>					<b>(14,543)</b>	



## Appendix I – Capital Position – Detailed commentary

Comments are included below on the most significant of the variances against budget at a portfolio level:

### 1. Adult Social Care and Health – £1,000 over spend

- i. The provisional outturn of **£653,000** was **£1,000** over the final approved budget.
- ii. Approval is sought to add **£251,000** into the programme and reprofile **£254,000** into future years. This relates to Bridgemarsh works, as there is now a change in the strategy and rescope of works, which means it has been delayed and will now take place in 2022/23.

### 2. Children Services and Early Years - £237,000 (7.1%) under spend

- i. The provisional outturn of **£3.110m** was **£237,000** less than the final approved budget of **£3.347m**. This is largely attributable to slippage of Early Years (£175,000) because of delays to four schemes due to a combination of land transfer issues, funding agreement issues and updating of contractor cashflows. Further slippage also relates to Adaptations (£46,000) due to delays to two projects from asbestos and legal issues.
- ii. Approval is sought to reprofile **£221,000** into future years, additions to the programme of **£10,000** and to reductions to the programme of **£26,000**.

### 3. Community, Equality, Partnerships and Performance - £65,000 (11.7%) under spend

- i. The provisional outturn of **£489,000** was **£65,000** less than the final approved budget of **£554,000**. The main reason for the under spend is slippage on the Changing Places project (£76,000) as a match funding agreement is required and the sub-contractor has gone into liquidation, which has delayed works.
- ii. Approval is sought to reprofile **£125,000** into future years and additions to the programme of **£60,000**

### 4. Devolution, the Arts, Heritage and Culture - £196,000 (55.4%) under spend

- i. The provisional outturn of **£158,000** was **£196,000** less than the final approved budget of **£354,000**. The under spend is mainly due to the slippage in the Tree Planting Carbon Reduction scheme (£117,000) with planting being delayed and Country Parks Maintenance (£78,000) to help fund Essex Outdoor Sky ropes in 2022/23
- ii. Approval is sought to reprofile **£18,000** into future years, additions to the programme of **£18,000** and reductions to the programme of **£196,000**.

**5. Economic Renewal, Infrastructure and Planning - £8.721m (4.2%) under spend**

- i. The provisional outturn of **£80.416m** was **£8.721m** less than the final approved budget of **£89.137m**. The main areas for the under spend are set out below:

ii. **Sustainable Growth - £4.628m under spend**

The most significant slippage of £2.065m relates to the Swan Modular Housing Factory. There have been revisions to the spending profile as the orders placed by Swan for equipment have been delayed due to supply chain issues, and some costs have increased so they have been forced into looking for alternative supplies. This has delayed completion and therefore approval has been sought from SELEP for an extension to the funding deadline. Another significant slippage (£1.005m) relates to BDUK Phase 4, as Phase 4.7 has been delayed pending approval of a contract change to extend the scope of the project to include the Getting Building Fund award. There is also slippage relating Essex University Parkside (£501,000) with continued delays to utilities provisions, Essex Pedal Power (£427,000) with revision in the spend plan after re-tender, and finally Laindon Place (£395,000) with delays in respect to Basildon Council not yet signing the contract. The net addition of £654,000 predominately relates to the addition for Harlow Library from Capitalised Building Maintenance.

iii. **Essex Housing LLP - £3.573m under spend**

This is driven by a **£7.846m** reduction due to a change in the method for accounting for ECC loans to the LLP. A new revised method of reporting has been confirmed, and loans will now be reflected in the capital programme for live schemes only. A reduction will be sought for the pipeline schemes, which will be added back into the programme when they move to live status. This is partially offset by the addition of **£4.273m** in relation to the loans to fund both the Rocheway and Essex County Hospital schemes.

- iv. Approval is sought to reprofile **£8.153m** into future years, net reductions to the programme of **£2.373** and to advance **£1.805m**

**6. Education Excellence, Life Long Learning and Employability - £1.955m (5.5%) under spend**

- i. The provisional outturn of **£44.019** was **£1.955m** less than the final approved budget of **£45.974m**. With the under spend relating to the following:
- Special Schools - £775,000 slippage is requested mainly in relation to the Southview scheme where there has been delays due to issues surrounding asbestos throughout the year.
  - Slippage of £588,000 in the Schools Capitalised Maintenance Budget into 2022/23 - £459,000 of the slippage relates to the Schools Capital Maintenance Block Budget which has not been assigned to projects in 2021/22, but is required to fund maintenance pressures in 2022/23. The

remaining £129,000 relates to the Salix Windows project where the works have slipped to June 2022.

