Everyone’s Essex Annual Plan and budget

2023/2024

Essex County Council Everyone's Essex Annual Plan and budget 2023/24

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1. Foreword by the Leader

We are coming up to the halfway point in this administration; in May it will have been two years from the elections in 2021 and two years until the elections in 2025. We are therefore also halfway through the timeline of Everyone's Essex, our plan for levelling up the county from 2021 to 2025. While the aims and commitments in Everyone's Essex are focused on generational change, we have already done much in our first two years to set the course direction to achieve these priorities amid unprecedented challenges. I am pleased to introduce the Annual Plan for 2023 to 2024 which outlines the budget we have set in the face of very considerable financial headwinds and some of the things we will deliver next year to continue to drive forward our priorities.

In my foreword to last year's Annual Plan, I talked about emerging with confidence from the pandemic, focusing on renewal and growth while meeting our ambitions around levelling up the county and leading the way on tackling climate change. I also talked about the cost of living challenges that were emerging for our residents. These challenges have increased across the UK. Two weeks after the Annual Plan was approved by Council in February, Russia invaded Ukraine. While we have done much in the intervening year to mitigate for the impact this has had on inflation and the cost of essential goods for our residents (and ourselves) it is in this context that we begin 2023. It is also in this context that we have set our plan for the coming year.

In spite of the challenges that faced us last year, I am pleased to say that we have progressed beyond expectations. We have prioritised renewal and growth in all stages of life, we have been internationally recognised for our levelling up and climate change work and we continue to deliver outstanding essential services with one of the lowest tax levels of any county council in the country. In the face of such hardship, I would like our residents to feel safe in the knowledge that we are here for them. On top of that it is vital that you know that we still have our eyes on the future as well, and that what we said we would deliver, we are delivering, and we will continue to deliver for you.

2. Everyone's Essex Strategic Aims – What we will deliver in 2023/24

Aim 1: Strong, inclusive and sustainable economy

Aim 2: High quality environment

Aim 3: Health, wellbeing and independence for all ages

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

Aim 1: Strong, Inclusive and Sustainable Economy

1) We are working collaboratively with partners, including Southend and Thurrock Councils, city, borough and district councils and the Essex Police, Fire and Crime Commissioner, to explore a devolution deal for Greater Essex. Securing local control over powers and funding from national government, has the potential to significantly boost economic growth, skills, transport and infrastructure development across Essex, Southend and Thurrock.

2) We are working with south Essex Councils (including Southend and Thurrock) and north Essex Councils to develop and deliver an ambitious vision for building a strong, sustainable and inclusive economy in our economic sub-geographies. Alongside this, we will work with major companies in the county to develop a new strategic partnership with business that will boost economic growth, skills and good jobs in the county.

3) We will continue our work supporting Thurrock Council in returning to financial sustainability and good governance, in accordance with the mandates given to us by the Department for Levelling Up, Housing and Communities. This is the first sector-led intervention of its kind and will therefore help the sector and government in developing a partnership approach to these issues.

4) Building on a successful first year, we will continue to roll out our Levelling Up programme for priority places and cohorts, working closely with local partners. The focus in year two will be on targeting clear priorities, mobilising Council and system resources in a joined up way around these, and measuring impact so that we understand what works and can tailor interventions as effectively as possible.

5) We will continue delivery of the range of projects that we have launched in 2022 to support Levelling Up, so that they feed through into improved outcomes for residents. These include a major investment in new business units in Jaywick and literacy areas in libraries. We are investing in supporting skills development in electric vehicle maintenance via a new centre at Harlow College.

6) We will roll out a programme to support digital inclusion, recognising that digital skills and connectivity are a key component of Levelling Up. This will include working with Adult Community Learning and Essex libraries to train up community digital champions and also using social value in procurement to drive digital upskilling.

7) We will continue to support our residents with cost of living pressures, delivering on the plan we published in September. This will include £9.4m of support for vulnerable residents through the Household Support Fund; a winter warmth and welcome programme; and enhancing information, advice and guidance for residents including through additional funding for Citizens Advice.

