

# **Medium Term Resources Strategy 2009-10 to 2013-14**





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# 1 Introduction

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## Introduction

Essex County Council is committed to improving the quality of life of all its citizens; to ensure their health, security and wellbeing are protected and that everyone can achieve their full potential in their work and family life.

The Medium Term Resources Strategy describes how, working in partnership, we will manage our resources (finances, information systems and technology, infrastructure, natural resources, people, and property) efficiently over the next five years and align them to our priorities. It also sets out our view of the longer term financial outlook for the Council and describes our key partnerships in resource terms.

## Governance and Decision Making

### Council

All councillors meet together as the Council and decide the Council's overall policies and set the budget for each year. The Council appoints the Leader of the Council and nine other councillors who together make up the Cabinet. It also appoints members to committees concerned with overview and scrutiny of the actions of the Cabinet and to deal with matters of a regulatory nature.

### Cabinet

The Cabinet is the part of the Council which is responsible for most day to day decisions. The Cabinet is made up of a leader, and nine other councillors who each have specific areas of responsibility.

The Cabinet has to make decisions that are in line with the Council's overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework this must be referred to the Council as a whole to decide.

### Overview and Scrutiny

There are six policy and scrutiny committees that support the work of the Cabinet and the Council as a whole. They allow citizens to have a greater say in Council matters by holding public inquiries into matters of local concern. These lead to reports and recommendations which advise the Cabinet and the Council as a whole on its policies, budget and service delivery. These committees also monitor the decisions of the Cabinet.

The Executive and Audit Scrutiny Committee can call in a decision that has been made by the Cabinet but not yet implemented. This enables them to consider whether the decision is appropriate. They may recommend that the Cabinet reconsider the decision. The committees may be consulted by the Cabinet or the Council on forthcoming decisions and the development of policy.

### Area Fora

Alongside our policy and scrutiny committees, we also have four geographically-based Area Fora covering the whole of the County. They bring together county, district and parish councils as well as local partners from other public services to consider issues relevant to the local area. The Area Fora also provide the public with an opportunity to raise matters of local concern.

## Whistle Blowing and Anti-Fraud Policies

The Council is committed to achieving high standards of integrity and accountability and expects the same commitment from its employees and others working for or in the Council.

We aim to promote an open environment that enables staff to raise issues where an employee has concerns about the consequences for other employees or the public with confidence that they will be acted upon appropriately without fear of recrimination.

We have also established an Anti-Fraud and Corruption Policy designed to fight fraud and corruption by encouraging prevention whilst also promoting detection. The policy identifies how the Council will investigate suspected cases and the action we will take.

## Equality and Diversity

Essex County Council values the communities it serves and will help strong, inclusive communities, free from unlawful discrimination. We are committed to enabling our residents to achieve their potential by removing barriers that prevent fair access to services, participation to public life and employment with the Council.

We are working to ensure that all our services are accessible to the diverse population we serve, and that all our internal services operate in ways that recognise the diversity of our customers. As such, consideration of customer impact arising from diversity and equality is integral to the Council's resource strategies service planning and strategic performance management. Through 2009-10 we will continue to analyse information on the varying needs of our diverse customers, and the differing impacts services, policies and strategies have on them. We will ensure appropriate actions are taken in respect of inequalities.

## Aligning Resources to Our Priorities: Listening to Our Residents

We consulted Essex's residents and stakeholders widely in developing our strategies for the future.

**Our vision is to deliver the best quality of life in Britain, providing excellent services and securing the future of our county.**

**We call this vision *EssexWorks*, in acknowledgement of the work ethic, entrepreneurialism and pragmatism of the people of Essex, and in recognition of the fact that our residents enjoy living here and are proud of the county.**

Drawing on regular surveys, summits and face to face interviews, as well as County Councillors' knowledge of the specific concerns of their communities, we will align our resources to deliver the priorities of the people of Essex and meet our statutory obligations.

Our goal is to deliver the best quality of life in Britain. We will achieve this by using the resources of the County Council to support people in Essex to live life to their full potential in education, business and leisure; and to support families and neighbourhoods by providing them with the services they need for an excellent quality of life.

Each year we will set out our priority policies with measurable objectives to improve the quality of life in Essex. In doing so we aim to respond explicitly to the priorities of our residents and stakeholders.

### **EssexWorks**

*EssexWorks* is the Council's four year programme to deliver the best quality of life in Britain and secure the future of our County.

We will meet this challenge through three delivery programmes: Our People, Our Economy and Our World:

- **Our People:** Policies and services which enable people to reach their potential and enhance residents' quality of life.
- **Our Economy:** Policies that invest in key services, provide better value for the county's taxpayers and enhance the County's infrastructure.
- **Our World:** Policies which specifically promote sustainability and ensure the County's physical environment is protected.

Put simply, *EssexWorks* is about delivering excellent services and empowering our communities. The three delivery programmes will address the issues that we know through extensive consultations and public engagement matter to the people of Essex.

These issues are reflected in our ten priorities:

Putting the customer first		
Our People	Our Economy	Our World
Increasing educational achievement and skills	Improving transport	Protecting the environment
Promoting health and leisure	Promoting sustainable economic growth	Reducing and recycling waste
Supporting vulnerable people	Delivering value for money	Making communities safer

Each year we will identify a number of specific pledges setting out how we will address these priorities and we will direct our resources into delivering these pledges through our annual budget and capital programmes.

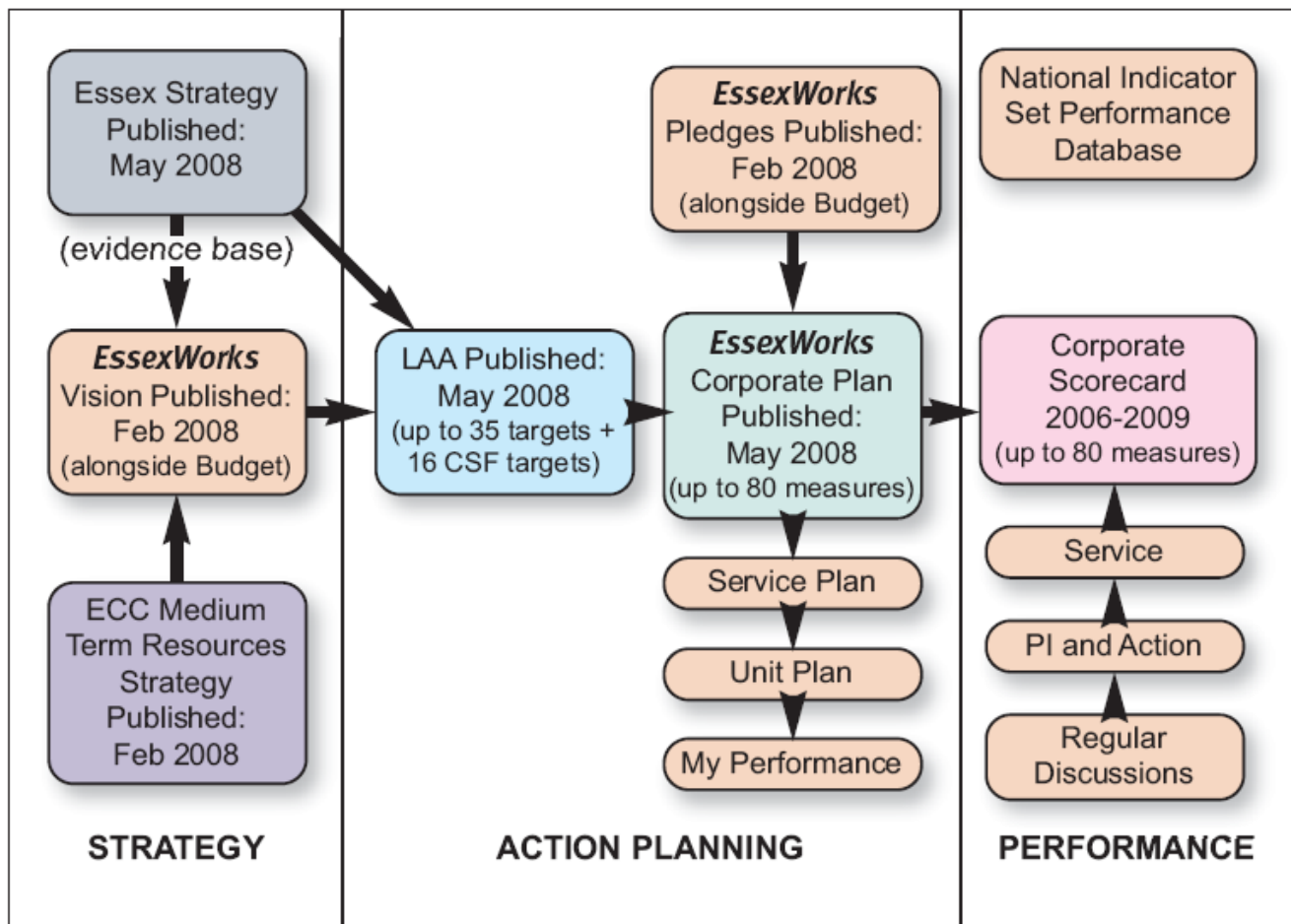
### **Strategic Context**

Delivering a better quality of life in Essex requires close working with a wide range of partners. The framework for the articulation of our joint priorities is the Essex Strategy – the Sustainable Community Strategy for the County Council and its partners (the Essex Partnership Forum). The Essex Strategy was completed in May 2008 and will be delivered through the second Local Area Agreement (LAA) which was published at the same time.

Our Corporate Plan sets out our contribution to the partnership targets in the LAA (and the achievement of the priorities set out in the Essex Strategy). Table 1 illustrates this as well as showing how the Medium Term Resources Strategy fits within our overall planning and performance management arrangements.

### **Service and Financial Planning**

The production of the medium term resources strategy has been underpinned by the implementation of a streamlined service and financial planning process which has extended the planning window to a 3 year period. The resource strategies that are set out in the following chapters draw upon the service plans.

**Table 1: Planning and Performance Management Matrix**



# 2 Financial Resources

## Strategic Direction: Revenue

### Ensuring Value for Money

Our overall aim is to improve value for money (VfM) for our users and citizens. Our objectives as an authority are to:

- Integrate value for money considerations into decision making, planning and reporting.
- Increase visibility, understanding and consistency of approach to VfM.
- Remove inefficient processes and working practices.
- Improve our understanding of the relationship between cost, efficiency and performance.
- Look to target future spend and investment partly based on VfM criteria.
- Work with partners in partnerships to deliver added value.

Our corporate approach to value for money is based on our planning processes and supported by a range of strategies and frameworks. We will take a holistic approach to managing our resources and ensure that our partnership arrangements are delivering value for money.

### Council Tax

Over the last four years, Essex County Council has clearly demonstrated its commitment to low council tax.

### Delivering Efficiencies

We launched the Improving our Services programme in 2006-07 to drive out efficiency savings in order that we can reinvest in services for our customers.

It is a single, ongoing, Council-wide programme, with an initial target to deliver £100 million net savings over 3 years. The first phase of the programme consists of:

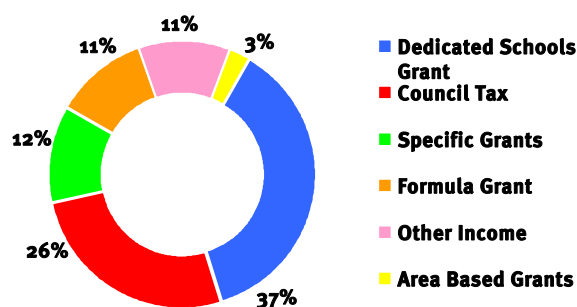
- Optimising spend with third parties.
- Restructuring the organisation to serve our customers better and in a more cost effective way.
- Simplifying and re-engineering some of our end to end processes.

An overall programme has been constructed drawing on both service specific projects and cross-cutting projects that have an impact across more than one area. The first phase of the programme ends in 2010 and has delivered efficiencies of £42 million to date.

## Available Resources

The Council will receive income of £2.2 billion in 2009-10 to support its revenue expenditure and this is forecast to rise to £2.3 billion by 2013-14.

Chart 1: Council Income



Source: MTRS Model 2009-10



More information, including a long term view of the financial outlook over the next 30 years, is set out in Annex A2 on page 42.

### Resource Requirement and Constraints

Our spending is forecast to rise from £2.2 billion in 2009-10 to £2.4 billion in 2013-14 resulting in a budget deficit of some £117 million (5% of gross revenue expenditure) if no effective action is taken.

The single most important message from the financial forecasts is the very significant increase in the cost of providing care for older people as a result of an ageing population and higher dependency levels of older and disabled people in our care.

A key focus therefore needs to be on how all services can be delivered in a lower cost manner than the current service configuration, what activities can be undertaken to reduce the cost pressures and within the overall objective of enhancing personal choice and what, if any, policy changes might be needed over time.

## Medium Term Strategy

### Council Tax

For the life of this administration we will continue to drive efficiency and value for money improvements in all our activities to enable us to deliver a council tax increase no higher than inflation.

### Efficiency and Value for Money

To deliver our council tax pledge we will re-double our efforts to embed value for money considerations in all that we do. This will incorporate business process re-engineering and maximising the value achieved from our spending with the private sector.

A new procurement strategy will be implemented which will allow us to develop and manage the markets in which we buy goods and services from the private sector. We will seek to work collaboratively with suppliers to drive out costs from our supply chain for the benefit of all concerned.

We will work closely with partners in the private, public and voluntary sector to deliver services. Through our Local Area Agreement and other key partnerships (set out in Annex B on page 68) we will seek to align our resources with our partners to leverage maximum benefit from the investment that we can collectively make.

We have implemented a new project management process which will ensure that investment projects will deliver all planned benefits on time and within budget.

We have current commitments to reduce the amount of property that we own; looking forward we will investigate innovative approaches to managing our property portfolio (see section 7 on page 30).

### Reserves and Balances

Our reserves and balances strategy is set out in Annex 3 on page 60.

Detailed decisions about the level of reserves and balances are taken each year as part of the budget setting process.

### Financial Control Frameworks

Our financial control framework complies with CIPFA (Chartered Institute of Public Finance and Accountancy) best practice guidelines with clear financial regulations, delegated authorities and robust budget monitoring.

We will continue to strengthen our financial management and control arrangements with a focus on financial management training and better management of our balance sheet, particularly in the context of more complex financial arrangements and the expected implementation of International Financial Reporting Standards in the medium term horizon.

In the short term, a finance improvement project will deliver a range of tactical improvements to financial management systems and processes to address any control weaknesses.

### Income

We will implement a new income policy to embed a consistent approach to charging for goods and services across the Council and to encourage, where appropriate, an entrepreneurial approach to income generation. We continue to improve our debt collection processes to ensure income charged is received.

We will also use the flexibilities we have to spend un-ringfenced government grants to deliver our priorities and we will keep a watchful eye on possible future new sources of funding such as supplementary business rates to improve services and deliver low council tax.

## Strategic Direction: Capital

### Summary

Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Council such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing and revenue running costs.

**Table 1: Classification of Assets**

Category	Asset type
Intangible fixed assets	IT software
Tangible fixed assets – operational	Land and buildings
	Vehicles, plant and equipment (including IT hardware)
	Infrastructure (roads and highways)
	Community assets (including parks and historic buildings)
Tangible fixed assets – non operational	Assets under construction
	Surplus assets held pending disposal

Source: Annual Report 2007-08

The capital programme generally comprises:

- Department for Children, Schools and Families (DCSF) and Department for Transport (DfT) ‘supported’ programmes, and associated specific grants relating to these areas.
- ‘Standard’ capitalised items (covering buildings and highways maintenance) etc.
- Other specific named projects.

The published capital programme also identifies the capital financing resources available to undertake these projects.

**Table 2: The Council's Total Asset Base as at 31 March 2008**

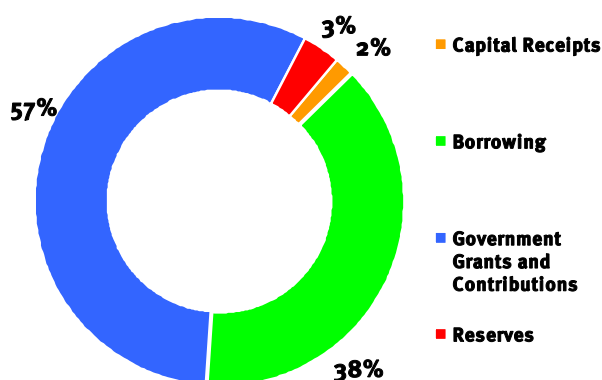
	£m	£m
<b>Intangible fixed assets</b>		<b>1</b>
<b>Tangible fixed assets</b>		
Operational assets		
Land and buildings	2,218	
Vehicles, plant and machinery	9	
Infrastructure	384	
Community assets	2	
<b>Non-operational assets</b>		
Assets under construction	60	
Surplus assets held pending disposal	24	
		2,697
<b>Total fixed assets</b>		<b>2,698</b>

Source: Annual Report 2007-08

## Available Resources and Constraints

Capital expenditure is financed from a number of sources, including borrowing, capital receipts, reserves and grants; an analysis of the financing of the 2009-10 capital programme is set out below:

**Chart 2: 2009-10 Capital Financing**



Source: MTRS Model 2009-10

### Borrowing

One of the main sources of financing of the capital programme is borrowing from either the Public Works Loan Board (PWLB), which provides funds to the public sector only at highly competitive rates, or mainstream banks which are becoming increasingly active in the public sector market (recognising the low risk in lending to public sector bodies).

The Council has a statutory duty, as defined by the Local Government Act 2003, to determine and keep under review how much money it can afford to borrow. Regulations issued under the Act require the Council to have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities, which requires the Council to self-regulate the affordability, prudence and sustainability of its capital expenditure and borrowing plans by setting a range of mandatory prudential indicators that highlight:

- the level of capital expenditure;
- the impact upon borrowing and investment levels; and
- the overall controls in place to ensure that the activity remains affordable, prudent and sustainable.

Although the level of borrowing required is linked to the capital programme (and is included in the budget report to Council in February each year), the timing of actual borrowing is completely independent of any capital spend. The actual borrowing is in accordance with the approved treasury management strategy, having regard to the interest rate forecasts and cash flows to secure the borrowing when deemed preferential to the Council.

Borrowing costs (i.e. interest and provision for debt repayments), are charged to the revenue account. The interest charge will be that according to the various loans.



### Grants

The Council receives a number of grants from various central government departments to support capital expenditure. These grants are normally scheme specific, or have specific conditions set against them. In 2006-07, grants of £49 million were used to finance the capital programme.



### Capital Receipts

The previous section outlined some issues relating to capital receipts. A key issue here is that receipts should only be used for capital spend.

Bearing in mind the reducing availability of these resources, and the nature of them, it is therefore recommended that capital receipts should only be used for:

- Re-provision.
- The enhancement of assets (including essential maintenance where this falls within the definition of capital expenditure), which could result in an enhanced capital receipt at a future date (i.e. the expenditure will be on a saleable asset and not on infrastructure assets).

### 'Unsupported' Borrowing

The Local Government Act 2003 removed the constraint on the level of borrowing that an authority could undertake. Since then, local authorities have been able to borrow in excess of the level 'supported' by central government. However, they have to fully finance the costs of that additional borrowing themselves.

The Government and CIPFA (via the Prudential Code) therefore assumed that local authorities would only undertake such borrowing for schemes of a self financing nature (i.e. where the scheme generated sufficient savings to meet the debt financing costs).

### Capital Financing Strategy

Our strategy for financing capital expenditure is:

- The capital programme should include the education and highways elements to the level implied by the 'supported borrowing' allocations issued by the DCSF and DfT respectively.
- Capital receipts will only be used for re-provision or the enhancement of assets (as defined above).

- Schools capital receipts will continue to be ring-fenced within the current framework.
- Unsupported borrowing should be attributed to the financing of specific projects.

**Table 3: Source of funds**

	Source of Funding				
	Supported borrowing	Un-supported borrowing	Receipts	Grants	Reserves
Schools	✓	✗	✓	✓	✗
Other buildings	✗	–	✓	✓	✓
IT	✗	✓	–	✓	✓
Other 'invest to save' schemes	✗	✓	–	✓	✓
Infrastructure (i.e. roads and bridges)	✓ (DfT prog)	✓	✗	✓	✓

*Source: MTRS Model 2009-10*

Key:

- ✓ most likely sources of funding
- ✗ should not be considered as a source of funding
- possible, but needs to be considered on a case by case basis



# 3 Information Systems & Technology

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## Strategic Direction

### IS and ICT Strategy

The Council's Information Systems (IS) and Information and Communication Technology (ICT) Strategy sets out a framework for delivering coherence in the way we invest in technology. This will provide a safe and empowering environment within which Essex County Service Areas can develop and exploit the potential of information systems and technology.

The strategy recognises an environment of continual change and fluctuation. This is applied flexibly across:

- Our business (the objectives of the Council).
- Information systems and technology.
- Our customers and patterns/models of service engagement.
- The demand for IS/IT services.

The IS and ICT strategy development process is being locked into overall strategic planning, and a revised Governance and Compliance Framework. As a result, we will increasingly be able to use information technology (IT) to drive and enable business process re-engineering to improve organisational efficiency and increase the flexibility of service delivery models, including working with partners.

## Available Resources

### Technology Assets

The Council has 10,000 personal computers, 4,100 other pieces of IT equipment (printers, scanners, etc) and 325 servers. We also have 18,000 Active Directory accounts and 4,500 Virtual Private Network accounts.

### Information Systems

Key information systems supporting the Council's operations include:

- IFS and PARIS (Financial management systems).
- Genus (payroll and HR management information).
- A4W (social care payments and income).
- Proman (Capital programme management).
- Coprop (Corporate property record).
- Confirm (Highways asset and job management).
- LACHS (Insurance claims handling system).
- Swift (Social care client records).
- View Essex (Corporate GIS Repository).

### Contractual and Partnership Arrangements

We have a strategic partnership with BT to provide and support IT provision throughout the Council's estate, and also arrangements with IBM (for Integrated Childrens Systems provision), Siemens (offering broadband provision and support to schools), Netstore, and McAfee (providing anti virus protection to Essex County Council and school PCs, estimated 57,000 licences).

## Financing

This activity will be financed by:

- ICT revenue budget (c. £34 million).
- Information Management Technology Reserve (c. £6 million).
- Benefits realisation following investment in new technology.