- Temporary Accommodation (£400,000 under spend) - £149,000 in relation to Helena Romanes due to phase 2 payment delays for the relocatable replacements, which remains outstanding as there is a new need for a double relocatable replacement and not a single as planned. £125,000 on the Harlow Fields Temporary scheme due to a 3 week delay as a result of the ground conditions, which required an alteration to the foundation design. There is also a request to slip £135,000 from the Relocatable Replacement block code into 2022/23, to fund additional costs anticipated.

The slippage is partially offset by £1.018m advance works primarily driven by Special Schools (£565,000); Paxman PRU works have progressed quicker than anticipated. Clacton County High (£231,000), as planned spend through the PFI contract has been realised and is back on schedule for delivery this summer. The remaining £301,000 is made up of several schemes that are requesting minor advancement in works that are ahead of schedule.

- ii. Approval is sought to reprofile **£2.621m** into future years, additions to the programme of **£1.469m**, reductions to the programme of **£1.821m** and to advance **£1.018m**.

## **7. Finance, Resources and Corporate Affairs - £942,000 (11%) under spend**

- i. The provisional outturn of **£7.629m** was **£942,000** less than the final approved budget of **£8.571m**. The under spend relates to Salix works that have been delayed until June after confirmation from the Funding Body works could be extended. This is partially offset by additions for new Salix funded works, and a technical accounting adjustment to implement the Flexible Use of Capital Receipts strategy, agreed as part of 2021/22 budget setting. £1.3m of capital receipts were used to fund revenue expenditure in relation to the Corporate Systems Project.
- ii. Approval is sought reprofile **£1.929m** into future years, net additions to the programme of **£860,000** and to advance **£128,000**.

## **8. Highways Maintenance and Sustainable Transport - £1.789m (2.1%) under spend**

- i. The provisional outturn of **£83.242m** was **£1.789m** less than the final approved budget of **£85.031m**.

The under spend is driven by **£2.367m** of slippage into 2022/23 due to one-off lower works and services costs, as a result of staffing vacancies in 2021/22. This slippage would be used to address new emerging costs in the capital programme specifically around fleet and material prices, although the funding's original use was for carriage works, which wasn't possible due to the lack of staffing resources. Further slippage of **£921,000** within Street Lighting (the replacement of columns that are judged unsafe, lantern failing outside LED Rollout), where the service have reprofiled spend in to 2022/23

as they have encountered a number of issues with old columns which are either failing, or do not allow LED lights to be installed onto them, plus the recent bad weather has meant delivery has not been possible at the speed originally anticipated. This is partially offset by advanced works of **£1.698m** for the LED Rollout (the identification and replacement of old sodium inefficient lanterns with new energy efficient lanterns) - as the acceleration of the LED Rollout continues to try and mitigate against rising energy costs.

- ii. Approval is sought to reprofile **£3.343m** into future years, additions to the programme of **£7.677m**, to reduce the programme by **£7.844m** and to advance **£1.721m**.

**9. Leader - £17,000 (1.8%) under spend**

- i. The provisional outturn of **£936,000** was **£17,000** less than the final approved budget of **£953,000**. The under spend is made up of three scheme reductions and an addition to offset immaterial under spends
- ii. Approval is sought to add **£9,000** and reduce **£26,000** from the programme.

**10. Waste Reduction and Recycling – on line**

- i. The provisional outturn of **£124,000** is on line with the final approved budget of **£124,000**.

**11. Schools Controlled – £622,000 (58.4%) under spend**

- i. Approval is sought to re-profile **£677,000** into future years and net addition to the scheme of **£55,000** in relation to the Schools Devolved Formula Capital grant and schools cash balances, which the authority holds on behalf of Essex Schools and have no control over the spend, for transactions that do not meet the capitalisation criteria.