8) We will continue with our capital investments planned through Essex Housing and our own estate to help support the local construction industry and create additional jobs for local residents in this key sector.

9) We will provide appropriate support for Essex Housing LLP to deliver housing. It currently plans to progress construction of four schemes which on completion will deliver a renewed community asset, 117 private sale units, and 16 units for either general needs, affordable or specialist uses.

10) We will support partners to deliver a Future Skills Programme that helps create a workforce to deliver the necessary major projects in the County including Freeport East, Garden Communities, Offshore Wind Farms, transport infrastructure and housing and buildings retrofitting.

11) We will continue to support effective use of apprenticeship levy funding across employers to help Essex residents into better jobs with on-the-job training and strong future career prospects, and support local businesses with filling vacancies in areas of skills shortages.

12) We will increase our direct work with the business community to shape training provision in the county that meets the needs of businesses, especially in key growth sectors. We will do this through demand-led education planning, the Local Skills Improvement Plan, the Essex Skills Plan and major regional projects.

13) Working with local authority, education and youth service partners, we will increase our place-based, targeted youth engagement activities, by developing a youth network, for peer to peer support, with business mentoring.

14) We will be working with BDUK to start the Project Gigabit procurement in Essex – this is the local delivery of a national programme that has the ambition to upgrade 85% of UK homes and businesses to full-fibre broadband by 2025.

15) Construction will begin by Spring 2023 on a new 3 platform station at Beaulieu Park with a passing loop to allow high speed and freight trains to pass through without stopping. This is the first new station on the Great Eastern Main Line for 100 years. The station will provide a car park for circa 700 vehicles, including electric vehicle charging and cycle parking.

16) We will continue to work with partners to ensure Essex residents and businesses are able to take advantage of opportunities arising for the transition to a green economy, with a clear emphasis on ensuring the delivery of Retrofit skills training through our Adult Community Learning service and through Further Education colleges.

17) We will work with partners to develop and implement the Sector Development Delivery Plan to secure future growth in our key sectors and ensure we work closely with business intermediary bodies to support the growth of Essex businesses. Through delivery of this plan together with businesses we can create over 40,000 new jobs in the county by 2040.

18) Subject to external funding bids being successful we will work with our partners in Braintree, Colchester, Harlow and Tendring District Councils to commence delivery of Levelling Up Regeneration. If all bids are successful this will unlock £92.8m of Government Investment as well as deliver a range of high quality new homes and jobs, support transport improvements, and catalyse the regeneration of these priority places.

19) We will work on the establishment of the Harlow Investment Fund, in partnership with Homes England, Harlow District Council and Places for People. The intention is a total capitalisation of the fund to the value of £50m which will be invested in regenerating key properties in Harlow Town Centre.

20) We will unleash the potential of the Essex Renewal Fund via our first series of acquisitions to support our commitment to good jobs, future growth and investment, green growth and levelling up the economy. Over the next 20 years, the fund aims to invest over £100m, supporting 1,500 jobs and bringing to market enough land to deliver 1,000 new homes.

21) In the second year of the ECC Arts and Cultural Fund, we will deliver £125,000 in grant funding to support and encourage organisations and individual artists to deliver cultural experiences to all areas of Essex, particularly those where there may be a lower engagement with the arts than in other areas.

22) This year saw the launch of the first ever dedicated Film Office for Essex. The past 5 years have seen a significant boom in the production of high-end television and film in the UK with no signs of this slowing. The Film Office will promote Essex as a filming location and act as a trouble-shooter, supporting production teams looking to work in the County. Attracting more film making into the county will help to stimulate inward investment from film related industries and provide skills and training opportunities for residents looking to begin a career in film and production.

23) Working with district partners, we will use opportunities through the planning system, in particular on Nationally Significant Infrastructure Projects, to generate additional developer funding for local infrastructure. We will also seek to support the use of Community Infrastructure Levy across Essex. This includes supporting our levelling up priorities.