## Resource Requirement

### Corporate Requirements

Investment is required in the following enterprise-wide areas:

- Virtual Server Environment  
Establishing a virtual server environment will allow us to purchase server capacity as opposed to physical server boxes. It also provides the capability to optimise our existing server estate of approximately 350 information, application and print servers and potentially realise significant savings.
- Disaster Recovery  
Investment is planned to establish a corporate Disaster Recovery capability on all critical line of business applications and infrastructure. Essex County Council will identify post disaster emergency response, damage assessment and system restart for designated critical business processes.
- Local Area Network infrastructure  
The LAN upgrade will increase network speed and reliability and will result in improvements to staff productivity and removal of current data transfer bottlenecks.
- Contact Centre  
It is planned to replace the existing Contact Centre platform to deliver greater resilience and improved reliability, increased capacity in terms of number of Customer Service Agents supported and improved customer satisfaction.

- Geographic Information

To support internal business planning and direct delivery of services to customers.

### Service Requirements

In addition to the corporate requirements set out above, there are a number of service specific requirements identified in directorate service plans:

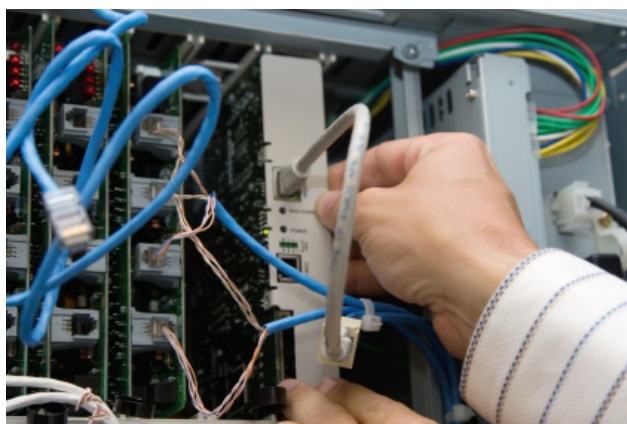
- Adults, Health & Community Wellbeing

### Oscars Phase 2

Oscars Phase 2 builds upon the developments provided by OSCARS phase 1, to provide the IT required by the service to plan, manage and deliver its service in response to a changing delivery environment and to meet government requirements for the Electronic Social Care Record.

### System Upgrades

Upgrades are planned across a range of key line of business applications including the client record system (SWIFT), the payroll system (GENUS) and the financial management system (IFS).



### RFID

Radio Frequency Identification has been successfully introduced into 36 libraries and has proved very popular with customers and staff. It enables customers to self serve, enables staff to work flexibly and buildings to be used more effectively. The aim is to extend RFID to all libraries over the next 12 months.



#### **Library WiFi**

It is planned to enable all libraries to offer free WiFi access over the next 12 months, extending the facilities offered to customers and enabling staff to work more flexibly.

- Commercial, Property and Infrastructure

#### **COPROP**

Replacement of the current corporate property database.

- Environment, Sustainability and Highways

#### **CONFIRM - IFS Interface**

Implementing an interface between CONFIRM and IFS for automatic data transfer, updating and reporting is a priority identified in the Highways Improvement Programme.

#### **Waste Data Project**

Replacement of the Integrated Waste System to improve the supply and quality of waste data collection particularly for tracking landfill and recycling targets.

- Phase one to go live February 2009
- Phase two to go live April 2009

- Schools, Children and Families

#### **Integrated Children's System**

The Integrated Children's System (ICS) is part of the Department for Children, Schools and Families' "Every Child Matters"; a new approach to the well-being of children and young people from birth to age 19. ICS is a framework for working with children in need and their families. The practice and case record keeping is supported by information technology that is designed to handle a large amount of information on individual children.

- Rollout of system beginning April 2009
- Rollout due to be completed by September 2009

#### **Data Integration Project**

The DIP will bring together disparate systems that contain data concerning children and young people, currently held on a number of different systems and databases.

#### **Contact Point**

The Contact Point directory is a national project to record the basic details of every child aged 0-18 years old in England, along with contact details of any professional working with that child in order that they may receive co-ordinated support.

- February 2009 Essex will be granted 'live' access to the directory.

- September 2009 Essex will have Access to ContactPoint2

- October 2009 onwards - Training rollout to 13,000 practitioners across Essex.



#### **e-CAF (Electronic Common Assessment Framework)**

This system will allow authorised practitioners to electronically create, store and share a Common Assessment Form (CAF). A CAF records information about a child or young person with additional needs. eCAF gives practitioners from different sectors, easy access to key information concerning the assessment to allow them to plan, monitor and review a co-ordinated approach to the delivery of the most appropriate services.

There is a Government directive in line with the Every Child Matters agenda to ensure all CAFs are available electronically in the multi-agency environment. The Department for Children, Schools and Families has recently announced e-CAF and Contact Point have become a joint programme.

### Building Schools for the Future

BSF is a national programme of investment and change centred on transforming educational standards in secondary schools by providing 21<sup>st</sup> century learning environments. BSF brings major investment in ICT to schools. The Essex programme will eventually include all 80 mainstream secondary schools, new model special schools, and other facilities such as integrated support services centres and pupil referral units covering a 15 year period. A preferred bidder will be selected by February 2010.

### Resource Constraints

The Council has made significant financial investment in ICT already and further work is required to reduce the run-costs of current services in conjunction with our partners.

Each of the projects listed has significant business change requirements.

Key resource constraints to be managed are:

- Establishing effective partnership relationships with delivery partners.
- Access to appropriately skilled resources, both technical and change related.
- Identifying appropriate funding schemes and financial benefits.

### Governance Framework

We will continue to strengthen and implement a Governance framework for technology integrated with the 'Essex Project Management Approach'. The proposed Governance framework is based on the following principles:

- Early intervention
- Critical friend
- Supportive
- Straightforward
- Simple

### Approach to Risk, Return on Investment

Managing risks using the Council's online risk register J-CAD, effective project management and delivering return on investment need to become embedded in business as usual activities.

### Charging and Investment Models

Costs for IS and ICT services are recharged to the business as an overhead. Investment in technology should be dependent on delivering revenue savings.

### Service Delivery

- Information systems need to be service orientated and deliver process automation.
- Information and communications technology needs to be scaleable.
- Multi-source, 'risk-profiled' provision.
- Support, disaster recovery and business continuity arrangements need to be efficient, suitable, clear and consistent.
- Information Services will operate in a manner that is enabling, supportive and as a critical friend.

# 4 Infrastructure

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## Strategic Direction

### Context

The East of England Plan proposes that 505,500 houses are built in the East of England Region between 2001 and 2021 (an average of some 25,000 homes per year). In Essex this equates to a provision of 127,000 homes (6,200 homes per year). But that is only half the story to achieve the sustainable communities Essex needs to ensure a better quality of life for our residents. We have to achieve significant jobs growth alongside housing growth. Across the four growth areas in Essex the total jobs target is 130,000.

Furthermore, it is recognised that these targets were challenging during years in which Essex experienced sustained economic growth. Given the current economic downturn these are likely to present yet further challenge to Essex County Council and our partners.

Essex County Council is the strategic community leader for the future success of Essex. The aim of our *EssexWorks* programme is to provide the best quality of life in Britain. Our economy, our people and our world are fundamental to our success in delivering that commitment. At the interface of all three lies our regeneration and economic development challenge: the skills of our people; the infrastructure for our communities and for our businesses; and the sustainable environmental challenge.

Essex County Council makes a substantial investment annually in hard and soft infrastructure. This is triggered towards improving quality of life, accommodating population and business growth and helping to regenerate our communities of need.

Maximising this spend and aligning it with that of other major funders is a clear priority for the County Council. In addition, the Sub National Review of economic development and regeneration (SNR) signals intent on the part of central government and its agencies to devolve power and resources to local authorities; therefore, the capability to assume such funding and maximise its impact will be critical.

### Integrated Development Programme

In our regeneration and growth focus areas – Thames Gateway South Essex, Haven Gateway, Harlow/M11 Corridor, and Heart of Essex (particularly Chelmsford/Braintree) – integrated investment plans are either in place or in preparation. In each area a spatially defined Integrated Development Programme (IDP) is the chosen investment planning tool. This builds upon successful pilots in the East of England (including Haven Gateway) during 2008.

Each IDP shall set out the investment packages required to support growth and regeneration across the breadth of policy areas and infrastructure requirements that ought to support sustainable communities for the future.

Essex County Council is committed to developing and implementing its own Regeneration Investment Strategy (RIS), working in tandem with each IDP. The RIS shall also articulate the County Council's known short, medium and long term investments to unlock economic regeneration and manage appropriate growth in the County, whilst also providing a mechanism to plan future investments.



The Regeneration Investment Strategy has three aims:

- To consolidate investment proposals into a single document that clarifies Essex County Council's commitment to economic development and regeneration in the context of investment to be made by partner organisations; and to complement that investment.
- To provide a clear timetable for expenditure in the short, medium and long term.
- To assess the investment needed to accommodate planned growth and the investment that will be required by Essex Council.

The Regeneration Investment Strategy will build on the strong foundations of work that Essex County Council, working alongside the Essex Business Consortium, completed in 2008 - Investment in Infrastructure for Essex. It shall also work alongside the Developer's Guide, our expectation of the development sector in Essex.

## Regeneration and Growth

The majority of the funding available to fund infrastructure schemes in the growth areas and growth points is external. Essex County Council works with public, private and voluntary sector partners to secure funding for community infrastructure schemes that are an essential element of sustainable growth and the foundations on which future economic prosperity will be built.

Indeed, in support of a comprehensive approach to sustainable communities and improving the quality of life of those communities, Essex County Council administers in the East of England Development Agency's (EEDA) Economic Participation Programme. Economic Participation Programme monies are targeted at increasing skills and access to employment opportunities or moving people into or towards the labour market. Following a transfer of responsibility from sub-regional partnerships to LAA authorities throughout 2008-09 the indicative allocation of spend in the Essex Council administrative area in 2009-10 is £2.6 million. It is hoped that the programme shall also be deployed in 2010-11.

Specific to regeneration and growth areas the following funding programmes are currently in place:

### Thames Gateway South Essex (TGSE)

Essex County Council continues to support partners to deliver against the Thames Gateway Delivery Plan (2007) and its three year funding via the Department for Communities and Local Government (CLG). In 2009-10 and 2010-11 this funding shall be administered through the Homes and Communities Agency (HCA) on behalf of CLG given the HCA's lead role for Thames Gateway delivery. Total funding across the TGSE area (Thurrock, Basildon, Castle Point, Rochford and Southend) is £137 million, delivered through those local authorities or Local Delivery Vehicles in their areas.

In 2008 funding was announced to support green infrastructure projects in TGSE through Parklands funding. Essex County Council is supporting the delivery of the programme of £11.5 million as its accountable body. This first phase of the funded Parklands Programme runs until the end of the financial year 2011.

It is hoped that further funding shall be made available in the next three years and the preparation of the IDP for TGSE shall provide the evidence base for future bid submission to the Homes and Communities Agency to draw upon those resources. Essex County Council could potentially provide an accountable body role for future funding during that CSR period.

### Chelmsford & Braintree

Essex County Council continues to support the delivery of growth in Chelmsford and Braintree which is now officially recognised as a growth area. As part of this agenda, the county council has been successful in securing £13 million of new investment from Government. Chelmsford and Braintree received £4.6 million for 2008-09 and £8.7 million for the following 2 years. This significantly exceeds the original expectation of £3-4 million for this part of Essex.

The outcome can be attributed to the strength of partnership working between the three authorities which has enabled a compelling evidenced case to be made to government on the key role this part of Essex can play in delivering growth. It is particularly pleasing that this has now been backed by significant investment.

### Harlow/ M11 Corridor

The public sector partners have secured a total Growth Fund allocation of £21.5 million for the CSRo7 period, in addition to £1.3 million provided separately to support Harlow Renaissance. Coupled with the two successful Community Infrastructure projects for Harlow, the regeneration and growth ambitions of the town will progress significantly in the coming three years. Specifically, the money is supporting regeneration of the town centre, development of a master planned approach to regenerating the town station area and providing key utilities and transport infrastructure that will underpin future development. Work on regenerating the most deprived neighbourhoods of Harlow has also commenced, and a framework for further skills, education, housing and health-related work is being developed.

### Haven Gateway

The Haven Gateway Partnership's (HGP) investment framework – or IDP – was launched in December 2008. The IDP includes a number of investment packages. Some of these are geographical, based on specific interventions in locations such as East Colchester, while others are thematic covering investment in transport or green infrastructure.



The overall growth point funding allocation for the sub-region is £18.1 million to March 2011. EEDA are also using the IDP to develop their integrated investment framework and where funding is available this will be aligned with the IDP in the HGP. Schemes that require match funding for growth point resources are included in the IDP as well as those that rely on funding from other sources (e.g. planning gain contributions). One of the key IDP investment packages is coastal regeneration and this includes Jaywick.

Jaywick is a key regeneration priority for Essex County Council and its partners. Jaywick is the most deprived area of Essex and the East of England, and the third most deprived nationally. Poor housing, as well as other indicators including those for unemployment, and poor health, characterise the area. Initial Essex Council resourcing is being used to kick start the regeneration process and lever in match funding.

The overall vision, in fifteen years' time, is to see Jaywick developed into an inclusive, safe, sustainable, economically buoyant community taking advantage of its coastal location. Initial investment has been identified to immediately benefit the community while the case for increased long term funding is prepared for submission to Government. Initial Essex Council funding of approximately £1.5 million to 2011-12 has been earmarked but the overall total funding requirement – subject to detailed technical options-appraisal - is estimated at between £45 million and £75 million. Investment of this order is needed from a variety of sources over a 15 year period to sustainably regenerate Jaywick in a three-themed approach. The first theme seeks to tackle the poor housing, roads and environment; the second will support the existing community through a period of transformation; and the third will re-establish the area as a landmark coastal resort.

## Transport Investments

Investment in transport infrastructure is key to unlocking growth of the Essex economy. Investment will need to be focussed on:

- Enabling sustainable development of our Key Centres for Development and Change (KCDC).
- Improving transport links between our main towns to improve journey time reliability.
- Improving access to our international gateways.



The following transport investments have been identified as key to unlocking future growth:

### Sustainable development within KCDCs

- Dualling of the A414 from junction 7 on the M11 to the A1169 Southern Way to relieve congestion and support growth to the east of Harlow.
- Completion of the First Avenue multimodal corridor and highway improvement scheme providing sustainable access to developments to the east of Harlow.
- Improvements to the bus station and Bus/Rail interchange arrangements and public transport network to encourage sustainable transport and reduce congestion in Harlow.

- New M11 junction 7a to improve access to north Harlow and a northern bypass to relieve congestion on A414 in town centre and support housing developments to the north of Harlow.
- A12 Cuckoo Farm junction, Colchester to provide direct access to the North Colchester Regeneration Area to improve journey time reliability and support growth.
- Colchester east rapid transit corridor, a bus rapid transit service supporting growth in east Colchester.
- Colchester A133 improvements to address journey time reliability along the A133 corridor in support of the economy of Colchester.
- Implementation of park and ride facilities and associated bus priority measures in Colchester to relieve town centre congestion.
- Colchester town centre improvements to pedestrianise and enhance the town centre to support retail development and improve traffic management.
- A130/A131 Chelmsford NE Bypass. A new link road between A12 and A131 and improvements at Boreham Interchange on the A12, and at Deres Junction to unlock development in Chelmsford and fill a gap in the north-south network linking key towns and improving access to London Gateway.
- Implementation of additional park and ride facilities and associated bus priority measures in Chelmsford to relieve town centre congestion.
- Chelmsford Area Rapid Transit. A bus rapid transit service between north Chelmsford and Chelmsford town centre providing sustainable access and reducing congestion.
- Improvements to relieve congestion at the key Chelmsford Army & Navy junction.
- A Chelmsford Sustainable Access Package to improve links from the railway station and bus station to the town centre and access by bus, cycle and on foot throughout the town centre to support development and the retail economy.
- Brentwood High Street improvements to provide support for retail development and improved traffic management in Brentwood town centre.
- A127 Basildon Enterprise Corridor. A package of schemes to improve the A127 Basildon Enterprise Corridor to support the largest employment zone in South Essex.

### Improving transport links

- Construction of a grade-separated carriageway between the A13 and A130 to relieve congestion at Sadlers Farm roundabout.
- A13 Passenger Transport Corridor. A bus priority and improvements package for this key corridor linking the Thames gateway.



- South West Canvey Island Access (Charfleets Link Road – Phase I Extension to Roscommon Way) to support employment growth and regeneration on Canvey Island.
- Roscommon Way extension phase II to support employment growth and regeneration on Canvey Island.
- New or improved access to Canvey Island to support employment growth and regeneration.



- South Essex Rapid Transit (SERT) - a new high quality bus rapid transit linking districts across the South Essex area.
- A127 Corridor Improvements. An integrated package of maintenance and route management measures, including A1159, to improve journey reliability across Thames Gateway.
- A13 improvements to improve journey reliability across Thames Gateway.
- Braintree Branch Line improvements including passing loops to allow for additional train services.

### Access to international gateways

- A12 Capacity Improvement Package. A package of measures arising from the A12 Inquiry to improve access to the Haven Ports.
- A12 upgrade to dual 3 lane from Chelmsford (A1016) to A120 Ardleigh Interchange to improve access to the Haven Ports.
- A12 upgrade to dual 3 lane from the M25 to Chelmsford (A1016) to improve access to the Haven Ports.
- A12 capacity improvements from the Ardleigh Interchange to Copdock (A14) to improve access to the Haven Ports.
- Re-alignment and dualling of the A120 between Braintree and the A12 to provide network resilience and improve access to the Haven Ports.
- Enhancement of developer funded proposals for the upgrading of the A120 from the A12 to Harwich to dual carriageway standard to access Harwich port and to support regeneration.

The funding for and the delivery of these programmes will be provided by a number of agencies including the department for Communities and Local Government, Department for Transport, Highways Agency, the County Council and contributions from developers.

## Waste Management and Recycling

The Council is in the process of confronting one of the single largest environmental and legislative challenges ever presented to local authorities.



Ensuring compliance with the Landfill Allowance Trading Scheme (LATS), the European Landfill Directive and associated national reduction and recycling targets will require a massive undertaking that will demand skilful management and levels of capital investment in one of the largest UK municipal waste management projects.

In 2007-08 Essex produced approximately 732,400 tonnes of municipal solid waste, the majority of which was household waste. On average, each Essex resident produces about half a tonne of waste in a year. 38% of the household waste was recycled or composted in 2007-08. This recycling was undertaken by a combination of householders sorting their waste for recycling collections at the kerbside, taking recyclables to bring banks, or by taking sorted materials to their local Recycling Centre for Household Waste.

### The Need for Change

Essex has improved its recycling rate each year, but we still have a significant amount of waste which ends up in landfill sites, resulting in valuable resources being lost. Sending untreated waste to landfill is not a sustainable way of managing waste. This has been recognised in European and national law which now require local authorities to reduce the amount of biodegradable waste that they dispose of in landfill sites. The County Council has been set challenging landfill diversion targets by Government and all Essex authorities have local recycling targets to meet.

In July 2008, the County Council adopted the Joint Municipal Waste Management Strategy (JMWMS) for Essex. As at the end of December 2008 nine district and borough Councils have adopted the JMWMS. One of the key objectives of the Strategy is to achieve high levels of recycling, with an aspiration to achieve collectively 60% recycling of household waste by 2020. However, high levels of recycling alone are not enough for us to meet these targets.

In order to deliver an innovative and resource efficient waste management system for Essex we need to invest in new technologies which treat the residual waste and which can extract further value and recyclable materials from the waste.

The County Council, jointly with Southend Borough Council, has submitted a Private Finance Initiative (PFI) bid to the Government to seek PFI credits to support the funding of new recycling and waste treatment facilities to help deliver the Strategy. We estimate that an investment of circa £300 million is required in the county.



### Strategy Themes

Essex's proposed Strategy for dealing with municipal waste can be summarised as follows:

- Essex Authorities will work hard to reduce the amount of waste produced and re-use more of the waste that is produced.
- Essex will achieve high levels of recycling, with an aspiration to achieve collectively 60% recycling of household waste by 2020. This could be achieved through a combination of further improvement in the performance of recycling and composting kerbside collection schemes and the Recycling Centres for Household Waste, and the recovery of recyclable materials through new treatment plants.
- Essex favours composting technologies such as anaerobic digestion, for source segregated organic wastes. Anaerobic digestion is a form of bio treatment and produces a gas which can be used to generate 100% renewable electricity.

- Introduce new treatment plants using Mechanical Biological Treatment (MBT). MBT processes any 'black bag' waste and recovers further material for recycling. Part of the remaining material can either be manufactured into a fuel for energy production (e.g. solid recovered fuel) or can be sent to landfill.

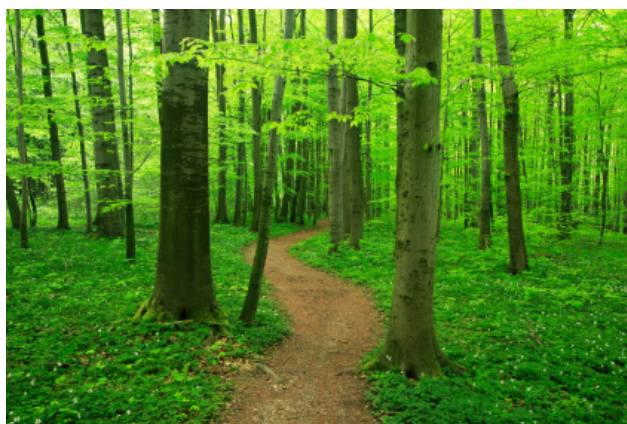
# 5 Natural Resources

## Strategic Direction

The people and communities of Essex have identified the natural environment as one of the most important attractions and benefits of the county, contributing positively to their quality of life. The County Council has placed sustainable resource and environmental management at the heart of its ambition to make Essex the best place to live and work in Britain.

Our approach is to focus continuously on increasing opportunities for people to enjoy access to the countryside and raising awareness of environmental issues while sustaining and protecting and enhancing where necessary the character of our natural environment. As well as conserving and promoting sustainable use of our natural resources, the County Council will reduce its direct impact on the natural environment and work with people and communities to provide advice and infrastructure to reduce carbon-emissions, treat household waste as a resource opportunity and increase the amount of waste that is recycled. We have set an ambitious objective of recycling up to 60% of household waste by 2020.