## Appendix J – ECC Reserves and their Purpose (1 of 2)

Restricted Use Funds	Description
A130 PFI	Equalise the timing differences between expenditure and government grant over the life of the PFI contract.
Building Schools for the Future PFI	Equalise the timing differences between expenditure and government grant over the life of the PFI contract.
Clacton Secondary Schools PFI	Equalise the timing differences between expenditure and government grant over the life of the PFI contract.
COVID Equalisation Reserve	Equalise the timing differences between the recognition of emergency funding in the Comprehensive Income and Expenditure Statement and incurring the expenditure.
Debden PFI	Equalise the timing differences between expenditure and government grant over the life of the PFI contract.
Grants Equalisation reserve	Equalise the timing differences between the recognition of grant income in the Comprehensive Income and Expenditure Statement (in accordance with Accounting Policy 2.6) and incurring the grant eligible expenditure.
Partnerships (not available for ECC use)	To retain unspent contributions from partners and apply them in subsequent years.
Schools (not available for ECC use)	Schools are permitted to retain unspent resources (whether planned or unplanned), which are held in the Schools Reserves. The statutory authority to commit such resources rests with school governors.
Trading Activities	Surpluses generated by trading activities, to be applied by these activities in subsequent years.
Waste Reserve	To smooth the effects of future increases in the costs of waste disposal.

## Appendix J – ECC Reserves and their Purpose (2 of 2)

Earmarked Reserves	Description
Adults Digital Programme	Used to meet the costs of the Adults Digital Transformation programme.
Adults Risk	To help manage commercial price pressures that may arise from meeting cost of care
Adults Transformation	To set aside resources to support change capacity to deliver ongoing future sustainability work
Ambition Fund	Reserve created to fund investment in new delivery models and ways of working.
Bursary for trainee carers	New reserve created in the 2019/20 Provisional Outturn report to fund bursaries for trainee carers.
Capital Receipts Pump Priming	Used to meet costs associated with bringing properties into readiness for disposal.
Carbon Reduction Reserve	Used to finance measures aimed at reducing the Council's carbon footprint and support the costs of the Carbon Reduction Credit scheme.
Carry Forwards Reserve	Used to carry under spends in the current financial year forward to support expenditure plans in the forthcoming financial year.
Childrens Risk	To help manage potential price and volume pressures that may arise in the provision of Children's Services
Childrens Transformation	To support transformation capacity to deliver the Childrens Sustainability programme
Collection Fund Investment Risk Reserve	Established to mitigate the risks of falling collection rates for council tax and non-domestic rates.
Commercial Investment in Essex Places Reserve	Established to set aside funding for commercial investment in Essex Places that align to the Council's housing growth and town centre agendas.
Community Initiatives Fund	To fund revenue and capital community initiatives.
EES Pensions Deficit Reserve	Earmarked reserve to cover future costs that may arise as a result of pensions arrangements following the sale of EES.
Emergency Reserve	To help deal with risk around increased market fragility, exit from the EU, capacity issues across social care, as well as general risks around delivery and demand.
Emergency Planning	To meet costs associated with emergency planning.
Equalities Reserve	To set aside resources to support the focus on the people and places where the council can make the biggest difference to improve lives
Essex Climate Change Commission Reserve	Can be drawn upon by the Essex Climate Change Commission to fund initiatives to reduce carbon emissions and promote Green Infrastructure initiatives.
Essex Crime and Police	To support the set up costs and subsequent financing of the Essex Crime and Police Panel
Everyone's Essex Reserve	To set aside resources to support delivery of the Everyone's Essex strategy for levelling up the county and improving lives and opportunities for all our residents
Future Capital Funding	Comprises revenue contributions to be used to supplement the resources available to finance future capital expenditure.
General Balance	Reserve set aside to allow the Council to deal with unexpected events or costs at short notice.
General Risk Reserve	To support against inflationary risk for future years
Health & Safety Reserve	Used to meet the costs of undertaking asbestos, legionella and Disability Discrimination Act surveys.
Insurance	Provides for future potential and contingent liabilities for insurance claims.
Newton Reserve	Funds bequeathed to the Council for use by the Essex Records Office
Property Fund Reserve	Reserve created to manage the risks associated with landlord responsibility (e.g. gaps in occupancy).
Quadrennial Elections Reserve	Reserve established to meet costs associated with the Council's quadrennial elections.
Renewal Fund	To support COVID-19 recovery activity.
Social Distancing and Hygiene	To support new burdens on the Council to manage social distancing requirements.
Technology and Digitisation	To set aside resources to meet the future cost of replacing key council's technology systems.
Transformation	Used to meet costs associated with project management and change management aspects of the Council's ambitious programme of transformation.