24) We will complete a review of our property assets to look at how we can use and release land and buildings to enable place based regeneration and growth, in conjunction with partners, across the county.

25) Working with district planning authorities and engaging with developers and other partners, we will introduce a new wide ranging set of transport, parking and design guidance for new build properties to promote Essex County Council's vision of creating net zero (or low carbon), climate resilient and well planned communities.

Aim 2: High Quality Environment

1) We will hold climate conferences in spring and the autumn, raising the profile of climate issues and helping to co-ordinate action across national, Essex and community partners.

2) We will update our climate advice packs so that businesses, residents and schools can understand actions they can take to support the climate and have clear signposting to key information and guidance. We will also continue to promote the Essex carbon cutting app.

3) We will continue to strengthen public engagement on climate action through face-to-face events and through increasing the reach, engagement and output of our social media channels.

4) We will support delivery of the next phase of the Government 'Help to Heat' programme and power company eco schemes which provide energy efficiency support and upgrade measures to low income households.

5) We will explore the potential to install solar panels on the ECC estate and school buildings to provide additional renewable capacity and to reduce energy costs. We will also deliver the next phase of the Solar Together programme, helping homeowners and small businesses to purchase high quality solar panels.

6) We will launch a Local Nature Recovery Strategy for public consultation, setting out how a greener, healthier Essex that supports wildlife and people will be delivered.

7) We will continue to invest in protecting homes and businesses from flooding through a £4m programme for 2023/24, which brings together ECC and Environment Agency funding.

8) We will review planning applications for sustainable drainage, working to lower the flood risk to new and existing properties.

9) We will continue to deliver the Essex Forest Initiative. In year one, we planted 38,000 trees against a target of 25,000 and in year two we will seek to exceed the planned cumulative target of 100,000 new trees in Essex.

10) We will start a 5 year programme to map all new trees and those assessed as requiring further work on the ECC managed public highway. This will enable us to assess sites for new trees on our highways.

11) We will work with landowners to develop business cases to unlock private investment into additional green infrastructure, such as trees and meadows. This will help to demonstrate how landowners can enhance nature in a financially viable way.

12) We will launch a new Essex Water Strategy setting out an action plan to tackle water scarcity and water quality across Essex over a five year period, the delivery of which will be subject to partnership funding being secured.

13) We will launch the Essex Waste Strategy for public consultation. This is a joint strategy with ECC, city, district and borough councils and will set out ambitious plans to reduce waste, maximise recycling and minimise the impacts on the local and global environment. We will also launch a new food waste reduction campaign.

14) We will tender for a new residual waste disposal contract to ensure a cost effective, efficient and sustainable service for disposing of this waste that is collected from kerbsides or taken to recycling centres.

15) We will launch the Travel Essex bus portal, providing an accessible, easy to use portal to help all users of the bus network in Essex find the information they need about local bus travel.

16) We will complete the LED streetlight transformation project, which will mean that all ECC owned street lighting will be converted to LED. Replacing the remaining current lights with LEDs will be better for the environment, mean a better service and more effective use of taxpayers' money.

17) We will develop a new Local Transport Plan (LTP) for Essex for public consultation. The LTP will set out how we will deliver the commitments in Everyone's Essex through our statutory transport responsibilities.

18) We will continue investing in the repair and maintenance of local highways taking a risk-based and data-led approach.

19) With funding from Active Travel England, we will complete work on schemes in Braintree, Brentwood, Chelmsford, Colchester and Wickford, so that sustainable and active travel is encouraged and more road space is made available for cycling and walking routes.

20) We will develop a countywide Local Walking and Cycling Infrastructure Plan. This will improve the links to key destinations that people need to get to, whether for work, education, shopping or for other reasons. This will also provide a framework to support the development of district plans.

21) We will promote the Essex e-scooter trial with the aim of seeking to reach 2.5 million rides, encouraging sustainable methods of transport and reducing the number of car journeys.