- Implementing a 'Green Grid Programme', providing a high quality green space network throughout the Thames Gateway. Our vision is to develop a 'green' thread through the urban and rural landscape, connecting places that are attractive to people, wildlife, and business.
- Creating a new forest in Thames Chase. This is a multi-purpose, urban fringe forest, straddling the boundaries of London, Essex and Thurrock. The concept of such 'community forests' is of a large area containing agriculture, leisure enterprises, public spaces, nature conservation zones and landscape features, such as meadows and water bodies, as well as woodlands.



## Available Resources

The County Council manages nine country parks, 49 woodlands and provides an Environment Education Service. As well as providing opportunities for individuals to enjoy the countryside and coastline through:

- Supporting the management of 450 km of estuary and coastline.
- In partnership with Government, developing 'Greenarc' an initiative providing extensive open space and countryside around the north and east of London and in the southern parts of Essex. It aims to deliver green infrastructure links between settlements. It is a vision of pastoral landscape made up of extensive farming with grazing animals and low input agriculture and forestry for the mutual benefit of people, wildlife and sustainable land management.



- Establishing the Essex Environment Initiative to deliver Essex *Works* priorities, with the overarching aim to reconnect people with their local environment, through providing them with following:
  - ♦ Providing a holistic understanding of the state and health of the Essex environment.
  - ♦ Seeking to understand their needs and requirements.
  - ♦ Seek to achieve greater alignment between ourselves and partner environmental policy, operations and outcome delivery.
  - ♦ Seek to explore with our partners ways we can deliver priorities.

We have committed:

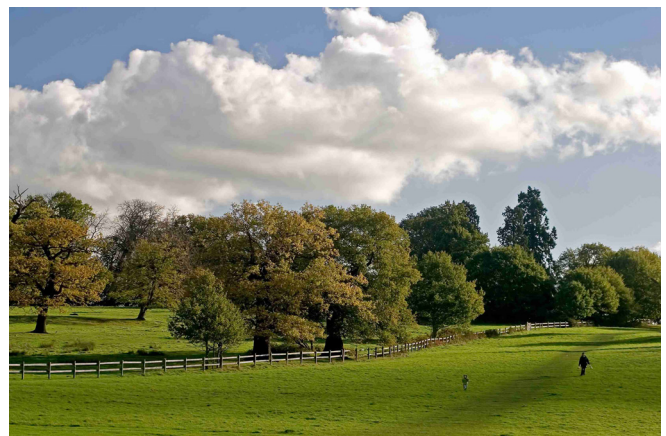
- £18 million to support increased recycling of waste and reducing the amount of waste sent to landfill.
- £2million to deliver actions to reduce carbon emissions from the Council's own operations.
- £1.25 million to plant 250,000 new trees in Essex to enhance biodiversity and the landscape, help control carbon emissions and provide a sustainable biomass energy resource.
- £1 million for investment in facilities at our Country Parks to attract more people to use them for fun, leisure and peace-and-quiet, so providing opportunities for a more healthy lifestyle.
- £0.1 million to establish deliver the Essex Environment Initiative and actions stemming from it, to help establish greater awareness and responsibility for us all to make changes in our behaviours to ensure our lifestyles and activities are within sustainable limits.
- To deliver the Olympic Mountain Biking Event at Hadleigh Castle Country Park.

Work is also underway to deliver new Minerals and Waste Development Documents to ensure such things as sand, gravel and waste are sustainably managed and to ensure we reduce our impact on the natural environment.

## Resource Constraints

Although the County Council maintains and manages open space, country parks and woodlands, we will continue to work with partners to ensure a common approach to access and management for the benefit of all. New partnerships have been established with Braintree District Council and Brentwood Borough Council to lead this joint approach to countryside management.

The County Council has established an exemplar programme for mitigating and adapting to the effects of climate change through its carbon reduction programme. Although the County Council is constrained in terms of resources, it believes that by offering support and advice, individuals, households, schools and businesses will be in a position to make behavioural changes.



## Medium Term Strategy

The Council's medium term priorities for Essex's natural resources are:

- Increase the number of people visiting Essex's Country Parks by 15%.

- Enhance the biodiversity of the County by working with partners to develop a living landscapes vision and to ensure good management of local wildlife sites and providing new habitats as part of new developments.
- Ambitious objective of recycling up to 60% of household waste by 2020.
- Reduce the Council's own carbon-emissions by 10% by using our buildings more efficiently, implementing energy efficiency measures, and lowering the number of business miles travelled by our employees.
- Reduce carbon-emissions produced by Essex communities by influencing the innovative design of new developments and housing through the Essex Design Initiative Exemplar programme and via engagement with district Councils, households, schools and businesses.
- Work with partners to agree a joined-up approach to the management of Essex's natural resources.

# 6 People

## Strategic Direction

The Council's employees are crucial to its success and the delivery of the *EssexWorks* vision.

The vision underpinning the Essex County Council People Strategy is to be the best employer in Essex and be recognised nationally.



We aim to achieve this by:

- attracting and retaining the highest calibre people.
- building a high performance culture.
- enabling leaders and managers to engage and inspire their staff.
- delivering high quality quartile Human Resources services to the Council and its partners.

Key to this is our shared values and behaviours:

- **Passionate** about achieving results.
- **Responsive** to customers' needs.
- **Inspirational** and bold in thinking and solutions.
- **Supportive** of others' input and perspective, working as one.
- **Motivating** others and trusting them to deliver.

## Medium Term Strategy

We are focussing on the following key strategic themes to ensure that the Council is able to maximise the return on its investment in human capital and minimise its financial risk.

### Performance

Ensuring that a reward system is in place that supports organisational change and drives performance, that high performers are rewarded, and that low performance is dealt with.

### Leadership

Ensuring that our leaders develop their skills to the extent that they are recognised as exemplars. Promoting succession planning and leadership which delivers future leaders.

### Capability

Ensuring that we develop our employees' skills so that they are able to perform well in their job roles, for example, through continuous professional development. Cross-functional working is encouraged which will ensure that our employees have high levels of knowledge.



### Engagement

Ensuring that employee engagement improves to the extent that business performance is enhanced. This will result in employees engaging positively in performance management and taking responsibility for their own skills development.

### Resourcing

Ensuring that the Council has the skills it needs by giving employees opportunities to develop their breadth of experience and by developing a strong employer brand that attracts high quality candidates.

### Human Resources Function

Ensuring that the HR function continues to develop a deep understanding of the organisation's people requirements and is able to build and deliver fit for purpose solutions.

### Internal Communications

Effectively delivered internal communications will help drive the organisation's performance, support improved employee engagement, and increase understanding of all aspects of the workings of Essex County Council especially the *EssexWorks* delivery programme. Providing open, timely, involving, appropriate and engaging two-way communications will help to make Essex County Council a place where people are proud to work and ensure all employees celebrate the successes, not just of their own teams, but of the Council overall.

### Equality and Diversity

Our goals with regards to equality and diversity are to have:

- a workforce representative of the diverse local community.
- a workforce equipped to deliver an improved quality of life to our residents – through an understanding of our customers.

- a workforce that celebrate diversity and promotes good working relations.
- an organisation that supports people into work.

Our focus is upon the attraction, recruitment and retention of talented people. The Council will also develop and nurture local talent to build upon achieving sustainable communities.

To achieve our goals, the Council will strengthen its understanding of the local, regional and national talent pool, the changing demography within the county and plan for future labour demands within the Council to develop future workforce goals and targets.

### Resource Constraints

The following factors may have an impact on our ability to deliver our strategy:

- Workforce supply and demand: demographic changes including shifts in age profiles of the working population, shortages of professionally qualified staff e.g. in Social Care, retention, and the development of markets for the external provision of services.
- Requirement to meet externally imposed standards: Independent Safeguarding Authority, National Pay and Workforce Strategy, General Social Care Council (GSCC) Registration of Care Workforce.
- Our capacity to commission or contract the external provision of services.

## Collaborative Approach

A number of initiatives are being planned to improve our working practices and encourage a collaborative approach:

- The Essex transformation agenda will require a cross-economy workforce model. The shape of the current workforce will need to change to support new models of working and delivery, for example, self directed support and personal budgets.
- We aim to deliver greater efficiency in Human Resources administration through the implementation of manager and employee self service.
- The potential of the Essex Human Resources Strategic Partnership is being developed through knowledge and practice sharing.
- Creation of a county wide 'Essex Apprentice' scheme, making apprentices available to small business otherwise unable to take on young people.

# 7 Property

## Strategic Direction

### Property Strategy

The Council has significant potential to further enhance its delivery of local service objectives through a demanding strategy on its large property portfolio. A substantial proportion of all Council services are delivered through its own properties. Properties which are not owned can cost up to 20% of the cost of service. There is little surplus stock but there is capacity to drive existing utilisation above its 40% use averaged over the working week.

The objective of the Council's Property Strategy is to increase efficiency and utilisation whilst investing in retained property to increase flexibility and fitness for purpose.

Our current aim is to have a smaller portfolio of office and operational premises, aiming for 25% less floor space by 2014 than 2007. This will lead to effective utilisation of resources whilst retaining the ability to suit changing service needs. A smaller portfolio will be achieved through an office rationalisation programme; this will work alongside our plans to increase the number of services being delivered by external providers operating from their own accommodation.

The Council will consider securing key property assets when supply is limited. This will reduce the risk that ownership of the property could give providers an undue influence in the provision, cost, and quality of commissioned services. The Council is affecting strategies to counter the disproportionate cost pressures on property in London and the South East.

The following developments are being pursued which will improve the long-term efficiency of the property portfolio:

- In January 2008 we launched SMARTE EAST, a regional partnership with Hertfordshire and Suffolk County Councils. We have a framework for support consisting of; construction partners, project and technical teams. Projects procured from SMARTE EAST will be delivered through Target Price contracts and aim to achieve a 10% reduction on individual project costs, while improving utilisation and the efficiency of our supplier partners.
- In 2009-10 the facilities management team will be fully centralised for the non schools estate. This will lead to greater economies of scale through improved purchase power and more efficient management arrangements. Significant savings are projected to be secured through this programme.

### Available Resources

The Council property portfolio has an asset value in excess of £2 billion and includes 952 property assets, 1,298 hectares of freehold land and 7,399 kilometres of roads as at 31 March 2008.

We own or use property in nearly all communities with a population greater than 3,000 people. This gives us a significant network and local presence across Essex. Effective management of this portfolio is crucial to enhancing the value of these assets to support future investment.

A capital receipts target was set in 2004 to deliver £200 million for the five year period to March 2010. Given the significant deterioration in market conditions as a result of the economic conditions we have decreased our target (which has been historically as high as £53 million) with anticipated further receipts of £15 million 2009-10 and £15 million in 2010-11.

The decision to hold or sell an asset is reviewed on an individual case basis. Assets will be disposed of at the most appropriate time, and only when it is in the best interests of the Council, and best price is obtained, bearing in mind other factors, such as the environment.

## Resource Requirement

The Council currently spends approximately £100 million per annum on property-related costs. This excludes schools specific income, expenditure and asset charges. Our strategies are designed to extract maximum value from this investment.

The strategy to reduce total floor area by 25% will reduce total premises related costs, although increased utilisation of retained accommodation and increases in energy prices will add some costs back. Increased use of external partners' accommodation will produce some non controllable pressure on our costs as charges for rent and services fluctuate. We will strive to effectively manage any upward cost pressures as our portfolio mix changes.

Based upon current service requirements and changes arising from the 'Improving Our Services programme', there are demands for capital maintenance and works for non-schools property totalling in the region of £15 million.

## Building Schools for the Future and Academies

From 2011 and for the following 15 years, Essex will benefit from large scale investment in its secondary and special schools estate through 'Building Schools for the Future'. Waves 4-6 will bring capital of £350 million for secondary schools in the south of the county. This will create state-of-the art learning environments for Essex children and communities.

We have had approval for the first Wave (4) of BSF from the Treasury and are currently seeking to secure a long term partner to deliver future Waves. Subject to future successful business cases, we will receive over £1 billion to complete the entire secondary school portfolio in Essex between 2023-24. This will be funded through a mixture of PFI, schools own resource and capital grants.



We are also delivering Academies in Witham and Basildon, anticipated to open in 2011 at a cost of over £90 million, funded by grant.

### Transformation of Secondary Schooling in Colchester

Essex County Council has proposed to raise aspiration and achievement standards through the transformation of underperforming secondary schooling in Colchester. This relates to our *EssexWorks* pledge in 2008-09 to introduce radical initiatives to ensure diverse, high quality secondary schools in every area of the County. Increasing educational achievement and skills is both an *EssexWorks* priority and a key strand of improving quality of life in Colchester.

These will set the scene for the development of options in Colchester to address:

- Concerns about standards in some of the schools.
- Addressing falling pupil numbers. In 2008 10,679 pupils were on the secondary school roll with capacity of 11,566, indicating 887 spare places. It is projected that this surplus by 2013 will be 1,105.
- Potential for the development of different types of schooling models such as federative and trust arrangements and academics.

### Primary Capital Programme and Early Years

The Primary Capital Programme pathfinder project will support the refurbishment and redevelopment of the primary schools estate from April 2009. The Council is a pilot in this scheme and there is over £25 million being invested through grant and Council's resource into the programme.

We continue to improve and deliver additional childcare places and early years facilities with £28 million expenditure is planned for childcare and children's centres from now until 2011. Every opportunity will be taken in these programmes to seek wide community use of schools. Links will be established to accommodate the strategies of the Council.

### Other Services

Through our asset management plans and financial planning we have identified a range of investment requirements. The impact of the Improving Our Services programme has resulted in significant strategic changes resulting in certain objectives being difficult to deliver at an affordable cost.

The strategy of seeking property delivery by partners in sectors where property is scarce has a large injection of capital support. The selection process involves meeting statutory requirements, showing project prioritisation and evidencing revenue implications.

Major initiatives that have potentially significant resource requirements include:

- Corporate office strategy.
- Adult Health and Community Wellbeing provider services transformation programme.
- Adult Health and Community Wellbeing accommodation strategy.
- Waste Strategy.
- Supporting the BSF Programme and the management of the associated Local Education Partnership.

### Resource Constraints

The following issues will act as constraints to delivering our property strategy:

- Meet service accommodation growth whilst rationalising and removing inefficiencies within the existing property stock.
- The availability of capital funding for investment in new properties or building works will be limited by our ability to raise capital receipts and our ability to afford the costs of borrowing.
- The availability of revenue funding to finance leasehold arrangements.

- The capacity of the property and construction industries to respond to growth, the 2012 Olympics, Building Schools for the Future and other public sector drivers.
- The ability to attract strategic partners and to retain and enhance professionally qualified staff and skills.

In order to address service re-modelling, the Council is taking the stance that property rationalisation can assist in business re-engineering and service innovation.

Geographical reviews of our property portfolio undertaken in 2007 (the latest iteration of an initiative started 10 year ago), identified the potential for rationalisation and improvement of service property. These projects are now being prioritised to identifying those that deliver the greatest efficiencies at an affordable cost. These will be rolled out to encompass the wider public and third sector asset base to look for greater levels of efficiency in property use and delivery. Our property stock has reduced by 13 offices, currently we are looking to release an additional 23 properties. This potentially could deliver £25 million capital receipts which could support reinvestment in more fit for purpose accommodation.

A number of factors suggest further medium term reduction in the number of assets:

- The requirement to reduce property running costs as part of County Council's on-going efficiency programme.
- Constraints on our ability to invest heavily in new buildings through traditional funding routes (capital receipts and borrowing).
- Central government interest in transfer of assets to the third sector.
- Continued outsourcing of service provision.

- Increased partnership working across Essex public services, whereby shared services initiatives and joint working arrangements should support greater office and customer access co-locations and collaborations.
- Increased partnership working and efficiencies through the flexible office work-style and the workplace transformation programme. These programmes are geared to combine and reduce the office portfolio by 2014. The aim is to transform to a more fit for purpose portfolio, supporting our partnerships and emerging work-styles. These are likely to be in a restricted number of key locations in Essex.
- Achievement of CO<sub>2</sub> emissions targets.
- Reduce the Council's own carbon emissions by 10% by using our buildings more efficiently, implementing energy efficient measures.
- Reduce carbon-emissions produced by Essex communities by influencing the innovative design of new developments through Essex Design Exemplar programme.

As a result of the increasing challenges facing the property portfolio, investigations have been made into innovative commercial and public sector options. These options would assist in improving performance and management of the property stock including seeking opportunities to leverage the underlying £2 billion value of the portfolio.

The Strategic Property Strategy and working with the Essex Transformation partner offer the Council innovative options to deliver excellent services at a maximum value.



# A1 Economic Outlook

## Economic Outlook

### The Global Economy

2008-09 has been a difficult year, as economies around the world undergo a sharp slowdown as a result of reduced levels of bank lending, falling house prices, sluggish income growth, high inflation and rising unemployment. Government measures have so far avoided a full-scale meltdown of the global banking and financial system. However, a significant contraction in economic activity is expected over the next few years.

### The UK Economy

After a period of consistent economic growth between 1992 and 2008 the UK economy has entered a recession, according to the latest Gross Domestic Product (GDP) figures [chart 1], confirming that a deep and prolonged slowdown is underway similar to that seen in the early 1990s. GDP is expected to fall between 2.5% and 3% in 2009 and by another 1% in 2010. The UK is expected to be in recession for about eight quarters from mid-2008 to mid-2010.

### Unemployment

Unemployment has started to accelerate upwards [chart 2] and is likely to rise by almost 1.7 million (a 1 million increase was seen in the early 1990's and 1.9 million in the early 1980's) compounding the downward pressure on house prices and consumer spending. Unemployment is expected to rise to a peak of 3.5 million by mid 2011. An increase in life expectancy and less generous pensions are likely to increase the share of older people looking for work.

### Household Savings and Spending

The household saving ratio at the start of 2008 was negative, indicating that for the first time since the early 1960s households spent more than earned. Saving rates have been falling more quickly than borrowing rates, as banks have sought to rebuild their margins. In 2009, consumer spending is expected to fall by 3.5% in real terms and real household income by 0.5%.

Chart 1: UK Real GDP Growth (%)

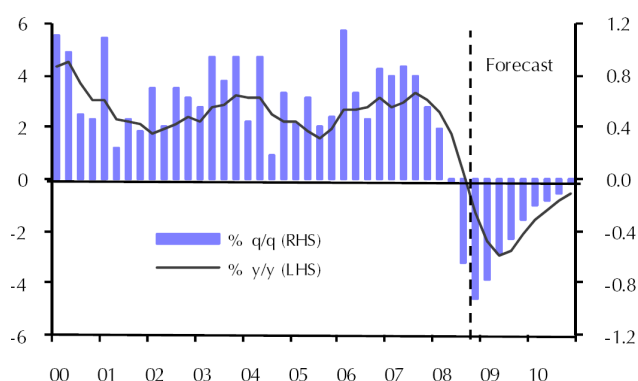
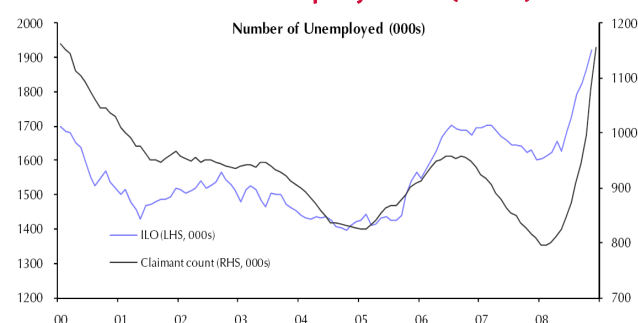
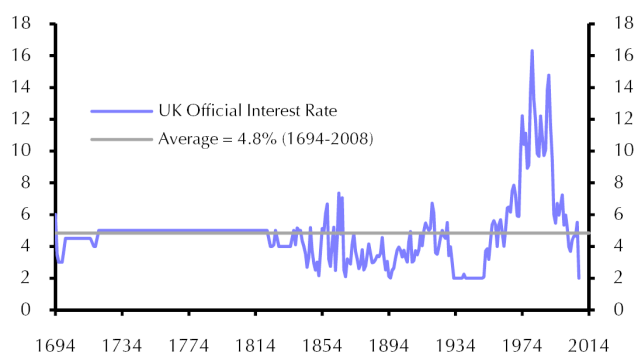
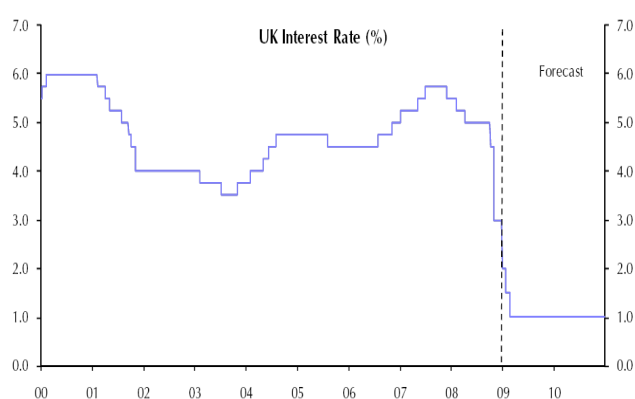
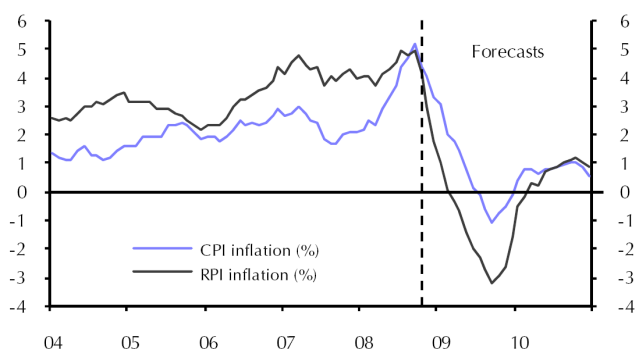


Chart 2: Unemployment (000s)



Source: Capital Economics—Qtr Review 1/09



**Chart 3: Official Interest Rates (%)****Chart 4: UK Interest Rates (%)****Chart 5: CPI & RPI Inflation (%y/y)**

Source: Capital Economics—Qtr Review 1/09

### Interest Rates

The Bank of England, in reaction to the deepening financial crisis and easing inflation, has reacted by slashing interest rates.