## Appendix K – Restricted use and other revenue reserves

### EARMARKED RESERVES

	Balance at	2021/22 movements		Balance at	2022/23 movements		
	1 April 2021	Contributions to reserves	Withdrawals from reserves	31 March 2022	Budgeted approp to/(from) reserves	(Withdrawals) / Contributions	Est. Balance at 31 March 2023
	£000	£000	£000	£000	£000	£000	£000
<b>Restricted use</b>							
Grants equalisation reserve	50,409	11,607	(25,177)	36,839			36,839
COVID equalisation reserve	37,496	32,489	(29,216)	40,769	(1,831)	(20,000)	18,938
PFI equalisation reserves							
A130 PFI	36,448	988	(9,255)	28,181	(10,308)		17,873
Clacton secondary schools' PFI	740	343	(123)	960		(312)	648
Debden PFI	964	1,307	(528)	1,743		(173)	1,570
Building Schools for the Future PFI	823	128	287	1,238		798	2,036
Waste reserve	116,850	7,178	(9,159)	114,869	(6,209)	(3,728)	104,932
Schools	43,601	9,045	(3,435)	49,211			49,211
Partnerships	1,764	637	(25)	2,376			2,376
Trading activities	1,341	173	-	1,514	(304)	304	1,514
<b>Total restricted use</b>	<b>290,436</b>	<b>63,895</b>	<b>(76,631)</b>	<b>277,700</b>	<b>(18,652)</b>	<b>(23,111)</b>	<b>235,937</b>
<b>Future capital funding</b>	<b>9,847</b>	<b>11,590</b>	<b>(7,000)</b>	<b>14,437</b>	<b>14,674</b>	<b>(16,483)</b>	<b>12,628</b>
<b>Other revenue reserves</b>							
Adults Digital programme	1,288	247	(1,260)	275		(247)	28
Adults Risk	-	14,259	(38)	14,221		(6,683)	7,538
Adults Transformation	3,500	9,218	-	12,718		(6,776)	5,942
Ambition Fund	16,578	6,598	(16,652)	6,524	8,800	(9,552)	5,772
Bursary for trainee carers	500	-	(162)	338		(338)	-
Capital receipts pump priming	4,204	(170)	-	4,034	6,000	(2,500)	7,534
Carbon Reduction reserve	1,096	-	(114)	982	(114)	(192)	676
Carry Forwards reserve	21,273	24,704	(21,233)	24,744		(24,744)	-
Childrens Risk reserve	-	-	-	-	2,500	(625)	1,875
Childrens Transformation	1,314	6,019	(146)	7,187		(1,859)	5,328
Collection Fund investment risk reserve	4,029	13,843	(10,286)	7,586	9,497		17,083
Commercial Investment In Essex Places reserve	12,583	3,094	(18)	15,659	(170)	(800)	14,689
EES Pension Deficit reserve	4,000	-	-	4,000			4,000
Emergency reserve	12,564	5,000	-	17,564	9,094	(9,087)	17,571
Equalities reserve	-	10,261	(10,000)	261			261
Essex Climate Change Commission reserve	5,000	53	(722)	4,331		(2,730)	1,601
Everyone's Essex reserve	-	47,600	(328)	47,272	1,000	(15,333)	32,939
General Risk reserve	-	13,859	-	13,859		(13,859)	-
Health and Safety reserve	2,812	2,579	(735)	4,656		(103)	4,553
Insurance	7,498	-	(1,238)	6,260			6,260
Property Fund reserve	977	325	-	1,302			1,302
Quadrennial Elections reserve	925	500	(426)	999	500		1,499
Renewal Fund	27,900	273	(25,650)	2,523			2,523
Technology and Digitisation	8,749	13,034	(10,142)	11,641	10,000	(13,033)	8,608
Transformation	54,686	5,538	(11,719)	48,505	11,823	(12,500)	47,828
Other reserves	1,796	377	(376)	1,797	350	(350)	1,797
<b>Total other revenue reserves</b>	<b>193,272</b>	<b>177,211</b>	<b>(111,245)</b>	<b>259,238</b>	<b>59,280</b>	<b>(121,311)</b>	<b>197,207</b>
<b>Total</b>	<b>493,555</b>	<b>252,696</b>	<b>(194,876)</b>	<b>551,375</b>	<b>55,302</b>	<b>(160,905)</b>	<b>445,772</b>