22) We will review and update the Essex Cycling Strategy to ensure that our cycling ambitions, plans and initiatives align with current national, regional and local policy.

23) We will continue to develop our country parks as a great place for visitors. This will include using country parks to support school children in building confidence and team building skills while learning to enjoy the outdoors.

24) We will seek to secure further Countryside Stewardship funding to support the maintenance and stewardship of our 30 woodland sites and country parks. This will enable the improvement in infrastructure required to support better environmental land management.

25) We will continue to support partners across the Climate Focus Area to develop projects including city, district and borough councils, the North Essex Farm Cluster and local parishes. The Climate Focus Area aims to converge all efforts to improve the natural and urban environment in face of climate change.

Aim 3: Health Wellbeing and Independence for All Ages

1) We will work with all system partners to optimise the integration of health and social care, including community-based solutions, hospital avoidance, hospital discharge and reablement services.

2) We will finalise our adult social care market shaping strategy which is being produced in collaboration with care providers in order to best understand current provision, stimulate a diverse range of care and support services to meet needs so that residents can live their lives to the fullest, and to ensure that the care market remains vibrant and stable.

3) We will work with partners, including providers, to develop an improved intermediate care offer that is simple and easy to navigate, and which maximises all the resources across health and social care to ensure the best possible outcomes for residents.

4) We will progressively implement the commitments set out in our Carers Strategy which will improve support to the many thousands of unpaid carers supporting family and friends in Essex.

5) We will work with partners across Essex, Southend and Thurrock to implement the Dementia Strategy, improving support and help to those living with dementia and for their carers.

6) We will finalise and start implementing a new Southend, Essex and Thurrock Mental Health Strategy - working in partnership with Southend and Thurrock Councils, three Integrated Care Boards, local residents, and other stakeholders.

7) We will be launching a new Disability Strategy which will set out our commitments for the next 4 years to support people with disabilities to live the best lives they can and achieve their aspirations including engagement with providers on transforming day opportunities.

8) Our Meaningful Lives Matter programme will start delivering expanded in-house enablement accommodation provision and Shared Lives services to increase accommodation options for people with learning disability and autism.

9) The ECL LIVE (Learning, Innovation, Volunteering and Employment) service will support a further 364 people with disabilities into paid work by April 2025.

10) We will be seeking to procure a new Inclusive Employment Service in Essex for adults with disabilities, their families and local employers, while continuing to deliver on the success of the Learning Disabilities and Autism Business Grant Funding Scheme following the re-opening of applications in December 2022.

11) We continue to work with the Essex Anchor Network to encourage members to deliver on their commitments around inclusive employment and increase the number of individuals with Learning Disabilities and/or Autism into the workplace. By the end of 2022 we have delivered two reverse job fairs with the aim of expanding these across wider Essex in 2023. In the future, we intend to utilise the success of the Reverse Job Fairs to introduce and embed Job Coaches within the Anchor organisations.

12) We will utilise the newly created Health Protection Board to bring partners together and ensure the public are protected against infectious disease and other health risks, in particular using this forum to communicate the importance of screening, vaccination and good infection prevention and control measures in healthcare settings and the wider public domain.

13) We will be increasing the range of services that support people who choose to manage their own care and support via a direct payment including a redesigned Direct Payments Support Service, and an increase in the number of providers.

14) We will continue working to put in place arrangements to implement the Government's planned changes to the adult social care charging regime, including the social care cap. These changes have now been delayed until 2025, but require extensive planning to ensure that the system is ready to implement these changes.

15) We will continue expanding delivery of the Essex care technology service, which provides a range of care technology to help older people and people with disabilities to live more independently.

16) We will work with partners in the NHS, cities, district and borough councils and the voluntary sectors to ensure that the new Integrated Care System Strategies are aligned with the wider commitments in Everyone's Essex to level-up the county and address the wider determinants of health to reduce inequalities in access and outcomes.

17) We will launch a new sexual health service aiming to join partners together to deliver better care that meets the needs of our residents and, in turn, reduces health inequalities.