In October 2008 the Bank of England cut rates from 5% to 4.5% as part of a coordinated reduction with a number of central banks. It then reduced rates further in November 2008 to 3% and again to 2% in December 2008 [chart 4]. January 2009 saw rates fall to 1.5%, an all time historic low. Forecasts suggest that the Bank is likely to cut rates further still over the coming months, 1% or lower is now a possibility in 2009. Lower interest rates will reduce both borrowing costs and investment returns. These aggressive cuts underline the seriousness of the situation. We wait to see if they have successfully unfrozen the interbank markets and impact economic activity.

### Inflation

The latest Consumer Price Inflation (CPI) and Retail Price Index including/excluding mortgage interest payments (RPI/RPIX) forecasts produced are as follows:

**Table 1: Inflation**

Inflation	Dec-08	Dec-09	Dec-10
All CPI	3.4	0.0	0.6
CPI Core	1.7	1.0	0.6
RPI	1.8	(1.6)	0.8
RPIX	3.2	(0.4)	0.6

CPI Core excludes energy, food, alcohol and tobacco

Source: Capital Economics—Qtr Review 1/09

Prices have risen faster than assumed when the Government set the level of Council grant for 2008-09 and as a result the majority of Councils have received a real-term cut in grant funding although this improves in 2009-10. CPI peaked at 5.2% in September 2008, its highest level since March 1992 versus the Bank of England's 2% target. Inflation is projected as slowing sharply in the near term, as energy and food prices fall back.

It is difficult to assess the overall impact of inflation to the Council as a full basket of goods is not purchased and no standard measure exists. The ongoing review of contracts will assist the council to measure this impact.

The prospects for economic growth and inflation are judged to be unusually uncertain, reflecting the exceptional economic and financial circumstances. The biggest risks to inflation stem from the uncertain depth and persistence of the slowdown in demand which are forecasted to trigger inflation falls below 2%. Several economists believe the latest data suggests deflation may be on the horizon for 2009. Deflation will be triggered by falling prices and consumer demand, in turn this will result in a reduction in the supply of money.

### House Prices

In 2008 prices fell by 16.2%, the biggest annual decline since Halifax Building Society began keeping records in 1983. Prices are now nearly 20% lower than at their peak in 2007. House prices are falling at almost double the pace of the decline recorded at the height of the early 1990's crash. It is expected that prices will fall by a total of 35% from their peak. Also, the volume of activity in the housing market is currently very low. This has led to a reduction in income from Section 106 agreements and from planning applications. Lower land and building prices may provide an opportunity to purchase previously unaffordable assets.

### How did the economic downturn start?

The root cause stretches back to sustained period of ultra-low global interest rates in the early 2000's and the excessive embracing of risk. The financial community through innovation of complicated instruments thought they had reduced risk. Coupled with the absence of robust Financial Services Authority supervision the banks continued to excessively increase their balance sheet gearing levels. This created large bubbles in the housing, credit and commodity markets. When these eventually burst, it became clear that these instruments had worsened the problem by spreading the risk around and masking it. Fearing exposure to each others' losses, major banks started sitting on cash and reduced lending to each other.

This resulted in the collapse of the wholesale banking market. During this period (August 2007), UK lending between banks fell by 70% and interbank (LIBOR) interest rates rose sharply. Institutions that relied heavily on finance from other banks could no longer fund their operations and were in danger of failing.

### Government Intervention

As the scale of the crisis became apparent, the British government led the way with massive support in the form of taxpayer's money to bail banks out and to guarantee all banking deposits. It is hoped that the Governments recapitalisation policy will help restore banking institutions capital ratios, which have been eroded by write-downs.

**Table 2: Size of recent/possible measures**

Measure	Approx. £bn
Injection of capital into major banks	50
Nationalisation of Bradford & Bingley	30
Guarantee of banks' debt issuance	250
Nationalisation of major banks	2,000
BoE Special Liquidity Scheme	200
Retail deposit guarantees	1,500

*Source: Capital Economics—Qtr Review 1/09*

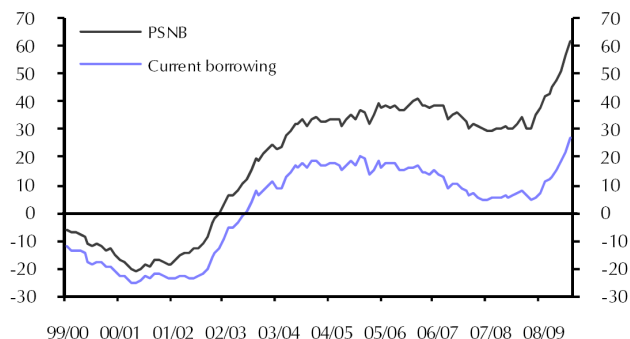
### Government Finances

The economic downturn is set to push public borrowing to alarmingly high levels over the next few years. Public Sector Net Borrowing (PSNB) totalled almost £30 billion in the first five months of 2008, some 70% higher than the same period in 2007 [chart 6]. The deterioration is partly due to weakening economic activity (a slowdown in tax receipts and increased levels of government spending) and the bank bailout. Public Sector Net Borrowing is likely to rise significantly to at least £60 billion in the current financial year and to peak around £120 billion [chart 8].

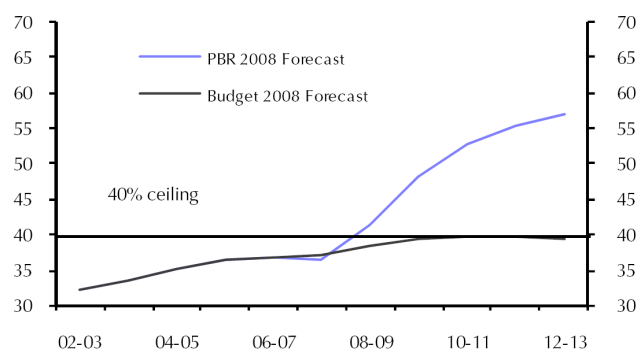
The government is unlikely to respond to the worsening fiscal outlook by raising taxes or cutting expenditure while the economy remains so weak. But once the economy starts to recover, it is likely it will raise taxes and/or cut spending.

Government revenues are expected to rise between 2010-11 and 2013-14 as the economy grows at a brisk pace and tax receipts increase even faster.

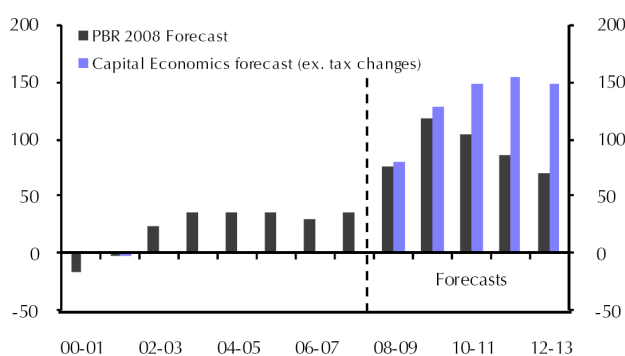
**Chart 6: Public Borrowing (£bn, Cumulative)**



**Chart 7: Public Debt (% GDP)**



**Chart 8: Public Sector Net Borrowing (£bn)**



Source: Capital Economics—Qtr Review 1/09

## Recovery

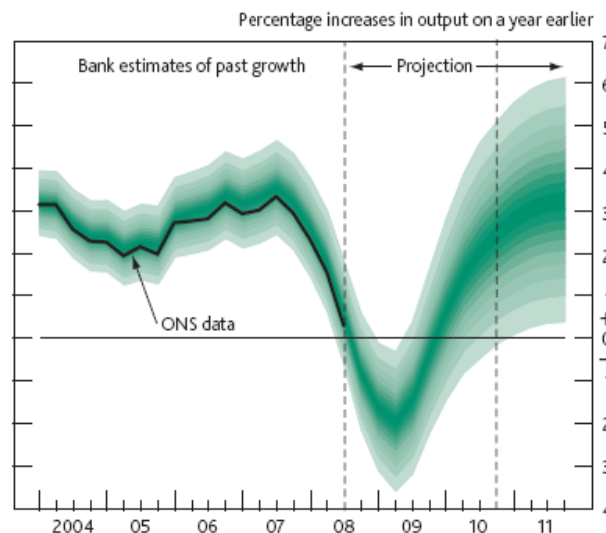
The recovery is unlikely to come quickly as history has shown that fallout from previous financial crises has often lasted for a number of years. Increased bank regulation and greater need for fiscal consolidation is likely to make a strong recovery bounce unlikely.

On the upside, commodity prices have fallen sharply allowing household real incomes to start growing. Low interest rates will bolster demand as the world economy recovers, the fall in the pound will increase competitiveness and is likely to boost net exports. This is unlikely in the short-term due to deterioration in global economic prospects.

## Economic Uncertainty

The fan chart shows the probability of various outcomes for GDP. To the left of the first vertical dashed line, the distribution reflects the likelihood of revisions to the data over the past; to the right it reflects future uncertainty. If economic circumstances identical to today's were to prevail, then these would lie within the darkest central band. The bands widen as the time horizon is extended, indicating increasing uncertainty about outcomes. The second dashed line is drawn at the two year point of the projection.

**Chart 10: GDP Projections based on market interest rate expectations**



Source: Bank of England Inflation Report 11/2008

## Economic Summary

The UK economy has received a powerful stimulus in the form of steep interest rate cuts, a sharp fall in the exchange rate and a fiscal boost.

If consumer spending were to remain very weak, and for a prolonged period and banks fail to lend constraining activity, the recession could last longer.

### **How does this impact Essex Residents and Business**

Essex is home to over 1.7 million people and 750,000 jobs (including Unitary Authorities). In the last decade, both population (+139k) and the number of jobs located in Essex (+93k) have grown. The likely impact is rising unemployment, weakening housing market, continuing uncertainty around the availability of credit, reduction in disposable income and limited business growth. The impact to Essex is shown in the following tables and charts.

**Table 3: Summary – Impact on Essex County Council**

<b>Summary - Impact on Essex County Council</b>	
<b>Upside</b>	<b>Downside</b>
Government fiscal policies have been increased and brought forward to stimulate demand	Fiscal/investment policies will take time
The settlement for 2009-10 will be worth more in real terms due to better than assumed inflation forecasts than those used in the Comprehensive Spending Review 2007 (CSR07)	The 2008-09 central government grant in real-terms was a cut for the larger number of council's as the CSR07 assumptions were to optimistic
Borrowing costs will be reduced in the short to medium term	Investment returns will be reduced
Lower land and building prices with falling interest rates may provide an opportunity to purchase previously unaffordable assets	Reduced capital receipts, S106 and planning income
Reserves have been rising in recent years	Reserves used to fund service demand increases
Items of expenditure that have experienced highest level of inflation account for a very small proportion of total expenditure	Limited scope to increase total income through council tax increases, as it only makes up 26% of income, increases capped at 5% and below inflation pledge
Around half of the council spending is staff related; the April 2008 pay award of 2.45% was below general inflation	Family breakdowns are likely to increase, leading to more children being looked after
The use of statutory well-being powers is being encouraged. These powers allow authorities to do anything they consider likely to promote the economic, social and environmental well-being of their area	The number of older people likely to need council-funded care is likely to increase
The council as a large local employer and purchaser of goods and services play an important role promoting economic development and regeneration	Increased demand for state school places for children that were previously educated privately
The council will play a lead role in promoting economic development through local strategic partnerships	Unemployment will increase demand for benefits, financial and other advice
Recruitment and retention of staff with skills in short supply may be easier	Reduced council tax collection rates and slower taxbase growth
The lower pound will improve competitiveness of exporters and aid tourism	Increased drug and alcohol abuse
2012 Games	Supplier risk, as a large proportion of spend is purchased under contract. Risk that suppliers, contractors or partners get into financial difficulty

**Table 4: Summary – Impact on Essex residents and Business**

<b>Summary - Impact on Essex Residents and Business</b>
<p><b>Residents:</b> Rising unemployment and consumer prices, weakening housing market and tighter credit conditions are likely to reduce household disposable income. Some households will find it difficult to make mortgage and council tax payments. Increased number of people eligible for social services including an increased number of children looked after as more families break down. Councils have experienced higher demand for state schools for children whom previously attended private schools.</p> <p><b>Business:</b> Reductions in demand will prompt business to redeploy capital and labour away from sectors most affected by the downturn. Restrictions in banking and trade are likely to limit growth and new market entrance. A smaller supplier base will concentrate power, limit choice and impact prices.</p>



**Table 5: Essex Strategic Partnership Programmes supporting residents and businesses**


Source: Essex County Council Policy Team

**Table 6: Support Proposals**
**Proposals designed to support Essex families and businesses**

The public sector in Essex has come together in a unique move to announce a series of proposals designed to support Essex families and businesses struggling in the current economic downturn. These include:

1. Establishing the 'Bank of Essex' to support local enterprises and improve access to credit;
2. Developing the capacity of Essex's credit unions;
3. Providing direct financial assistance in the form of a lump sum payment to around 30,000 of the county's most vulnerable households and particularly targeting those over 80 years of age. This would be equivalent to relief of £100 off Council Tax bills and will be made available from early 2009;
4. Creating of a county wide 'Essex Apprentice' scheme, making apprentices available to small businesses otherwise unable to take on young people;
5. Promoting small business rate relief scheme, encouraging the 60% of eligible Essex businesses who do not currently claim to make claims;
6. Improving and simplifying procurement and invoice payment systems to release cash to local business more quickly;
7. Expanding its current investor development programme;
8. Entering into partnership with University of Cambridge's Institute for Manufacturing (IfM);
9. Improving public sector (particularly Essex Council) promotion of support available for Essex businesses;
10. Running a major campaign to encourage take up of benefits.

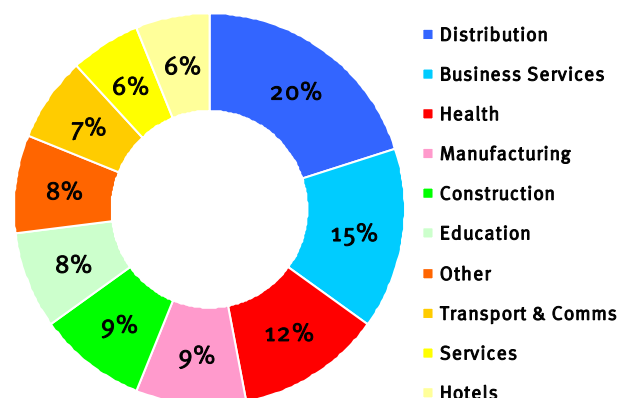
**Table 7: Employment changes by Sector in Essex**

Sector	1998-2008 (000s)	2008-10 (000s)
Agriculture	(3.1)	(0.0)
Extraction	(0.2)	-
Manufacturing	(29.5)	(4.5)
Utilities	(2.1)	-
Construction	19.6	(5.5)
Distribution	15.7	(5.5)
Hotels	8.3	(0.9)
Transport & Comms	7.0	0.8
Financial Services	(8.5)	(1.7)
Business Services	31.9	(7.5)
Public Admin & Defence	(4.7)	0.4
Education	20.3	0.6
Health	30.3	2.1
Other Personal Services	7.8	0.6
<b>Total</b>	<b>92.8</b>	<b>(21.1)</b>

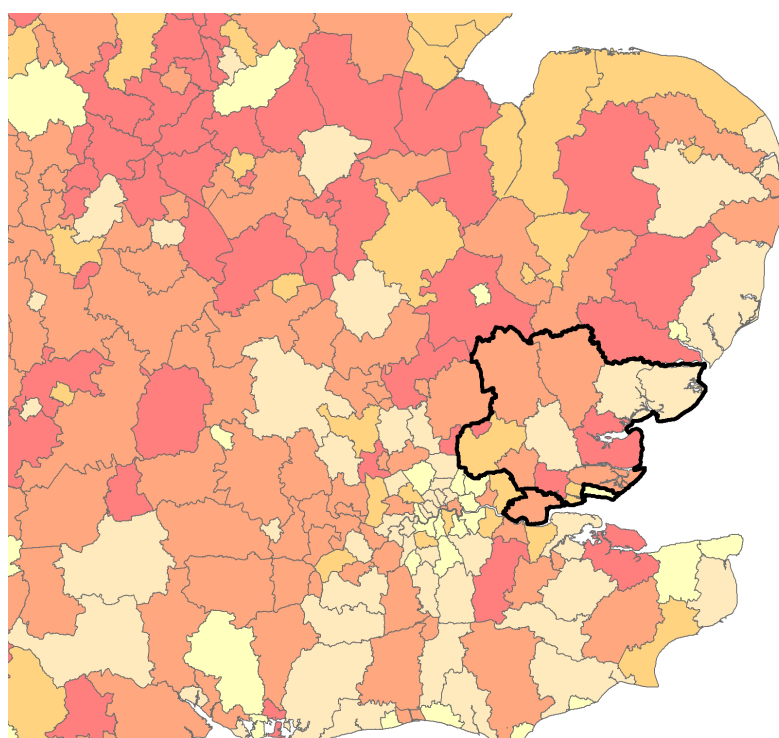
Source: Oxford Economics - 26/11/08

The data in Table 7 suggests that certain sectors of the economy will be more adversely affected by the current adverse economic climate than others.

Those parts of Essex where these sectors – construction, retail and distribution, financial/business services, and manufacturing – constitute a greater proportion of the local economy will likely be more heavily affected by the recession.

**Chart 9: Essex Sectoral Breakdown**

Source: Oxford Economics - 26/11/08

**Table 8: Depth of Local Recession****Legend****Index of vulnerability  
(GB = 100)**

- 22 - 80 (Least vulnerable)
- 81 - 95
- 96 - 105 (GB average)
- 106 - 120
- 121 - 173 (Most vulnerable)

All areas can expect job losses. Index scores reflect the severity of the local impact relative to the GB average.

Local scores are based on local employment profiles.

Mapping: Crown Copyright, all rights reserved,  
OS licence 100019602  
Essex County Council, PIU  
November, 2008

Source: Essex County Council Policy Team Recession Map

# A2 Financial Outlook

## Introduction

The Medium Term Resource Strategy describes the Essex County Council long term strategic outlook, including how we will manage our resources and align them to our priorities efficiently over the next 30 years. It sets out our underlying planning assumptions for income and expenditure incorporating internal and external impacts and assessments of the key drivers affecting our cost base and financial resources.

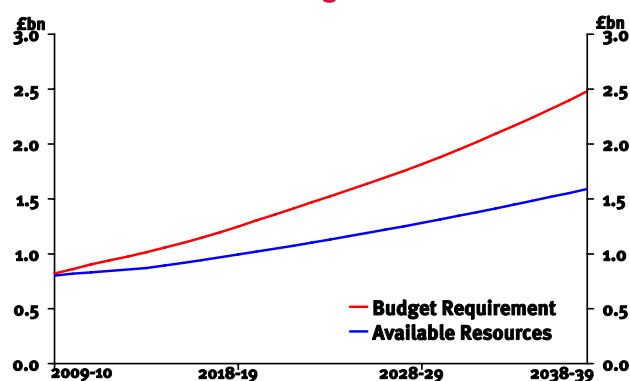
Essex County Council is committed to putting our customers first by delivering a high standard of services and embracing our role as a community leader. This year has proved challenging as we have extended our commitments through the Private Finance Initiative (PFI) which reflect the long term structural commitments in some of our services such as schools, waste management and social care provision for the vulnerable .

## Summary of Financial Outlook

Although modelling a 30 year time frame is inherently problematic in that it simply cannot predict societal, governmental and service changes, it is nonetheless clear that the entire local government sector faces serious financial challenges without significant structural financial reform over the next thirty years.

Chart 1 shows the Council's costs are increasing at a faster rate than income (based on current service delivery models) resulting in a potential budget deficit of some £0.9 billion by 2038-39 (broadly equivalent to some £390 million at 2009 prices using the GDP deflator).

Chart 1: Budget Shortfall



Source: MTRS Model 2009-10

The deficit as a proportion of gross expenditure amounts to 9% by the end of the 30 year planning period.

## Resources

### Summary

The total income available to support the Council's revenue expenditure is forecast to rise from £2.2 billion in 2009-10 to £4.4 billion in 2038-39.

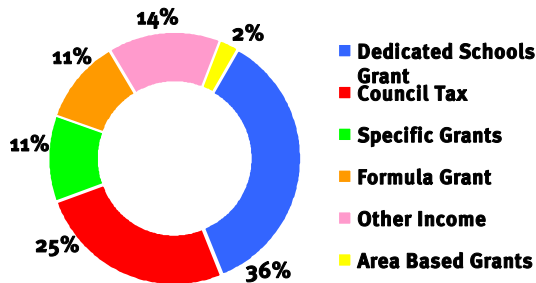
Table 1: Council Income

Gross Income	2009-10 £mil
Council Tax	564
Formula Grant	239
Dedicated Schools Grant	786
Specific Grants	252
Area Based Grants	54
Performance Reward Grant	4
Other Income	275
<b>Total</b>	<b>2,174</b>

Source: MTRS Model 2009-10

The relative proportion of each of the major sources of funding in 2009-10 is set out in Chart 2.

**Chart 2: Council Income 2009/10**



Source: MTRS Model 2009-10

Assuming no significant reform of the local government finance system, council tax will continue to fund an ever greater proportion of our spending (26% of funding) whilst specific government grants and general formula grant are expecting to reduce as an overall share of our funding.

### Council Tax



Council tax is levied by local authorities on domestic properties based on the estimated value of the property as at 1 April 1991 and the number of people living in the property. It is the main source of local determined income for local authorities.

The Government has stated that it expects to see average council tax increases of less than 5%. It has also stated that it will take capping action against “excessive” increases. In particular, capping is used to assist people on fixed incomes, especially the increasing number of state pensioners with pensions linked to the Retail Price Index.

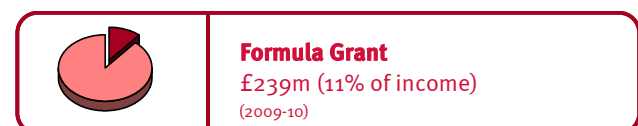
In line with projected increases in the county’s population, the council tax taxbase is forecast to rise by, on average, 1.0% per year. For the purposes of our medium to long term financial modelling, it has been assumed that:

- Council tax rises will progressively reduce from current levels to be in line with inflationary increases over the medium term.
- Council tax taxbase will increase within a range of 0.5% to 1.1% per year in line with anticipated population increases.
- Collection Fund Surplus has been reduced to £2.9 million in the short-term then as a percentage of council tax thereafter. Collection rates for Council Tax and Non-Domestic Rates are expected to fall in the short term.