## Appendix L – General Balance

GENERAL BALANCE	
General Balance	£000
Actual Balance 31 March 2021	68,096
<b>Subsequent movements</b>	
Approved contributions	-
Approved withdrawals	-
<b>Budgeted balance at 31st March 2022</b>	<b>68,096</b>
<b>Movements as a consequence of the Revenue Outturn Position</b>	
Contributions	-
Withdrawals	-
<b>Actual balance at 31 March 2022</b>	<b>68,096</b>



## Appendix M – Prudential Indicators

Prudential Indicators - Summary			
		Approved Indicator	Provisional Outturn
Affordability			
Incremental impact on Council Tax of 2021/22 and earlier years' 'starts'	£	£103.43	£100.46
Ratio of financing costs to net revenue streams (excl. gen. govnt. grant )	%	9.7%	8.9%
Ratio of financing costs to net revenue streams (incl. gen. govnt. grants )	%	8.8%	7.8%
Prudence			
Net borrowing and Capital Financing Requirement		Net borrowing is below the medium term forecast of the CFR	
Capital Expenditure			
Capital expenditure	£m	290	221
Capital Financing Requirement (excluding credit arrangements )	£m	1,081	1,018
External Debt			
Authorised limit (borrowing only )	£m	1,030	N/A
Operational boundary (borrowing only )	£m	910	N/A
Actual external borrowing (maximum level of debt during year)	£m	N/A	627
Treasury Management			
Interest rate exposures			
Upper limit for exposure to fixed rates			
Net exposure	£m	1,030	247
Debt		100.0%	100.0%
Investments		100.0%	80.5%
Upper limit for exposure to variable rates			
Net exposure	£m	309	222
Debt		30.0%	1.8%
Investments		100.0%	38.4%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40.0%	2.0%
12 months & within 24 months	%	40.0%	1.9%
24 months & within 5 years	%	40.0%	7.8%
5 years & within 10 years	%	40.0%	16.5%
10 years & within 25 years	%	75.0%	29.4%
25 years & within 40 years	%	40.0%	29.7%
40 years & within 50 years	%	20.0%	0.0%
50 years & above	%	20.0%	12.7%
Total sums invested for more than 364 days			
Authorised limit	£m	50	N/A
Actual sums invested (maximum position during year )	£m	N/A	10
Summary			
All Treasury Management activities have been undertaken in accordance with approved policies and procedures.			
External debt is within prudent and sustainable limits.			
Credit arrangements have been undertaken within approved indicators			
Maturity Structure of borrowing: maturity dates for market loans are based on the next review date, not the final maturity date.			

## Appendix N – Treasury Management Summary

TREASURY MANAGEMENT SUMMARY - 2021/22						
	Actual Balance 1 April	Movements			Balance at 31 March	Interest payable / (earned) to date
	£000	Raised £000	Repaid £000	Net movement £000	£000	£000
<b>Borrowing</b>						
Long Term	599,840	5,054	(12,035)	(6,981)	592,859	19,790
Temporary	21,157	1,999	(16,000)	(14,001)	7,156	-
<b>Total External Borrowing (A)</b>	<b>620,997</b>	<b>7,053</b>	<b>(28,035)</b>	<b>(20,982)</b>	<b>600,015</b>	<b>19,790</b>
<b>Investments</b>						
Long Term	10,000	-	-	-	10,000	(403)
Temporary	549,000	20,823	-	20,823	569,823	(507)
<b>Total External Investments (B)</b>	<b>559,000</b>	<b>20,823</b>	<b>-</b>	<b>20,823</b>	<b>579,823</b>	<b>(910)</b>
<b>Net indebtedness (A-B)</b>	<b>61,997</b>	<b>(13,770)</b>	<b>(28,035)</b>	<b>(41,805)</b>	<b>20,192</b>	<b>18,880</b>

  

<b>Borrowing</b>	
Average long term borrowing over period to date (£000)	<b>584,421</b>
Opening pool rate at 1 April 2021	<b>3.43%</b>
Weighted average rate of interest on new loans secured to date	<b>N/A</b>
Average pool rate for year	<b>3.45%</b>
<b>Investments</b>	
Average daily cash balance over period to date (£000)	<b>638,801</b>
Average interest earned over period	<b>0.14%</b>
Benchmark rate - average 7 day LIBID rate	<b>-0.05%</b>