Historically council tax increases have significantly exceeded the rate of inflation, this is due to the pressures the Council faces which are not reflected in the inflation index. In 2009-10 we have pledged to keep council tax rises below the rate of inflation.

Following consultation earlier this year, the Government have announced that they will require council tax bills to set out standard efficiency figures for individual Authorities.

### Formula Grant



Formula grant is the main grant paid by central government towards the cost of local authority services excluding schools. It comprises revenue support grant and redistributed non-domestic rates.

Essex receives a formula grant allocation through the four block funding mechanism (see glossary).

The Provisional Finance Settlement for 2009-10 is the second year of the three year local government finance settlement. Table 2 shows the Formula Grant for 2009-10 is £238.9 million, a 2.8% increase on 2008-09. We will now be funded above the 'funding floor' and will make a £6.4 million contribution to authorities funded below the floor.

**Table 2: Formula Grant Allocations**

Formula Grant	2008-09	2009-10	2010-11
Total formula grant (£m)	233	239	247
Contribution from / (to) floor (included in figure above) (£m)	1	(6)	(11)
Formula grant before floor adjustment (£m)	232	245	258
Percentage increase in total formula grant	2.00%	2.80%	3.30%

The Government has announced that they will be undertaking a further review of some elements of the formula grant calculation for the 2011-12 settlement. Most significantly, a full review of the current Area Cost Adjustment (ACA) is to be undertaken. The ACA attracts additional funding primarily to reflect higher pay costs in some areas. The outcome of this review has the potential to significantly impact the assumed formula grant amounts from 2011-12.

Essex County Council has significant concerns about the adequacy of the four block model, particularly with regard to the amount of judgement exercised by Ministers which leads to a lack of transparency in funding decisions, and has made representations to the Government on the issue.

For the purposes of our medium term planning, it has been assumed that the formula grant will be increased by 2.75% per year for inflation from 2011-12 onwards.

## Dedicated Schools Grant



**Dedicated Schools Grant**  
£786m (36.2% of income)  
(2009-10)

The Dedicated Schools Grant (DSG) is a ring-fenced grant with a requirement to use the grant in support of the Schools Budget. Local authorities retain responsibility for distributing this funding to schools according to local needs and priorities.

Indicative DSG allocations for 2009-10 and 2010-11 have been issued using the Department for Children, Schools and Families' latest estimates of pupil numbers. Every authority will receive a minimum per pupil increase plus a number of top-ups to reflect issues such as personalised learning and deprivation.

**Table 3: DSG Increases per pupil**

Dedicated Schools Grant	2008-09	2009-10	2010-11
Percentage increase in DSG per pupil	2.00%	3.60%	4.20%

Ministers have recognised that a continuation of the current "spend plus" methodology in the longer term would make it increasingly difficult to explain the differences in Dedicated Schools Grant between authorities on an objective basis. They have therefore decided that there will be a fundamental formula review, commencing in January 2008 which will be completed by 2010. Decisions made as a result of the review will determine the next multi-year DSG settlement (2011-12 to 2013-14).

For the purposes of our medium term planning, it has been assumed that the DSG will be increased by 2.75% per pupil for inflation from 2011-12 onwards.



## Specific Grants (Excluding DSG)



**Specific Grants**  
£252m (11.6% of income)  
(2009-10)

Specific grants are paid by various Government departments in addition to the main formula grant to authorities for specific purposes. Usually, they can only be used for a particular purpose and include ring-fenced grants and specific formula grants although four star authorities have flexibility in the application of these grants.

Indicative three-year specific grant allocations have been published by the Government for the 2008-09 to 2010-11 spending review period. There are no indications of the level of government grants for 2011-12 onwards; this is a key risk for the Council as the Government has considerable scope to change or redistribute grant allocations without the 'safety net' provided by the formula grant funding floor.

For the purposes of our medium term planning, it has been assumed that the specific grants will be increased by 2.75% per annum for inflation from 2011-12 onwards.

## Area Based Grants



**Area Based Grants**  
£54m (2.5% of income)  
(2009-10)

The Area Based Grant (ABG) is a general grant allocated directly to local authorities as additional revenue funding to areas. It is allocated according to specific policy criteria rather than general formulae. Local authorities are free to use all of this non-ring fenced funding as they see fit to support the delivery of local, regional and national priorities in their areas.

Government has significantly increased local authorities' flexibility over the use of their mainstream resources by moving specific grants into the new non-ring fenced ABG. This will minimise the barriers to local authorities using their mainstream resources to support local priorities where they wish to do so.

## Other Income



**Other Income**  
£275m (12.7% of income)  
(2009-10)

Other income refers to charges made by the Council for the services it provides. It is a very significant source of funding to the Council and is the one over which it has the most freedom to make changes (although there are legislative restrictions on some elements of this such as social care fees and charges).

For the purposes of medium term planning it is expected that income from fees and charges will rise in line with retail prices.

## Spending Pressures

### Summary

Table 4 shows the Council's gross revenue expenditure forecast at £2.2 billion in 2009-10, rising to £4.4 billion in 2038-39.

**Table 4 – Gross Revenue Expenditure**

Gross Revenue Expenditure	2009-10 £mil
Schools, Children and Families	1,293
Adults, Health and Community Wellbeing	563
Highways & Transportation	142
Environment and Waste	82
Other	93
<b>Total</b>	<b>2,174</b>

Source: MTRS Model 2009-10

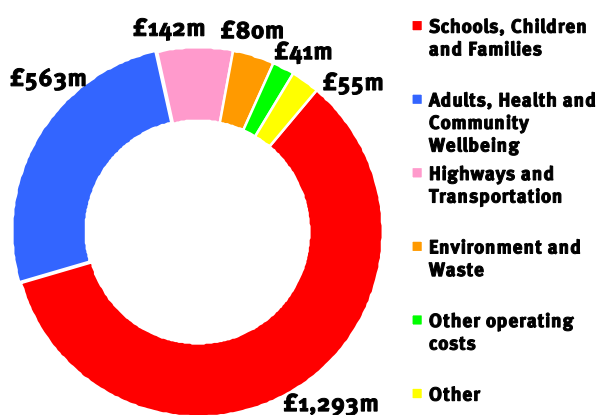
In relative terms the proportion of expenditure on adult social care could double over the next thirty years whilst spending on schools, children and families would fall. Spending on waste disposal also rises significantly as a proportion of gross expenditure.

The Council faces significant pressures arising from:

- Demographic pressures, especially an aging population and an increase in the number of people with learning disabilities.
- Pay and price increases
  - Pay
  - Pension
  - National Insurance (£1.4 million)
- Waste disposal, rising landfill tax and costs associated with diverting waste from landfill.
- Implementing various Private Finance Initiative (PFI) including Building Schools for the Future (BSF) and Waste Management Strategy.

The relative proportion of each of the major application of funds in 2009-10 is set out in Chart 3.

**Chart 3: 2009/10 Directive Expenditure**



Source: MTRS Model 2009-10

## Population

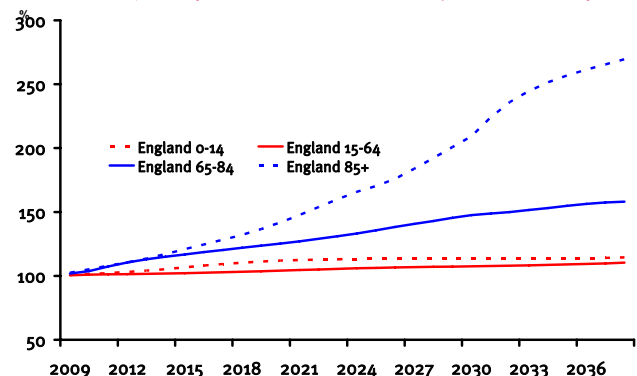
The 2006 long-term sub-national population projections were published on 12 June 2008. They project forward mid-2006 population estimates to give an indication of future trends in population by age and sex down to local authority level for the next 25 years from 2006 to 2031.

Being trend based projections, assumptions for future levels of births, deaths and migration are based on observed levels; mainly over the previous five years (2002 to 2006). They show what the population will be if recent trends continue.

The projections are produced on a consistent basis across all local authorities in England. They do not take into account any future policy changes or local development policies that have not yet occurred.

If past trends continue, there will be a net increase in population due to natural increase (more births than deaths) and a net inward flow of migrants.

**Chart 4: Population Indices by Age Group**



Source: Office of National Statistics Subnational population projections

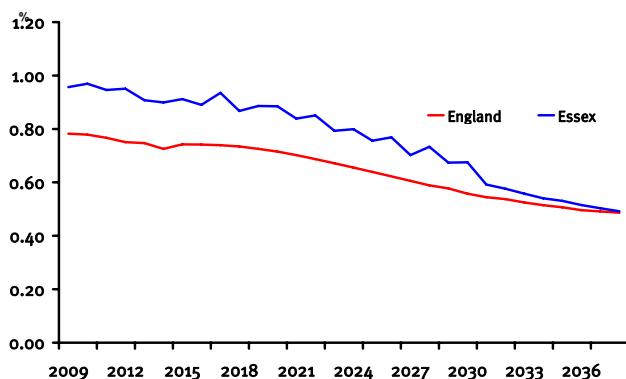
Declining fertility rates (reduce from 1.93 in 2009-10 to 1.85 in 2020-21) and improvements in life expectancy over past decades have led to a general ageing of the population, this effect is more marked in Essex than in England as a whole.

Essex has a population of around 1.66 million with the proportion of people aged over 65 higher than the national average (17.7% in Essex compared to 16.2% nationally) and is forecast to rise to 25.3% (compared to 23.2% nationally) by 2038. The number of people in Essex aged over 85 is 2.5%, this is expected to more than double over the next 30 years.

Life expectancy in Essex varies across the county with expectancy in Tendring 70.1 years compared to Uttlesford 88.7 years. This 18.6 years difference is linked to variations in people's social and demographic circumstances such as their educational attainment, occupation, income, gender and where they live.

Not only is the Essex population ageing more rapidly than the national average, but the total population is rising at a faster rate. Chart 5 shows that the rate of population growth in Essex is forecast to exceed the English average with an average annual rate of growth of 0.77% (compared to a national average of 0.65%).

**Chart 5: Rate of Population Growth**



Source: Office of National Statistics Subnational population projections

The ageing and growing population has significant implications for the Council in terms of:

- Pressures of adult social care budgets
- Increasing waste volumes
- Increases in pension costs

### **Pay, Pensions and National insurance**

It is the Government's expectation that public sector pay increases will be confined to 2.0% per annum over the course of the next spending review period (2009-10 to 2010-11).

The increasing life expectancy referred to in earlier paragraphs will, however, create a cost pressure on the pension fund over and above pay increases.

From April 2011, the rates of National Insurance contributions for both employees and employers will be increased by 0.5%, £1.4 million.

### **Schools, Children and Families**



**Schools, Children and Families**  
£1293m (58.3% of expenditure)  
(2009-10)

The Schools, Children and Families Directorate provides educational support to over 300,000 children and young people. Essex schools perform on average equally as well as schools across England. The national average for five or more A\*-C GCSEs in England is 59.2% compared to 59% for Essex. There is wide variation in Essex: in Rochford 80% of pupils gained five or more A\*-C grades at GCSE compared to 40% achieved in Maldon. Across Essex as a whole, 2.4% of pupils left school without a GCSE, slightly more than the England average of 2.2%.

The largest element of this area of spend is the Schools Budget. Whilst there will be a number of cost pressures within the Schools budget including demographic changes and rising costs of support for children with special educational needs, it is assumed that these costs will all be contained within the ring-fenced DSG.

The cost of providing social care for children is expected to rise every year above retail prices. Spending is in the upper quartile but has shown fairly steady state since 2006-07 when comparator authorities have continued to increase but at a slower rate than previous years. It is anticipated that the overall numbers of children looked after (although above average) will remain constant which is consistent with the population projections for this age group.

Currently it is estimated Essex has around 1,700 children and young persons looked after by the local authority. The life chances of looked after children depend to a great extent on personal achievement. In 2005, 3% of young people looked after by Essex County entered higher education compared to 45% of all students; and in 2006, 11.9% obtained five or more A\*-C grades at GCSE compared to 59% of all students. It is both a local and government priority to reduce the numbers of looked after children, particularly those in residential or other expensive placements, such as external fostering.

### **Building Schools for the Future**

From 2009 and for the next 15 years Essex will benefit from large scale investment in its secondary and special schools estate through 'Building Schools for the Future'. Waves 4-6 will bring capital of £360 million for secondary schools in the south of the country, creating state of the art learning environments for Essex children and communities. If our application is successful we may receive £1.2 billion to complete the entire secondary school portfolio in Essex between 2008-09 and 2023-24 to be split equally between PFI and capital grants.

### **Primary Capital Programme**

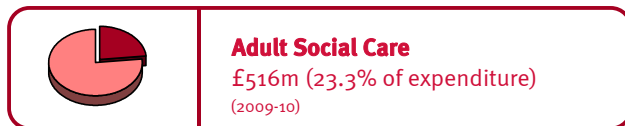
The Primary Capital Programme pathfinder project is a similar scheme to rebuild, remodel or refurbish 8,000 of England's 18,000 primary and primary specialist schools over a 15 year period beginning in April 2009. The Council is a pilot in this scheme. Every opportunity will be taken in these programmes to seek wide community use of schools and link to the other accommodation strategies of the Council.

### **The Education and Skill Bill – Children**

The Department for Education and Skills has raised the school leaving age in England from 16 to 18. This will mean all young people will be expected to continue learning until they are at least 18 from 2015. This landmark piece of legislation will increase participation in learning for young people and adults, helping to meet the Government's ambition of achieving world-class skills in the UK by 2020. The change will affect around 330,000 teenagers in England. The proposals would seek to tackle the problem of young people leaving education without qualifications or workplace skills.

Under the plans, 16 and 17 year olds would have three options, ranging from the entirely academic to work-based training. They could also stay on at school, studying either A levels, new-style diplomas or the International Baccalaureat. They could go to a further education college to study a full-time vocational course. Or they could enter employment but with a guaranteed minimum level of training, such as an apprenticeship.

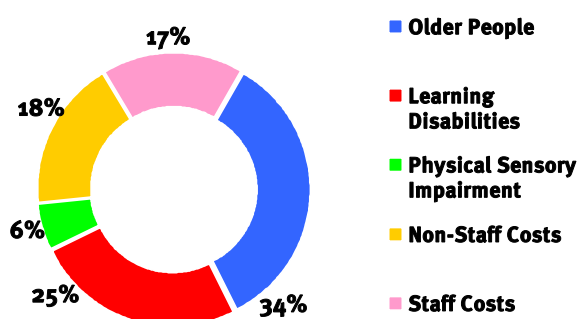
## Adult Social Care



Over the past 15 years local authorities have scaled back in-house provision in favour of independent providers and there has been an emphasis on prevention and rehabilitation, which aims to reduce demand for high intensity services. This aligns with the challenging National agenda, Putting People First, to make Personalisation, including early intervention and prevention the cornerstone of public services. This will enable the Council to respond to the demographic challenges presented by an ageing society and the rising expectations of those who depend on social care for their quality of life and capacity to have full and purposeful lives.

People needing social care services include older people, people with learning disabilities, those with a physical or sensory impairment or mental health needs (chart 6), and informal or unpaid Carers. Adult Social Care focus is to help such people maintain or regain their independence regardless of age, disability or personal circumstances.

**Chart 6: Adult Social Care by Client Group**



Source: MTRS Model 2009-10

## Personalisation

Personalisation is being delivered through the introduction of Personal Budgets (phase 1) for all new service users from October 2008. As at December 2008 we had 246 people in receipt of personal budgets. This places Essex at the forefront of the 'putting people first' agenda, whereby every person across the spectrum of need will have choice and control over the shape of their support. Within three years, we expect the majority of all those in Essex receiving ongoing social care support to have their own personal budget, providing people with real choice and control about how best to meet their own social care needs and the outcomes that they want to achieve.

## Reablement

Our reablement service started operating from April 2008. Reablement gives the client the opportunity to regain their independence by re-learning daily living skills or by gaining new ones. In parallel with the introduction of self-directed support and personal budgets, we are pursuing an integrated approach to Reablement and rehabilitation, by close partnerships with the Primary Care Trusts and other Providers. The Reablement Service has been operating since April 1st 2008, and has already evidenced significant outcomes with some 42% of service users requiring no ongoing care.

## EssexCares

The EssexCares Local Authority Trading Company (LATC) is being initiated for the remaining in-house services. The company will be a group holding company with Essex Employment and Inclusion, Essex Equipment Service and Essex Community Support as operating companies. The creation of an LATC will: ensure maintenance of choice and competition in the market, further develop joint working with NHS partners, provide the opportunity to exploit new trading powers, develop commercial disciplines, mitigate potential risks and liabilities of development of social care market in Essex, allow Adult Social Care to become a fully Commissioning based organisation.



### PFI - Community Well Being Centres (CWCs) & Housing

Community Well Being Centres (CWCs) are an integral part of the development of the personalisation agenda and aim to shift the balance in social care toward prevention and inclusion. The Community Wellbeing Strategy sets out plans to develop 5 CWC's across the County. An expression of interest has been submitted and accepted and Essex County Council is now working on the submission of a full Outline Business Case which will be submitted later in 2009.

The PFI Housing project proposal has entered an expression of interest in bidding for Housing PFI in response to the Department for Communities & Local Government. The proposal aims to secure in excess of £100 million in PFI credits to support the Housing strategy in partnership with District & Borough Councils across Essex. If successful the scheme will create 456 units of individual flats and dwellings, 360 of them for older people.

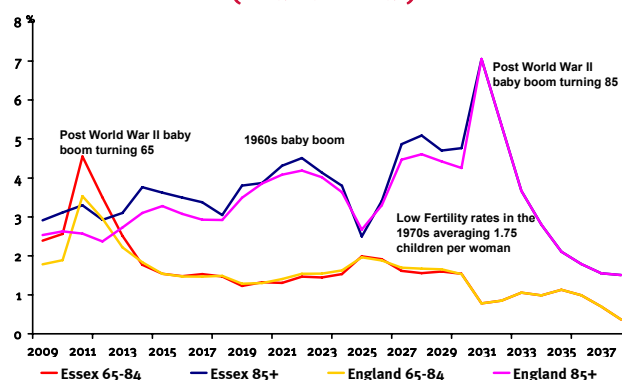
### Demographics and service users

The population of England is ageing and in future the total number of people with disabilities, and potentially in need of care, will be higher. Between 1981 and 2001, increases in healthy life expectancy did not keep pace with improvements in total life expectancy.

Overall, the number of older people with impairment and dependency will increase significantly over the next 30 years. This will increase the demand for social care, putting pressure on available resources and funding. As at the 31st March 2008 we were delivering services to 24,681 people. This included 14,886 Older People, 3,335 Adults with Physical or Sensory Impairments, 2,340 Adults with Learning Disabilities, 4,113 Adults with Mental Health needs and 5,511 Carers.

Essex is a leading authority in putting people first, enabling people to purchase their own support through Direct Payments and Individual Budgets, supporting 2,007 people to achieve independence using ongoing Direct Payments. These numbers are expected to increase in line with projected population growth over the next 30 years.

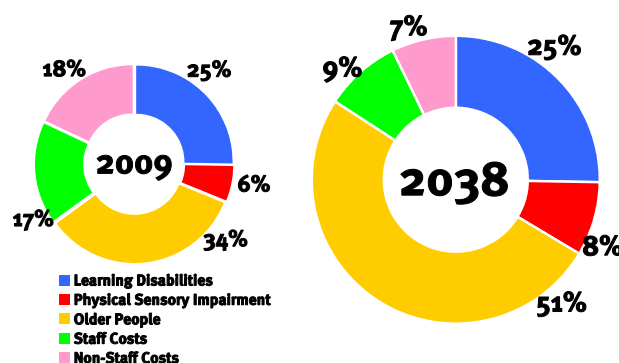
**Chart 7: National 30 Year Projected Growth (Year on Year)**



Source: Office of National Statistics Subnational population projections

The National 30 Year Projected Growth (chart 7) shows the annual rate of growth of people aged over 65 is forecast to peak at 4.6% in 2012 and then fall to between 1% and 2% per annum over the medium term. The rate of growth of people aged 85 and over is more variable but tends to lie within a range of 2% to 4.5% over the short and medium term. The overall impact of these factors is shown in chart 8.

**Chart 8: Adult Social Care by Client Group, Over a 30 Year Period**



Source: MTRS Model 2009-10

There are approximately 3,500 adults with learning disabilities in the care of the Council. Increases in the number of people with learning disabilities have averaged 2.4% over the last 5 years; over the next 10 years we expect to see an increase of some 20 - 30%. The number of people with severe learning disabilities is forecast to increase as a result of:

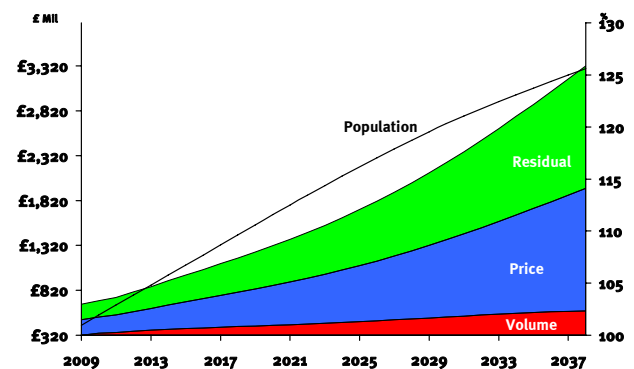
- increased life expectancy, especially among people with Down's syndrome.
- growing numbers of children and young people with complex and multiple disabilities who now survive into adulthood.
- a sharp rise in the reported numbers of school age children with autistic spectrum disorders, some of whom will have learning disabilities.

People with a learning disability have a higher incidence of mental health difficulties than the general population, ranging from 10% with severe psychiatric conditions to 40% with some form of mental health difficulty e.g. depression. Dementia is a fast growing problem which is likely to put a huge strain on resources. It estimated that some 22,300 people aged 65+ in Essex currently have dementia and this figure is expected to increase to 33,500 by 2025.

Price rises of care provided by the private, voluntary and independent sector are, in accordance with existing contractual arrangements, anticipated to be in line with retail prices plus 1%.

The overall impact of these factors is shown in Chart 9.

**Chart 9: Essex Adult Social Care  
Volume/Price/Demographic Sensitivity**



Source: MTRS Model 2009-10

### Assessing eligibility and funding

The Fair Access to Care Services (FACS) framework was introduced in 2003. It sought to increase consistency and transparency with a discretionary system whereby each authority could determine its overall funding for adult social care.

The 2008 Commission for Social Care Inspection report 'Cutting the Cake Fairly' was commissioned to carry out a comprehensive review of the FACS eligibility criteria. The report finds that the current system for assessing eligibility for publicly funded social care is flawed and a radical reappraisal is required.

Problems were identified with the way FACS had been implemented, in-turn resulting in people being excluded from the social care system. Some Councils had not used a needs led approach, instead adopting an eligibility criteria banding methodology based upon flawed assumptions.

The report concluded as a minimum everyone should benefit from the services available. Individuals should have the opportunity to exercise choice and control, developing their own solutions and support to shape their lives and the services they require.

The proposals in the report offer a new way for Councils to ensure specific resources go to those who need them most resulting in a transparent, consistent and fair system. A Department of Health response to the Commission for Social Care Inspection report is expected in 2009 along with a Green paper on the future funding of social care services.

### Highways & Transportation



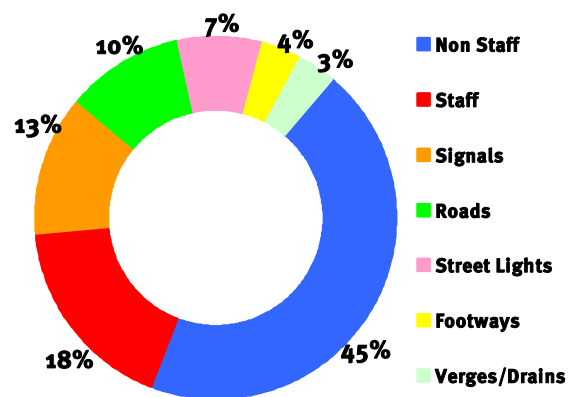
The Environment, Sustainability & Highways (ESH) Directorate was formed on 1st February 2008 following the merger of Highways & Transportation Directorate and Environment & Commerce Directorate. ESH delivers outcomes across the full range of *EssexWorks*, Local Area Agreement and shared national priorities, and also owns delivery of the Essex County Local Transport Plan and Waste & Minerals Plan.

The Directorate exercises Essex County statutory responsibilities as Waste Disposal and Highways Authorities and delivers statutory functions for Traffic Management, Development Control and consumer protection and Trading Standards. ESH also provides a range of expert services managing Essex's Natural Environment, Built Environment, Historic Environment, Country Parks and Gypsy Traveller communities.

By the end of 2007-08 Environment, Sustainability & Highways had achieved 153 of 179 Corporate Plan and LAA performance indicators (85%) within budget. During 2008-09 to 2010-11 the Environment, Sustainability & Highways Directorate will continue to make a real and sustained impact on the quality of life of the people, communities and businesses of Essex by delivering the priorities and pledges in the *EssexWorks* Corporate Plan and LAA2.

Costs of highways and transportation are projected to rise in line with retail prices. This understates the contractual price uplifts that will be experienced in the short term (projected to be as high as 10% per annum), but there is an implicit assumption that mitigating action will be taken to reduce overall costs. Essex road and rail networks take well over half a million people to and from work every day. Without action there could be a 31% increase in congestion on the UK roads by 2025.

**Chart 10: 2009-10 Highways Expenditure**



Source: MTRS Model 2009-10

### A12

The A12 in Essex and Suffolk is to receive a £60 million technology package to improve journey reliability, reduce delays and give better information to drivers. The enhancements over the period 2018-19 will affect a 54-mile (87km) stretch from the M25 to Suffolk. The section between Marks Tey to Ipswich is on a Trans-European Priority Axis route. The improvements will include variable message signs at key points and automatic incident detection sensors embedded in the road surface.

### Crossrail

The Crossrail project is likely to cost around £350 million. The construction and implementation of Crossrail will provide a boost of at least £20 billion to the UK economy and generate an extra 30,000 jobs bringing 1.5 million people within 60 minutes of London's major financial districts.

### Carbon Emission and Permits

Carbon emissions are a major contributor to climate change. We are uniquely placed to help reduce local CO<sub>2</sub> emissions by raising awareness and influencing local behaviours. But if we want our residents to reduce their carbon footprints we must lead by example. We aim to achieve lower per capita CO<sub>2</sub> emissions (a reduction of 11.8% on current CO<sub>2</sub> levels) by 2010-11 and also reduce CO<sub>2</sub> emissions (tonnes) from Essex County Council activity (LI28) in excess of 200,000 tonnes in the next three years.

### Gypsy Traveller communities

Ministers are poised to announce the locations of scores of new and refurbished Gypsy sites under a controversial £97 million scheme aimed at addressing a housing crisis among Gypsies and Travellers over the next three years to help create homes for up to 25,000 Gypsies and Travellers. Around a third of the money is expected to go to the east of England which has about a quarter of the country's travelling families but only 16% of the official sites. There are 11 registered gypsy sites in Essex which have a total of 164 pitches and around 305 caravans.

### Growth Fund Allocations

The Growth Fund will provide £832 million to support the delivery of infrastructure in the three newer Growth Areas and the Growth Points for 2008-09 - 2010-11. This is part of the £1.7 billion Communities and Local Government will be investing across the Growth Areas, the Thames Gateway, Growth Points and Eco-towns during the Comprehensive Spending Review 2007 (CSRo7) period.

The Growth Fund builds on the experience of the Growth Areas Fund and the Growth Points Fund to provide a new way in which to fund growth, which will better serve the needs of local areas.

### Waste management



#### Environment and Waste

£78m (3.5% of expenditure)  
(2009-10)

The Waste & Recycling Team are responsible for the disposal of household waste through the management of contracts with commercial partners; development of Essex's long-term waste disposal strategy; working with District Councils to increase diversion of waste away from landfill via recycling and composting schemes, and payment of recycling credits to Districts; and management of Essex County strategy for the Landfill Allowance Trading Scheme (LATS) and related EU and UK waste obligations and penalty regimes.

In 2007-08 Essex produced approximately 732,400 tonnes of household waste, about 500kg for every adult and child living in Essex. This is a 7% increase compared to 2005-06. Essex households generate 78kg more waste per person than average English households. In 2005-06 Essex recycled 143,200 tonnes of waste, around 108kg per person. Up to 38% of household waste was recycled or composted in 2007-08. The Essex County ambition is collectively to achieve 60% recycling of household waste by 2020. This could be achieved through a combination of further improvement in the performance of recycling and composting kerbside collection schemes, Recycling Centres for Household Waste and the recovery of recyclable materials through new treatment plants.

The volume of waste collected is expected to continue to rise as a consequence of an increasing population and an increasing number of households, particularly single person households which generate, on average, more waste per head. The increase in landfill tax alone will cost the Council an additional £3.6 million in 2008-09.

At the same time local authorities have been set challenging targets by the Government to reduce the volume of biodegradable municipal waste (BMW) disposed of in landfill sites between now and 2020. The targets are:

- By 2010 to reduce the amount of BMW going to landfill to 75% of that produced in 1995.
- By 2013 to 50% of the 1995 figure.
- By 2020 to 35% of the 1995 figure.

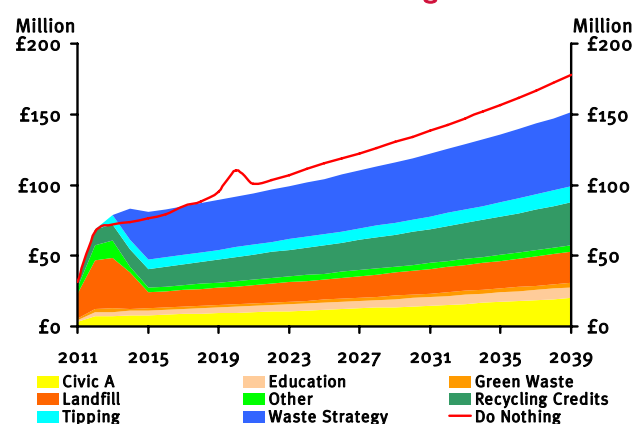
Each tonne of waste sent to landfill incurs a £32 landfill tax in 2008-09 and by 2010-11 this figure will have increased to £48 per tonne due to the £8 per tonne escalator that will be applied each year. Fines for breaching landfill allowances will be £150 per tonne. In 2007-08 Essex County paid approximately £11 million in landfill tax, this figure will increase substantially over the coming years. To put this in context Essex could be paying £22 million in landfill tax in 2010-11, compared to the cost of disposal (landfill contract payments) of £16 million.

From 2010, if the UK as a whole breaches its landfill target under the EU Landfill Directive, the Government could be liable to substantial fines from the European Court of Justice; it is anticipated that if this was the case, the fines would be passed on in some way to the responsible local authorities. If the County Council fails to reach its landfill diversion target in the first European compliance year (2009-10) it could face fines from the UK Government of £9 million. If we carry on managing waste as we do today, this penalty would increase to £24 million by 2013.

The Council has no option, therefore, but to seek to increase recycling levels and to introduce facilities to treat waste rather than to merely dispose of it in landfill. The County Council, jointly with Southend Borough Council, has submitted a PFI bid to the Government to seek PFI credits to support the funding of new recycling and waste treatment facilities to help deliver the Strategy. Costs will increase significantly from approximately £40 million today to over £150 million per annum, although to do nothing and incur the fines outlined above would be more expensive still as shown in chart 11.

An interim solution is being implemented to ensure compliance with diversion targets prior to 2013-14 based on purchasing landfill allowances from other waste collection authorities and encouraging district Councils to increase recycling levels.

**Chart 11: Waste Management**



Source: MTRS Model 2009-10

### Joint Waste Strategy

A Joint Municipal Waste Management Strategy (JMWMS) has been developed by the thirteen waste authorities in Essex, comprising Essex County Council, as the Waste Disposal Authority (WDA), and twelve District and Borough Councils, as Waste Collection Authorities (WCAs), in Essex.



It constitutes a 25 year plan for the future of recycling and waste management in Essex and is driven by the county's need to comply with the rising cost of Landfill Tax, the EU Landfill Directive and the Landfill Allowance Trading Scheme (LATS). The decision is a significant step in the formation of a comprehensive strategy for Essex and backs investment in new technologies to treat residual waste and push the county's recycling rate to 60% by 2020.

### Financing

Borrowing costs have been forecast based on our current debt profile. Capital programmes are considered within the context of an 'affordability envelope' that assesses the level of borrowing that can be funded on a sustainable basis from the revenue budget.

Financing costs include:

- Interest payable (£21 million).
- Repayment of external loans (£23 million).

### Depreciation

Depreciation is provided for on all assets with a determinable finite life, by allocating the values of assets on the Balance Sheet over the periods expected to benefit from their use. Gains or losses on disposal of fixed assets are recognised in the Income and Expenditure Account net of carrying value and sale proceeds. It is assumed that depreciation and appropriations to reserves will remain constant.

### Other

Back office staff costs are modelled using pay settlement awards methodology.

## Sensitivity Analysis

Projecting into the future is inevitably subject to a high degree of uncertainty, making sensitivity analysis and careful interpretation of the results important particularly when considering the compounded effect of changes over a 30 year period.

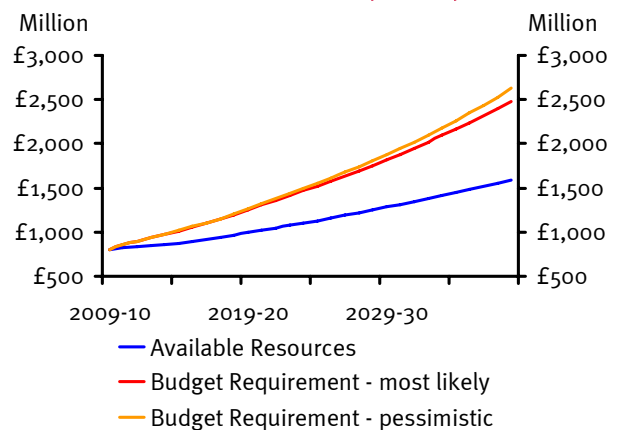
Sensitivity analysis has been undertaken on the underlying financial models using the following two methodologies:

- Assessing each set of key assumptions against a most likely, optimistic and pessimistic scenario.
- Analysing individual elements of the models to understand which assumptions the model is particularly sensitive to changes in (in other words, those parts of the model which would have the most significant impact on the overall outcome if they were to change by a small amount).

### The Affordability Gap

Affordability gaps have been modelled against most likely, best case and worst case scenarios. The most likely scenario indicates that the net expenditure will exceed available resources by the following orders of magnitude:

**Chart 12: Sensitivity Analysis**



Source: MTRS Model 2009-10

The difference between the most likely and pessimistic scenarios is expected to be £27m (1% of gross expenditure) in 2023-24 rising to £147m (3%) in 2038-39.

### Bridging the Affordability Gap

The affordability gap takes account of our best estimate of future resources available to the Council and of cost pressures. It is very likely that additional cost pressures will emerge over the medium term which will increase the forecast affordability gap in the later years of this planning period.

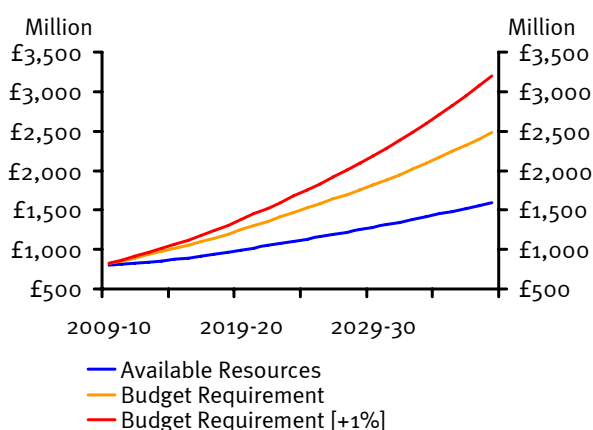
There is, therefore, a definite need for the efficiency agenda to continue moving forward and for the Council to find ways of generating cashable savings every year in order to fund future cost pressures and service improvements. This needs to become embedded in our way of working so that identifying and delivering cashable efficiency savings becomes the norm rather than the exception.

The *EssexWorks* - Essex Transformation Programme scenario (see below) addresses this by delivering efficiency gains, cost reductions and transforming the delivery of services, improving customer service and performance.

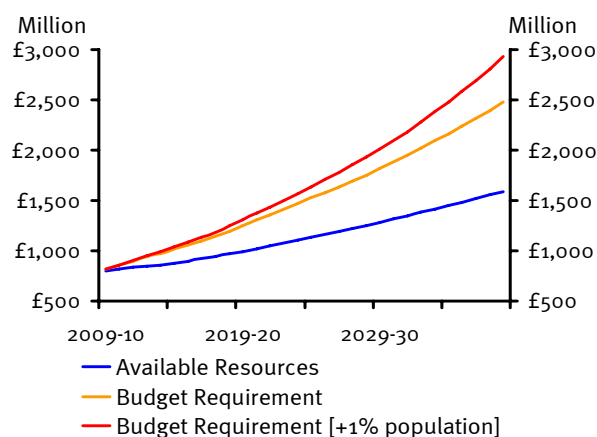
### Detailed Sensitivity Analysis

The impact of a +1% change in some key assumptions in the model are exemplified in the graphs below.

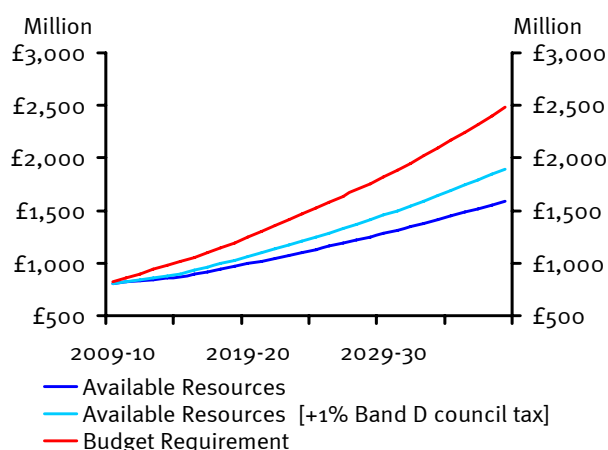
**Chart 13: Budget Requirement Increase**



**Chart 14: Population Increase**



**Chart 15: Council Tax Increase**



Source: MTRS Model 2009-10

## Scenarios

### 1. Essex Works and Essex Transformation Programme

As part of the *EssexWorks* vision to deliver the best quality of life in Britain, the Essex Transformation Programme is focused on Putting the Customer First. The next phase of this programme involves the Council searching for an external delivery partner to support the delivery of the *EssexWorks* vision.

The partner will need to deliver efficiency gains and cost reductions that will realise £200 million of sustainable cashable savings within the first 4 years, which can then be re-invested in our services.

Their focus will also be concerned with transforming the Council to be able to better deliver and support enhanced customer service, as well as improving the customer perception of the Council together with the Council's performance against local and national performance indicators.

The partnership will comprise two broad phases. Initially the partner will be expected to design, scope and implement a number of transformational projects, including increasing Council efficiency. During this period all assets involved in the delivery of these services (including staff) will remain with the Council, unless otherwise agreed. Having established a number of successful projects the second phase will follow, which will be concerned with more fundamental transformation to produce longer-term sustainable benefits.

## **2. Natural Disasters**

The two natural disasters we are reviewing are:

- a) Pandemic Influenza Outbreak.
- b) Flooding.

### **a.) Pandemic Influenza Outbreak**

The Pandemic Influenza outbreak occurred in 1918, 1957 and 1968 averaging every 33 years. The UK government has declared that Pandemic Influenza is a major threat to the population. It has now been 41 years since this event last occurred. Using Department of Health (DoH) predictions it is estimated that in the UK 30 million will be infected.

Pandemic Influenza presents unique issues from a Business Continuity perspective for Essex County Council. The Council has prepared itself by ensuring Directorates have dedicated resources and contingency plans in place which meet the requirements of DoH and the Civil Contingencies Secretariat.

Special focus will be given to Adult Social Care and Schools Children Families since these represent the highest risk and potential exposure regarding vulnerable people. We will ensure service users receive the best service possible in what could be very difficult circumstances while protecting the health and well-being of its staff as far as possible.

The Council has no specific insurance to cover the direct effects of a Pandemic Influenza outbreak. Such insurance is not readily available in the market place and, if it were, the cost would probably be prohibitive. Even so Essex County would maintain a constant dialogue with its Insurers to ensure no part of its existing Insurance Programme would be compromised by the emergency arrangements in force to deal with the Pandemic.

### **b.) Flooding**

Much of Essex is low lying and, as a result, at risk to flooding from both the sea and rivers. The threat from the sea poses the greatest risk to life and property. In the 1953 East Coast Floods many lives were lost and property damaged.

The Essex County Council Emergency and Core Resilience Team have responded by producing a Flood Plan to define areas of responsibility and the roles of organisations participating in the plan (Principal Emergency Services, Local Authorities, the Environment Agency and other Support Agencies) and to establish procedures for implementing the plan.

As seen in the summer of 2007, the cost to local authorities for flooding can run into hundreds of millions. These costs cover the emergency response and clean up, and repairs to local authority property and assets, which would include their Building and Contents, roads and schools. Not all of this cost has to be borne by the affected local authorities.

The Council has a business continuity insurance mitigation plan in place for a flooding disaster as this is a specific event. Essex County would recover the cost of reinstating its own Buildings and Contents from its Insurers. External funding is available from the statutory Bellwin emergency funding scheme designed to cover the costs of the emergency response, Department for Transport (DfT) for the repair of road damage, Flood Recovery Grant and the Department for Children, Schools and Families (DCSF) to help schools and services for children, young people and families. This funding should not be relied upon and is discretionary.

Some costs will be covered by insurance, but this can vary significantly. In the 2007 floods the proportion of costs covered by insurance varied between authorities from 0% to 91%.

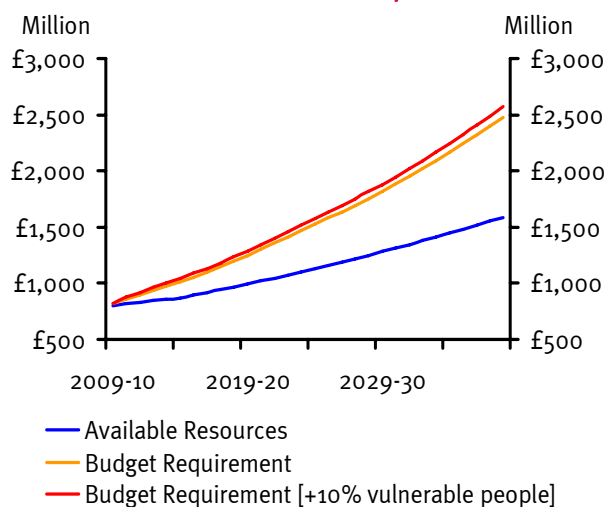
The net cost after government help and insurance claims will be funded by local authorities. The ease and ability of an authority to do this will depend on the size and general financial resilience of an individual body, including how much the costs represent as a proportion of its expenditure, the size of its reserves and its overall financial health at that particular point in time. We maybe able to manage the costs out of revenue, alternatively our reserves would be drawn upon. As a result, it may take some time to build reserves back to appropriate levels. Alternatively, the costs maybe met by increasing council tax, cuts in planned expenditure in other areas, not repairing all of the damage or rescheduling other work.

### 3. Looking after an increasing number of vulnerable people

The economic downturn is likely to increase the number of; older people requiring Council-funded care, children looked after as more Families break down and people suffering from drug and/or alcohol abuse.

A 10% increase in demand and eligibility from vulnerable people could impact the funding gap as follows:

**Chart 16: Vulnerable People Increase**



Source: MTRS Model 2009-10

### 4. Waste Strategy versus Do Nothing

The Council is in the process of confronting one of the single largest legislative challenges ever presented to local authorities. Ensuring compliance with the Landfill Allowance Trading Scheme (LATS), the European Landfill Directive and associated national recycling legislation will require a massive undertaking that will demand skilful management and levels of capital investment in one of the largest UK municipal waste management projects.

Projections for waste arising over the next 30 years suggest unsustainably high impacts for the Essex Waste Management Partnership, both in financial and environmental terms. Historically, the majority of the waste arising has been land filled. However, the Council recognises that this is no longer a pragmatic means of managing waste in the future.

If the County Council fails to reach its landfill diversion target in the first European compliance year (2009-10) it could face fines from the UK Government of £9 million.

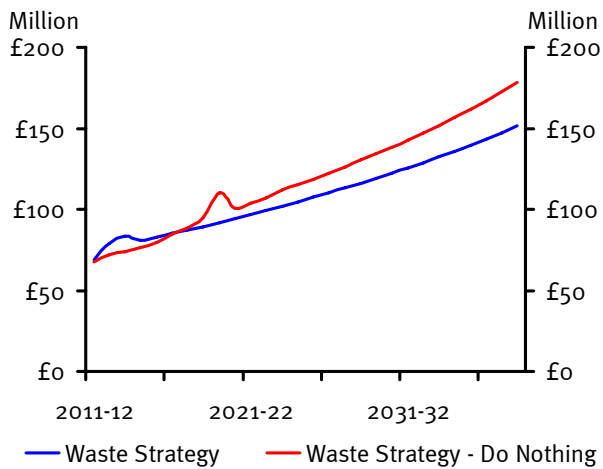
If we carry on managing waste as we do today, this penalty would increase to £24 million by 2013.

The Council must increase recycling levels and invest in facilities to treat waste rather than landfill. Although various models are being considered, significant cost increases are anticipated. However, the cost of do nothing plus fines would be more expensive still from the current and is illustrated in chart 17.

## 5. A severe economic downturn - “a depression”

The economic downturn could last longer than the forecast eight quarters. The recession could develop into a depression (a sustained, long downturn). In this event, service rationalisation is likely to occur if reserves have been exhausted. Public spending would probably be funded through continued borrowing, as tax receipts would continue to reduce as unemployment increases.

**Chart 17: Waste Strategy vs. Do Nothing**



Source: MTRS Model 2009-10



# A3 Balance Sheet Outlook

## Balance Sheet

The Balance Sheet below summarises the Council's financial position at as the 31 March 2008, the end of our financial year.

**Table 1: The Balance Sheet**

<b>Balance Sheet</b>		
<b>As at 31 March 2008</b>		
	£m	£m
<b>Assets</b>		
Land, building and equipment	2,698	
Investments	252	
Amounts owed to the Council	148	
Cash and Bank	20	
<b>Total Assets</b>		<b>3,118</b>
<b>Liabilities</b>		
Amounts owed by the Council	(517)	
Borrowing	(363)	
Pension Liability	(564)	
<b>Total Liabilities</b>		<b>(1,444)</b>
<b>Total assets less liabilities</b>		<b>1,673</b>
<b>Financed by</b>		
Earmarked reserves	(270)	
Reserves not available to use	(1,403)	
<b>Total Finance</b>		<b>(1,673)</b>

Source: Annual Report 2007-08

## Assets

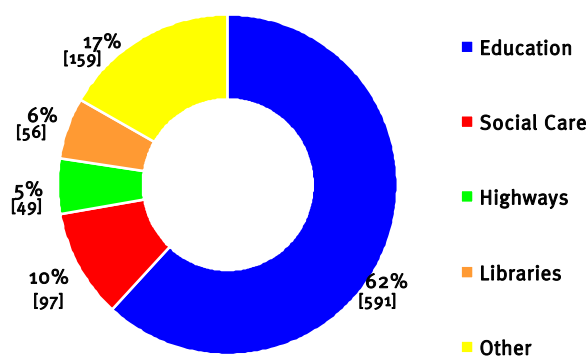
### Land, building and equipment

Although our balance sheet shows assets of £3.1 billion, the valuation applied to each asset class vary. The majority of assets are valued using current use valuation as the measurement base, although historic cost and net realisable value are also used.

Balance sheet values can not therefore be used to assess the likely level of possible future capital receipts.

A substantial proportion of all Council services are delivered through its own property portfolio. Some surplus stock exists, but there is capacity to drive existing utilisation above its 40% use averaged over the working week. This is to be achieved by increasing efficiency and utilisation whilst investing in retained property to increase flexibility and fitness for purpose. The current aim is to have a smaller portfolio of office and operational premises, aiming for 25% less floor space in 2012 than 2007.

**Chart 1: Property Assets**



Source: Annual Report 2007-08

Chart 1 shows, of the 952 property assets held by the Council as at 31 March 2008, 591 (62%) are for Education, 97 (10%) are for Social Care, 49 (5%) are for Highways and 56 (6%) are libraries. The Council also held 1,298 hectares of freehold land and 7,399 kilometres of roads.

### Investments

The Council invests its surplus cash balances in accordance with Treasury Management Strategy. The primary objective is to ensure that the Council's funds are invested prudently, with priority being given to security and risk minimisation, rather than yield.

The Council therefore only invests funds with counterparties that have a strong capacity for the timely repayment of financial commitments. Essex County Council did not have any deposits in Icelandic banks but are concerned with the risk and return on investments in general.

## Liabilities

### Pension Fund and Liability

The Essex Pension Fund is governed by the Local Government Pension Scheme (LGPS) Regulations 1997, as amended. The fund provides pensions and other benefits to employees of the County Council, district, borough and unitary Councils and other scheduled and admitted bodies. The fund does not provide pensions for teachers, uniformed police and fire staff for whom separate arrangements exist.

Independent investment managers have been appointed to manage the investments of the fund. The most recent actuarial valuation of the Pension Fund was at 31 March 2007, when the market value of the assets was £3,043 million, sufficient to cover 80% of the Fund's liabilities at that time. Contribution rates were set after valuation to reach 100% funding 20 years from last actuarial valuation. For 2008-09, 2009-10, 2010-11 the Essex County Councils LGPS contribution amounted to 19.9% of pensionable pay.

Essex Council shows the net cost of services when employees earn them rather than when the benefits are eventually paid as pensions.

### Short Term Borrowing

The Council undertakes short term borrowing to cover temporary shortfalls of cash arising as a consequence of timing differences between receipts and payments.

### Long Term Borrowing

The Council undertakes long term borrowing, for periods of in excess of one year, in order to finance capital spending.

One of our main sources of financing is the Public Works Loan Board (PWLB), which provides funds to the public sector only at highly competitive rates. Borrowing from the PWLB has not been affected in the same way by the shortage of available credit.

## Capital Programme

### Capital Assets

This relates to spending on assets such as land, buildings and roads for which the people of Essex will benefit from over a number of years. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing and running costs. During 2009-10 we plan to spend £303 million on assets.

Examples of capital projects undertaken during the last year across the county include:

- Improvements to a number of schools.
- Maintenance of roads and bridges.

### Sources of funding for capital spending

The money for this expenditure comes from a number of sources including government grants (£168 million), sales of assets (£5 million), borrowing (£114 million) and appropriations from reserves (£10 million). The capital programme is formally financed at the end of the financial year when actual expenditure on specific projects is known.

In accordance with the Prudential Code and Prudential Indicators, affordability, prudence and sustainability are assessed when developing capital investment plans.

Capital expenditure financed by borrowing impacts our capital financing requirement (CFR). The forecast cost of borrowing has been forecast on our current debt profile. Capital programmes are considered within the context of an 'affordability envelope' that assesses the level of borrowing that can be funded on a sustainable basis from the revenue budget.

The impact upon council tax is also a key measure of affordability and provides the revenue costs for continuing schemes already underway and in current year and subsequent starts. Although the level of borrowing is linked to the capital programme, the timing of actual borrowing is completely independent of any capital spend. The actual borrowing is in accordance with the approved treasury management strategy, having regard to interest rate forecasts and cash flows to secure the borrowing when deemed preferential to the Council.

## Reserves

The Council holds a number of reserves and, as at 1 April 2008, our earmarked reserves were £197 million. These are intended to be used for specific purposes over a period of time of more than a single financial year together with a general balance (£39 million) which is available to meet unforeseen expenditure demands in the short term. It is important that an authority holds sufficient reserves to alleviate risk, smooth expenditure increases over a period of time, and provide a degree of flexibility to allow it to develop and improve its services without causing excessive peaks in its budget requirement. The level of reserves has been rising in recent years. Our reserves will be used to assist the increasing demand for Council's services expected during an economic downturn and maintain spending levels.

### General Fund Balance

The general balance is effectively the last safety net the Council has, and will only be used when all other sources of funding have been exhausted. It is one of the key pieces of information that the auditors look at when determining our financial standard.

### Earmarked Revenue Reserves

The Council maintains a number of earmarked revenue reserves, which are amounts that have been set aside for specific policy purposes, these include:

- Schools (£53 million) – permitted to retain unspent resources.
- Future Capital Funding (£14 million) - which represents the proceeds from the sale of assets that have not been used to finance new capital spending and deferred capital income.
- Equalisation (£65 million) – to equalise the timing differences between expenditure and income over the life of the contract and to smooth the effects of future increases in costs. Specifically, this includes PFI's for Waste (£11 million), Highways-A130 (£45 million) and various School PFI's (£9 million) and are discussed in more detail later.
- Other (£65 million) - Including Service improvements (£36 million) for up-front investment to promote service improvement, including meeting the costs of restructuring, holding savings identified from cross-cutting and used to reinvest in and protect Corporate Plan priorities, as well as 'pump prime' proven efficiency projects, and to provide funds for additional service provision to contribute to the delivery of an *EssexWorks* priorities.

### Useable Capital Receipts Reserve

This reserve (£14 million) contains the proceeds from the sale of fixed assets which have not yet been used to finance capital expenditure. Capital Receipts were some £13 million less in 2007-08 than expected resulting in a loss of interest of £0.5 million. We are anticipating a further shortfall in capital receipts in 2008-09 of £30 million. If this shortfall is met by borrowing, the financing costs will amount to an additional £3 million per annum (if 10% is assumed for interest and capital repayment).

### Deferred Capital Receipts Reserve

This reserve (£19 million) represents the level of capital income still to be received from the sale of fixed assets, because deferred payment has been agreed.

### Equalisation - Waste Reserve

In order to alleviate some of this financial pressure the Council set up a waste reserve in 2007-08. It is anticipated that the costs of waste disposal will continue to be funded by diminishing contributions from the waste reserve until about 2019-20 when the reserve will be exhausted.

**Table 2: Equalisation Reserves**

Reserves (Excluding interest)	2008-09	2009-10	2010-11	2011-12
Opening Balance	£m	£m	£m	£m
Waste Strategy	26	45	70	99
Highways - A130	50	52	52	52
Debdon Schools	5	5	5	5
Clacton Schools	4	4	4	4

Source: Budget 2009-10

### Impact of International Financial Reporting Standards

The 2007-08 Statement of Accounts were prepared in accordance with the code of Practice on Local Authority Accounting in the United Kingdom – A Statement of recommended Practice 2007 (the ‘2007 SORP’). In the medium term, we intend to implement International Financial Reporting Standards (IFRSs).

IFRSs are set by the International Accounting Standards Board (IASB), the independent standard-setting body of the International Accounting Standards Committee Foundation (IASC Foundation). Its mission is to develop, in the public interest, a single set of high quality, understandable standards for general purpose financial statements. IFRSs are developed following an international consultation process, involving interested individuals and organisations from around the world and with the support of an external advisory Council, the Standards Advisory Committee (SAC).

## The Land and Property Assets Held by the Council as at 31 March 2008

2006/07		2007/08
	<b>Property assets (number)</b>	
1	County Hall	1
	Education	
2	Nursery schools ( <i>excl. aided and foundation schools</i> )	2
286	Primary schools ( <i>excl. aided and foundation schools</i> )	282
25	Secondary schools ( <i>excl. aided and foundation schools</i> )	24
21	Special schools ( <i>excl. aided and foundation schools</i> )	19
57	Youth, adult and community centres	53
167	Teachers' and caretakers' houses	165
48	Other education properties	46
	Social Care	
12	Community homes for children	13
9	Day nurseries and family centres	9
-	Homes for older people	-
7	Adult residential homes	7
35	Adult day care centres	34
34	Other Social Services properties	34
	Highways	
14	Highway depots	14
32	Other highway properties*	35
57	Libraries (including Library Headquarters)	56
	Other	
13	Civic amenity points	15
27	Farms and cottages	27
13	Gypsy sites	13
9	Country parks	9
10	Register offices	10
2	Records Offices	2
1	Shire Hall	1
1	Cressing Temple	1
1	Trading depots	1
-	Children's Centres	37
48	Other miscellaneous county properties	42
932	<b>Property assets (number)</b>	<b>952</b>

2006/07		2007/08
1,306	<b>Freehold land (hectares)</b>	<b>1,298</b>
	<b>Infrastructure (kilometres)</b>	
594	Principal roads	594
6,805	Other roads	6,805
7,399	<b>Total Infrastructure (kilometres)</b>	<b>7,399</b>

# A5 Glossary

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## **Budget Requirement**

This is the authority's planned spending net of funding from reserves and expected income (excluding council tax and general Government funding i.e. formula grant and certain special grants).

## **Building Schools for the Future (BSF)**

Building Schools for the Future (BSF) is an investment programme sponsored by the Department for Children, Schools and Families (DCFS) for systematically rebuilding and renewing the secondary school estate across England to ensure that a 21<sup>st</sup> century learning environment is created for every secondary school pupil in the country.

## **Chartered Institute of Public Finance and Accountancy (CIPFA)**

The Chartered Institute of Public Finance and Accountancy (CIPFA) is one of the main professional accountancy bodies in the UK, responsible for the education and training of professional accountants. CIPFA holds the responsibility for setting accounting standards and best financial practice for local government.

## **Collection Fund**

A fund administered by each district Council (billing authority) into which council tax is paid. A proportion of this fund is paid to the County Council (a precepting authority) as its share of the council tax collected.

A surplus (or deficit) on the fund will arise if more (or less) council tax is collected in any given year than was budgeted for; the surplus or deficit is shared between the various authorities on an annual basis in the year after the collection took place.

## **Council Tax**

Council tax is a tax levied by local authorities on domestic properties based on the estimated value of the property and the number of people living in it.

## **Dedicated Schools Grant (DSG)**

The Dedicated Schools Grant provides 100% ring-fenced funding for schools from the DCFS to local authorities (rather than from general local government funding and council tax as other Council services). Local authorities retain responsibility for distributing this funding to schools according to local needs and priorities.

## **Formula Grant**

Formula grant is the main grant paid by central government towards the cost of local authority services in general. It comprises revenue support grant and redistributed non-domestic rates.

## **Four Block Funding Model**

The amount of formula grant an authority receives is determined by the sum of four formulae which calculate:

### **▪ Relative Needs Amount:**

- ♦ Reflect relative needs of authorities in providing services.
- ♦ Formula for each specific service area is built on a basic amount per client, plus additional top-ups to reflect local circumstances.
- ♦ Top-ups take account of a number of local factors which affect service costs – the biggest factors are deprivation and area costs.



**▪ Relative Resource Amount:**

- ♦ The Relative Resource Amount is a negative figure. It takes account of the fact that areas that can raise more income locally require less support from Government to provide services.
- ♦ This block recognises the differences in the amount of local income which individual Councils have the potential to raise by looking at authorities' council tax base (a measure of the number of properties equivalent to Band D for council tax in an area).

**▪ Central Allocation:**

- ♦ Once the Relative Needs and Relative Resources of local authorities have been taken into account, there is still an amount of money left in the overall grant pot for distribution.
- ♦ The Government shares this out on a per head basis – the per head amounts are based on the minimum allocations for each authority already calculated for the needs and resources blocks.

**▪ Floor Damping:**

- ♦ In order that authorities are protected from detrimental grant changes, the Government sets a guaranteed minimum increase in grant, compared to the previous year on a like-for-like basis.
- ♦ As all the formula grant to be paid to local authorities must come from within the finite overall pot, the cost of providing the guaranteed floor must also be met from this pot.
- ♦ In order to do this grant increases above the floor are scaled back. The amount of grant scaled back is then used to pay for the floor guarantee.

**Local Authority Business Growth Incentive (LABGI) Scheme**

LABGI is an incentive scheme that aims to encourage local authorities to increase business growth in their areas. The increase in local authorities' business rateable value (RV) base is used as a proxy to measure business growth. The scheme is set to run for three years (2005-06 to 2007-08) and can allocate almost £1billion to eligible local authorities in England.

The size of the grant paid is dependent upon districts and unitary authorities' increases in RV between 31 December 2004 and 31 December 2005, 2006 and 2007 respectively. County Councils receive a proportion of each of their district's grant.

The Government will be consulting on arrangements for 2008-09 onwards shortly.

**National non domestic rates**

These rates are the means by which local businesses contribute to the cost of providing local authority services. Business rates are paid into a national pool. The pool is then divided into all authorities in proportion to their formula grant allocation.

**Private Finance Initiative (PFI)**

PFI is a procurement mechanism that requires private sector consortia to raise private finance to fund a project, which must involve investment in assets, a significant transfer of risk to the private sector partner, and the long-term delivery of services to the public sector. PFI schemes are partially supported by Government funding in the form of PFI credits (which effectively equate to the support that central government would have provided to a local authority in the establishment of the new asset had the authority undertaken the investment itself).

**Section 151 Officer**

Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and requires one officer to be nominated to take responsibility for the administration of those affairs. The Section 151 officer has a number of statutory duties, including the duty to report any unlawful financial activity involving the authority (past, present or proposed) or failure to set or keep to a balanced budget.

**Tax Base**

The equivalent number of dwellings in band D for an authority used in calculating the council tax. The County Council tax base is an aggregate of the tax bases provided by each district Council in the county.

# B Key Partnerships

Partnership	Contact Details	Nature of the Partnership
<b>Essex Partnership Forum</b>	<b>Contact Officer:</b> Richard Puleston - Head of Community Planning & Regeneration Ext: 20344 DDI: 01245 430344 <a href="mailto:Richard.puleston@essexcc.gov.uk">Richard.puleston@essexcc.gov.uk</a>	<b>Purpose</b> The EPF is the LSP for Essex. It agrees the Essex strategy and the LAA.  <b>Managing Money</b> The EPF allocates PRG (up to £37m) to partnership projects.  <b>Managing the Business</b> No services are commissioned by the EPF which works through its partnership members.  <b>Managing other resources</b> No other resources are managed by the EPF.
<b>Essex Management Board</b>	<b>Contact Officer:</b> Richard Puleston - Head of Community Planning & Regeneration Ext: 20344 DDI: 01245 430344 <a href="mailto:Richard.puleston@essexcc.gov.uk">Richard.puleston@essexcc.gov.uk</a>	<b>Purpose</b> The EMB holds authority delegated from the EPF. It is responsible for commissioning actions plans to deliver the SCS and LAA priorities. The EMB performance against targets and action plans.  <b>Managing Money</b> The EMB does not directly control any resources.  <b>Managing the Business</b> No services are commissioned by the EPF which works through its partnership members.  <b>Managing other resources</b> No other resources are managed by the EPF.

Partnership	Contact Details	Nature of the Partnership										
County Strategic Crime Disorder Drugs Alcohol Partnership	<p><b>Contact Officer:</b> Sharon Dodds – Crime and Disorder Reduction Officer - Ext: 30689 DDI: (01245 436689)</p> <p><b>Sub partnerships</b> The Essex Drug and Alcohol Action Team (DAAT) Drug and Alcohol Reference Groups (DARGs) (9)</p> <p><b>Contact Officer:</b> Clare Butler – Strategic Manager DAAT team. Ext: 40646 DDI: (01245 434646)</p> <p>District CDRPs <b>Contact Officers:</b> Jane Gardner Area Co-ordinator East Essex Ext: 30079 01245 436079 <a href="mailto:jane.gardner@essexcc.gov.uk">jane.gardner@essexcc.gov.uk</a></p> <p>John Symonds Area Co-ordinator Mid Essex Ext: 20097 01245 430097 <a href="mailto:john.symonds@essexcc.gov.uk">john.symonds@essexcc.gov.uk</a></p> <p>Sally Thallon Area Co-ordinator South Essex Ext: 51135 01245 437135 <a href="mailto:sthallon@essexcc.gov.uk">sthallon@essexcc.gov.uk</a></p> <p>Yvette Wetton Area Co-ordinator West Essex Ext: 30972 01206 266465 <a href="mailto:Yvette.wetton@essexcc.gov.uk">Yvette.wetton@essexcc.gov.uk</a></p>	<p><b>Purpose</b> All local authorities are statutorily bound to have a Crime and Disorder Reduction Partnership (CDRP), which is responsible for: carrying out a review of the level and patterns of crime and disorder and drug misuse and formulating and implementing a strategy for the reduction of crime and disorder and for combating drug misuse and submitting an annual report on implementation of their strategies.</p> <p>The DAAT commissions and monitors substance misuse services for adult, children and young people.</p> <p><b>Managing Money</b> ECC has allocated £1.237m of ABG to support district council CDRPs in 2008-09. In addition ECC provides £6,500 to each CDRP. These funds are augmented by contributions from the base budgets of district councils, and the Fire and Police services. ECC has two additional budgets of £250k each to support PCSO's and reduce anti-social behaviour in districts.</p> <p>The DAAT budgets in 2007-08 are:</p> <table><tr><td>Adult Pooled Treatment Budget:</td><td>£5,739,128</td></tr><tr><td>Drug Intervention Programme:</td><td>£826,742</td></tr><tr><td>Young Peoples Substance Misuse Grant:</td><td>£909,469</td></tr><tr><td>Partnership Grant (LAA)</td><td>£118,000</td></tr><tr><td>Integrated Drug Treatment System</td><td>£432,000</td></tr></table> <p>Last year 2006/2007, through its services providers, 2,753 individuals were in contact with structured drug treatment services.</p> <p>The DARGs do not directly manage resources. Their role is to co-ordinate the local work of partners and seek new resources where these are needed.</p> <p><b>Managing the Business</b> DAAT partners are: Police, Probation Services, Prison Services, Statutory Agencies (housing and education) and Statutory Providers (National Health Service-based providers). The DAAT commissions and performance manages substance misuse and alcohol services.</p> <p>The DARGs (Drug and Alcohol Reference Groups) ensuring cohesive and effective dissemination of substance misuse and alcohol targets and objectives.</p> <p><b>Managing other resources</b> THE DAAT used ECC accommodation. Staff are employed by ECC as the host organisation.</p>	Adult Pooled Treatment Budget:	£5,739,128	Drug Intervention Programme:	£826,742	Young Peoples Substance Misuse Grant:	£909,469	Partnership Grant (LAA)	£118,000	Integrated Drug Treatment System	£432,000
Adult Pooled Treatment Budget:	£5,739,128											
Drug Intervention Programme:	£826,742											
Young Peoples Substance Misuse Grant:	£909,469											
Partnership Grant (LAA)	£118,000											
Integrated Drug Treatment System	£432,000											

Partnership	Contact Details	Nature of the Partnership
Children and Young People Strategic Board	<p><b>Contact Officer:</b> Jo Smith  <a href="#">Assistant Director for Schools, Children and Families</a>            Ext: 30360            DDI: (01245 436360)</p> <p><b>Sub-Partnerships</b></p> <ul style="list-style-type: none"> <li>▪ District CYPSPs</li> <li>▪ Children's Fund</li> <li>▪ Play Partnerships</li> <li>▪ Sure Start</li> <li>▪ Children's Centres</li> <li>▪ Local Youth Strategy Groups</li> <li>▪ Teenage Pregnancy Strategy Group</li> <li>▪ Early Years Development and Childcare Partnership</li> <li>▪ Schools Forum</li> <li>▪ Admissions Forum</li> <li>▪ CAMHS Steering Group</li> <li>▪ Essex Safeguarding Children Board</li> <li>▪ Schools Partnership Board</li> </ul>	<p><b>Purpose</b>            The terms of reference for the Children and Young People Strategic Board are being reviewed.</p> <p><b>Managing Money</b>            The partnership does not directly manage resources. It seeks to advice partners and influence the deployment of resources to improve services provided to children and young people.</p> <p>Local CYPSPs have delegated budgets for family learning and parental support and teenage pregnancy.</p> <p><b>Managing the Business</b>            There are CYPSP in each district.</p> <p><b>Managing other resources</b>            The partnership does not directly manage any other resources.</p>
Joint Waste Management Advisory Board.	<p><b>Contact Officer:</b> Jason Searles  <a href="#">Waste Reduction Manager</a>            Ext: 51283            DDI: (01245 437283)</p> <p><b>Sub-partnerships</b>  <b>Area Working Group.</b></p>	<p><b>Purpose</b>            The aims of the Board are:</p> <ul style="list-style-type: none"> <li>▪ to develop a long-term vision for waste as a resource in Essex, Southend and Thurrock.</li> <li>▪ to increase awareness of waste as a resource opportunity</li> <li>▪ to interact with a range of stakeholders to achieve an economically, environmentally and socially sustainable resource management programme.</li> <li>▪ to provide support and advice to partner authorities in their endeavour to reach their statutory recycling targets.</li> <li>▪ to develop a strategic framework for the development and implementation of a joint municipal waste strategy for Essex, Southend and Thurrock.</li> </ul> <p><b>Managing Money</b>            The partnership seeks to influence policy and action by partners and does not directly control resources.</p> <p><b>Managing the Business</b>            Membership of the Joint Waste Management Advisory Board is one councillor from each of the District/Borough Councils in Essex, one councillor from both Southend and Thurrock and five councillors from Essex County Council. Southend and Thurrock appoint one additional member each. The Board agrees a Marketing Plan, a Waste Minimisation and Waste Avoidance Plan and an Education and Awareness Plan.</p> <p>The Secretary to the Joint Waste Management Advisory Board reside with Essex County Council.</p> <p><b>Managing other resources</b>            The partnership does not control any resources.</p>

Partnership	Contact Details	Nature of the Partnership
<b>Greater Essex Prosperity Forum</b>	<p><b>Contact Officer:</b> Lynn Ballard  <a href="#">Director of Research &amp; Consultancy ExDRA</a>            DDI: (01245 702470)</p> <p><b>Linked Partnerships</b></p> <ul style="list-style-type: none"> <li>▪ The Essex Business Consortium.</li> <li>▪ Thames Gateway South Essex Partnership</li> <li>▪ Haven Gateway Partnership</li> <li>▪ Greater Cambridgeshire Partnership (M11 Corridor)</li> <li>▪ Suffolk Development Agency (Haven Gateway)</li> <li>▪ Herts Prosperity Ltd.(London Arc and M11 Corridor)</li> <li>▪ Kent (and Medway) Economic Boards (Thames Gateway).</li> </ul>	<p><b>Purpose</b></p> <p>The GEPPF role is to provide co-ordination and strategic direction on tackling economic issues of pan-Essex significance, to advise partners, and to promote the value and worth of Essex. Membership of the GEPPF is drawn from the Business community, ECC, Essex Chief Executives Association, TGSEP, HGP, Southend Borough Council, Thurrock Council, Heart of Essex Partnership, West Essex Partnership. EEDA, GO-East, Learning &amp; Skills Council, and Business Link East are observers.</p> <p><b>Managing Money</b></p> <p>Exdra identify spending to support the work of the GEPPF in 2007-08 as £290k. EEDA will not fund the GEPPF in future and contributions from local authority and private sector members will be required in the future.</p> <p><b>Managing the Business</b></p> <p>The Greater Essex Prosperity Forum (GEPPF) is the Sub-Regional Economic Partnership (SREP) accountable to the East of England Development Agency (EEDA). ExDRA is the secretariat of the GEPPF. The GEPPF is supported by an Executive Sub-Committee which drafts the annual Business Plan and oversees its delivery. Five Task and Finish Groups are used to deliver the 5 strategic priorities in the Greater Essex Economic Framework. These are:</p> <ul style="list-style-type: none"> <li>▪ Make a difference to the improvement of low skills attainment in Essex,</li> <li>▪ A competitive economy which is an international leader rather than a follower,</li> <li>▪ Create the right conditions in which businesses and people can flourish,</li> <li>▪ To be a leader in environmental technology and in helping our businesses to reduce their carbon footprint,</li> <li>▪ To build on the Essex entrepreneurial spirit by helping companies to start-up, innovate and grow.</li> </ul> <p><b>Managing other resources</b></p> <p>The GEPPF does not directly manage any other resources.</p>



Partnership	Contact Details	Nature of the Partnership
Community Well Being and Older People Board	<p><b>Contact Officer:</b> Jenny Owen</p> <p><b>Sub partnerships</b></p> <ul style="list-style-type: none"> <li>Community Well Being Steering Group</li> <li>Essex Later Life Steering Group</li> </ul> <p><b>Linked partnerships</b></p> <ul style="list-style-type: none"> <li>Smoking Alliance</li> <li>Obesity Alliance</li> <li>Life Expectancy Alliance</li> <li>Priority 4 Group (Older people helped to live at home) – each PCT has sub-group.</li> </ul>	<p><b>Purpose</b> The CWOP board aims to:</p> <ul style="list-style-type: none"> <li>tackle inequalities to ensure geographical boundaries or impairment is not an obstacle or disadvantage for ones well-being.</li> <li>encourage the take up universal services and embed the principles and of self support.</li> </ul> <p><b>Managing Money</b> The partnership does not directly manage resources. It seeks to advice partners and influence the deployment of resources to achieve its objectives.</p> <p><b>Managing the Business</b> The Partnership will agree:</p> <ul style="list-style-type: none"> <li>Commissioning Strategies which will determine how partners commission services from 2008 onwards.</li> <li>A Community Wellbeing Strategy to reduce inequalities.</li> <li>The Essex Later Life Strategy to improve an individual's quality of life through empowering them to remain independent and in control, enabling Essex to maximise the skill set of people in later life.</li> </ul> <p><b>Managing other resources</b> The Board does not directly manage other resources.</p>

Partnership	Contact Details	Nature of the Partnership
<b>Strategic Board for an Essex Legacy from the 2012 Olympic Games and Paralympic Games</b>	<p><b>Contact Officer:</b> Loretta Sollars Head of Olympic &amp; Sports Development Ext: 51250 DDI: 01245 437250 <a href="mailto:Loretta.sollars@essexcc.gov.uk">Loretta.sollars@essexcc.gov.uk</a></p> <p><b>Linked partnerships</b></p> <p><b>sportessex</b> Independent organisation currently hosted by ExDRA. Responsibility for delivering strategic sports development across Essex, Southend and Thurrock. SLA £10,000 for this year.</p>	<p><b>Purpose</b> To provide the leadership for a partnership that will ensure that Essex, Southend and Thurrock secure a legacy from the London 2012 Olympic Games and Paralympic Games.</p> <p><b>Managing Money</b> The County council have allocated a budget of £200,000 to the Partnership.</p> <p><b>Managing the Business</b> The Partnership has agreed aims and objectives. Primarily it aims to use members' individual and collective influence to impact on the financial and corporate strategies and operations of organisations within the partnership in order to achieve the 2012 legacy. It is jointly accountable to the Local Strategic Partnerships of Essex, Southend and Thurrock. It holds an annual conference and produces an annual report. It has sub groups for:</p> <ul style="list-style-type: none"> <li>▪ Sport, Preparation &amp; Training Camps</li> <li>▪ Culture &amp; Tourism</li> <li>▪ Education &amp; Skills</li> <li>▪ Business, Regeneration &amp; Inward Investment</li> <li>▪ Thames Gateway South Essex Partnership Quality of Life Board</li> <li>▪ Brentwood Weald Park Liaison Group</li> <li>▪ London 2012 Essex Transportation Group</li> </ul> <p>The secretariat for the Board is provided by Essex County Council.</p> <p><b>Managing other resources</b> The partnership does not manage other resources.</p>
<b>Thames Gateway South Essex Partnership</b>	<p><b>Contact Officer:</b> Simon Neilson Senior Regeneration and Policy Manager Ext: 51025 DDI: 01245 437025 <a href="mailto:Simon.neilson@essexcc.gov.uk">Simon.neilson@essexcc.gov.uk</a></p> <p><b>Sub Partnerships</b> TGSE Transport Board</p> <p><b>Contact Officer:</b> Chris Stevenson (Transportation &amp; Major Schemes Manager) Ext: 51287 DDI: (01245 437287)</p>	<p><b>Purpose</b> Create sustainable communities making the most of the unique characteristics of South Essex. To deliver a better quality of life for all those who live and work in the area.</p> <p><b>Managing Money</b> TGSE receives funding of £200k from EEDA and £200k from its other partners, this includes £50k from ECC.</p> <p><b>Managing the Business</b> The TGSE Partnership is a company limited by guarantee. Directors are nominated by its partners, ECC; Southend and Thurrock Unitary Authorities; Rochford, Basildon and Castle Point district councils, LSC and the private sector. TGSE reports on delivery of the sub-regional economic partnership to EEDA.</p> <p><b>Managing other resources</b> The partnership has an office base and staff.</p>

Partnership	Contact Details	Nature of the Partnership
<b>Haven Gateway</b>	<p><b>Contact Officer:</b> Steven Lee-Foster Senior Regeneration and Policy Manager Ext: 51351 DDI: 01245 437351</p> <p><b>Sub Partnerships</b> Haven Gateway Partnership transportation Board</p>	<p><b>Purpose</b> Create sustainable communities making the most of the unique characteristics of Haven Gateway area. To deliver a better quality of life for all those who live and work in the area.</p> <p><b>Managing Money</b> The partnership is currently an unincorporated body and does not have any direct control over finances.</p> <p><b>Managing the Business</b> The partnership is hosted by ECC. It is a Strategic Regional Economic Partnership reporting to EEDA.</p> <p><b>Managing other resources</b> The partnership has an office and manager and website.</p>
<b>Essex On-line Partnership</b>	<p><b>Contact Officer:</b> Eamonn Burnell External Partnerships Development Manager (IS) Ext: 21303 DDI: 01245 437549 <a href="mailto:Eamonn.burnell@essexcc.gov.uk">Eamonn.burnell@essexcc.gov.uk</a></p>	<p><b>Purpose</b> EOLP is concerned with dealing with the effective use of IS/IT across the organizations. Implementation of joint information systems, collaborative procurement of hardware and software and sharing of strategic policies.</p> <p><b>Managing Money</b> The 2007-08 budget is £310,500.</p> <p><b>Managing the Business</b> The partnership is hosted by ECC. The Partnership has agreed PIs which it monitors and uses as a benchmark of performance between partners. The partnership has co-ordinated joint procurement which has generated savings on a range of goods and services.</p> <p><b>Managing other resources</b> The partnership manages the EssExtranet. Integrated Telephony system, Essex on line, anti-social behaviour system, SNEN, accommodation sharing, secure e-mail.</p>
<b>Youth Offending Service</b>	<p><b>Contact Officer:</b> Tanya Gillett <a href="#">Head of Youth Offending Service</a> DDI: (01245 265151) <a href="http://essexcontacts/hierarchy_detail.asp?ID=%2024653">http://essexcontacts/hierarchy_detail.asp?ID=%2024653</a></p>	<p><b>Purpose</b> The aim of the partnership is to ensure the effective contribution by partnership agencies to support the aim of the Youth Justice System (as defined by the 1998 Crime and Disorder Act) the prevention of offending by children and young people.</p> <p><b>Managing Money</b> The 2007-08 budget is over £4m.</p> <p><b>Managing the Business</b> YOS has management board made up of senior Officers within core Partners (ECC, Police, Health and Probation) and other relevant stakeholders such as Connexions and the Courts Service. The board agrees and monitors an annual plan.</p> <p><b>Managing other resources</b> The YOS is hosted by ECC.</p>

Partnership	Contact Details	Nature of the Partnership
<b>Supporting People</b>	<b>Contact Officer:</b> Simon Harniess Head of Supporting People DDI: 01245 437875 Ext: 51875	<p><b>Purpose</b>            The main activities of the partnership are to identify the supported housing / support service priorities for Essex (Supporting People Strategy) and determine how the Supporting People Grant will be used to meet these priorities. The principal client groups are older people and adults with learning difficulties.</p> <p><b>Managing Money</b>            CLG announced the Supporting People grant allocations in December 2007. The Essex SP grant for 2008/9 and 2009/10 is frozen at the 2006/7 level of £29.623m. In 2010/11, the SP grant will be £28.550m, a reduction of £1.1m (3.6%).</p> <p><b>Managing the Business</b>            The Commissioning Body includes officers and members from ECC, each, district Council, Probation, and 2 PCT representatives. Sub- groups of the commissioning body are: the Core Strategy Group, Service Users Panel, Provider Forum, and Advisory Group. A Memorandum of Understanding exists between the County Council and the SP Partnership.</p> <p>The Partnership commissions housing related services for vulnerable groups with the aim of helping them to remain independent or improve their independence.</p> <p><b>Managing other resources</b>            The partnership does not directly manage other resources.</p>
<b>Essex Learning Disability Partnership Board</b>	<b>Contact Officer:</b> Francis Ma DDI: (01245 434813) Francis.ma@essexcc.gov.uk	<p><b>Purpose</b>            The partnership scrutinises commissioning arrangements to maintain and develop appropriate high quality services.</p> <p><b>Managing Money</b>            The ECC and PCTs have a combined LD revenue budget of over £135m (ECC £80m, SP £1.5m, SWPCT £15m and WEPCT £37.5m and LDDF £1m).</p> <p><b>Managing the Business</b>            Partners are all PCTs, South Essex Partnership Foundation Trust, Housing Associations, Voluntary Sector, LD users &amp; Carers and LD Essex People Parliament. The Partnership Board oversees the implementation of the Valuing People Agenda. ECC is the Lead Commissioner for ALL LD service commissioning for both Health and Social Care underpinned by a formal S31 Partnership Agreement.</p> <p><b>Managing other resources</b>            The Partnership Board does not directly manage other resources but have a significant influence on those resources whether directly or indirectly associated to LD.</p>

Partnership	Contact Details	Nature of the Partnership
<p><b>North Essex Mental Health Partnership NHS Foundation Trust</b></p> <p><b>South Essex Mental Health Partnership NHS Foundation Trust</b></p>	<p><b>Contact Officer:</b> Caroline Robinson Deputy Director of Mental Health Joint Commissioning DDI: 01277 239115 <a href="mailto:Caroline.robinson@essexcc.gov.uk">Caroline.robinson@essexcc.gov.uk</a></p>	<p><b>Purpose</b> The trusts provide mental health and learning disability services.</p> <p><b>Managing Money</b> South Essex Partnership has a budget of over £100m.</p> <p><b>Managing the Business</b> The Partners are NHS Foundation Trust. There are formal Section 31 agreements between the trusts and ECC.</p> <p><b>Managing other resources</b> The trusts employ over 2000 staff and have large property holdings.</p>
<p><b>Essex Equipment Store</b></p>	<p><b>Contact Officer:</b> Mike Walsh - <a href="#">Interim Provider Services Manager Adults, Health and Community Wellbeing</a> Ext: 40812 DDI: (01245 434812)</p>	<p><b>Purpose</b> The Equipment Store provides partners with specialist equipment for their clients.</p> <p><b>Managing Money</b> The infrastructure budget in 2007-08 is £2.7m and the value of equipment recharged to partners is £4.5m. Infrastructure costs are recovered from partners in proportion to their equipment useage.</p> <p><b>Managing the Business</b> Partners are ECC, adults and children's services, NHS trusts, and Thurrock unitary authority. The service is hosted by ECC. There is an SLA with each partner.</p> <p><b>Managing other resources</b> The service has a warehouse in Colchester, several vehicles and employs 80 staff.</p>



Partnership	Contact Details	Nature of the Partnership
<b>Procurement Agency for Essex</b>	<b>Contact Officer:</b> Peter Quinn - <a href="#">Category Manager</a> - <a href="#">Procurement</a> Ext: 21871 DDI: (01245 431871)	<p><b>Purpose</b>  The PAE aims to Promote &amp; Facilitate Collaborative Procurement in Essex by leading and influencing procurement projects, share best practice, providing support and training, acting as a voice for Essex Procurement and promoting &amp; maintaining high procurement standards. The PAE is a partnership of all district councils, both unitary authorities, Police and Fire Services and ECC.</p> <p><b>Managing Money</b>  The PAE has an operating budget of £250,000 supported by contributions from partners.</p> <p><b>Managing the Business</b>  PAE Management Board reports to the Essex Chief Executive Association. It produces an annual report and business plan. It aims to use benchmarking information to define what value for money is in each spend category and to engage our key partners in cost reduction, efficiency work and making services more responsive to the needs of our residents and the local environment.</p> <p><b>Managing other resources</b>  The partnership provides a series of important procurement systems including: eProcurement, Essex Procurement Portal, Essex Contracts Register, Essex Supplier Portal, and the Contract Register service.</p> <p><a href="http://www.paessex.gov.uk/pae/index.shtml">http://www.paessex.gov.uk/pae/index.shtml</a></p>

Partnership	Contact Details	Nature of the Partnership
<b>Essex Casualty and Congestion Reduction Board</b>	<p><b>Contact Officer:</b> Rosemary Welch (Safety and Network Manager) Ext: 51146 DDI: (01245 437146)</p> <p><b>Sub-partnerships</b> <b>Essex Safety Camera Partnership</b></p>	<p><b>Purpose</b> The purpose of the Essex Casualty and Congestion Reduction Board is to manage the accident reduction targets in the Safer and Stronger Communities block of ECC's LAA.</p> <p>The Essex Safety Camera Partnership aims to use safety cameras to bring down the number of speed-related accidents.</p> <p><b>Managing Money</b> The Essex Casualty and Congestion Reduction Board is funded from the LAA pump priming grant, LTP and ECC base budget. The Camara Partnership is funded by the DfT Road Safety Grant which is over £3m. Police carry out enforcement. Infringement notices are processed by HM Courts Committee, which send the revenue to HM Treasury which in turn funds the Partnership's budget agreed with Treasury to cover operating and capital costs.</p> <p><b>Managing the Business</b> The Essex Casualty and Congestion Reduction Board seeks to influence the LTP targets. Its membership is councillors and officers from ECC and districts plus Fire, Police and Highways Agency. The Board Commissions services from partners and the private sector.</p> <p>The Camara Partnership Based on a service level agreement among the partners: Southend, Thurrock and ECC.</p> <p><b>Managing other resources</b> The Essex Casualty and Congestion Reduction Board focuses on publicity and enforcement, and improving Police resourcing. Essex Fire and Rescue has a statutory mandate for KSI reduction.</p>
<b>Local Strategic Partnerships (Transport Action Groups at Tendring, Harlow and Epping Forest Councils)</b>	<p><b>Contact Officer:</b> Nick Roberts Passenger Transport Coordination Centre Manager Ext: 51187 DDI: (01245 437187)</p>	<p><b>Purpose</b> Transport TAGs deliver their LSP targets and support Highways Local Service Agreements between Districts and ECC.</p> <p><b>Managing Money</b> The TAG advice on the use of partner's budgets they do not directly control resources.</p> <p><b>Managing the Business</b> The TAGs focus on local priorities, reconcile funding priorities, and managing expectations.</p> <p><b>Managing other resources</b> The TAGs do not manage other resources.</p>

Partnership	Contact Details	Nature of the Partnership
Quality Bus Partnerships	<b>Contact Officer:</b> Fran Garthwaite Passenger Transport Manager Ext:51606 DDI:(01245 437606)	<p><b>Purpose</b>            To increase access to bus services, improve customer satisfaction and grow passenger numbers to achieve ECC's LTP objectives and improve access for disabled passengers in accordance with the requirements of the Disability Discrimination Act.</p> <p><b>Managing Money</b>            Annual Cost - Capital = £3,000,000 (primarily LTP investment) and Revenue = £65,000.</p> <p><b>Managing the Business</b>            There are 39 separate agreements.</p> <p><b>Managing other resources</b>            ECC invests in infrastructure along bus corridors, including real-time passenger information, passenger shelters, raised and dropped kerbs and bus priority measures, and markets and promotes bus transport. Bus operators invest in accessible vehicles, marketing and driver training.</p>
HR Strategic Partnership	<b>Contact Officer:</b> <a href="#">Janet</a> Cox DDI: (01702 318162)	<p><b>Purpose</b>            Partners are all district councils, ECC, and Southend.</p> <p><b>Managing Money</b>            The Partnership has a budget of £862,127 in 2008-09. The partnership also seeks external funding.</p> <p><b>Managing the business</b>            The partnership and its staff are hosted by ECC.</p> <p><b>Managing other resources</b>            Partnership projects are: diversity training, Essex Leadership Centre, Recruitment Contract, and a pool of project officers for additional support.</p>

# Feedback Form

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If no, what would aid your understanding?

e.g. increased use of charts/graphs, written explanations, more non financial information

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4. Is there any additional information that you would like to see in the document?

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5. Are there any other ways we could improve the document?

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