18) We will work in partnership with the Essex Recovery Foundation, staffed by ex-service users, to increase the services available to provide specialist treatment, housing related support, employment assistance and to build long term recovery for Essex residents with drug and alcohol issues.

19) We will expand Essex Pedal Power to Colchester, Basildon and Harwich, starting with the distribution of 1900 new bikes, to build on the success of Pedal Power in Clacton/Jaywick.

20) Subject to successful negotiations, we aim to secure a 3-year grant worth £1.5m to improve community access to school buildings out of hours to improve physical activity.

21) As part of the implementation plans of the Integrated Care Boards, we will provide opportunities for our property assets to be used for the delivery of primary and community care across the county.

22) We will continue with the Find Your Active physical activity programme, as part of the Active Essex Fit for the Future strategy. We will use the Find Your Active brand to power campaigns and events across the county to support people to become more active.

23) We will continue with the roll out of the Active Essex Local Delivery Pilot, supported by Sport England, which aims to encourage physical activity among the 400,000 people who live in the relatively more disadvantaged parts of the county.

24) We will continue with the roll-out of the award-winning Connect programme, which is designed to help older people live more independently by connecting them to the right community support to meet their needs and to improve hospital discharge processes.

25) We will continue to support the health and wellbeing of our residents through the newly enhanced Essex Wellbeing Service. This service is delivered by an alliance of specialist organisations and can help people with a range of health and wellbeing issues, including quitting smoking, social isolation support, weight management, or help with day-to-day needs.

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

1) To keep pace with the rising demand for school places, we are continuing to invest £7.5million to deliver 340 additional mainstream school places in time to increase school intakes in September 2023.

2) We will commence construction on three new primary school buildings due to open in 2024 to provide education infrastructure for new communities. We will also be investing over £1.5m in replacing ageing temporary classrooms with new, permanent, low carbon buildings.

3) We will continue with an ambitious programme through the Essex Education Taskforce. It will build on and continue with the Essex Year of Reading, launch a Year of Numbers and work with an established children's wellbeing board to drive through recommendations from a Wellbeing Survey commissioned through our partner the Education Policy Institute.

4) We will continue our ambitious programme of SEND improvements, building on the progress shown in the Ofsted/CQC revisit, with a particular focus on the quality of Education Health Care Plans and the joint commissioning of SEND therapies and neuro-developmental diagnostic pathways. We will also align our SEND and inclusions strategies to support our mainstream schools to improve the outcomes of children and young people with additional and special needs and develop our sufficiency plan to ensure we have the capacity, provision, resources and expertise across the local area to deliver these ambitions.

5) Supported by the cross party working group we will develop a strategy to deliver support for schools to improve attendance across all key stages.

6) We will deliver the education projects we are investing in as part of the Levelling Up programme. These projects focus on ensuring children are ready to engage with education, are able to make progress in their reading and comprehension, support whole school approaches to social, emotional and mental health issues and also support young people earlier to prevent them from disengaging from school, further training or entering the jobs market.

7) We will continue to work with schools and settings to articulate how to adjust to the ever changing and complex educational landscape. We will continue to use our Essex School Partnership Strategy to do this as we know that schools benefit from learning from and collaborating with each other.

8) Working with local authority, education and youth service partners, we will increase our place-based, targeted youth engagement activities, by developing a youth network, for peer to peer support, with business mentoring.

9) Co-funded by ECC and the Department for Education, we will run the Essex Activate Holiday Activity Fund programme across the Easter, Summer, and Christmas holidays as well as all half terms. This programme, which is part of our cost of living strategy, provides free meals and activities during school holidays for children on free school meals or in low income families.

10) We will work to increase the number of social supermarkets, with the first two having recently been opened in Clacton and Basildon. These are run by the voluntary sector and source food and other essential household goods at lower cost, helping to reduce the weekly shopping bill for hard-pressed families.

11) We will take forward the work of the Safety Advisory Group combatting violence against women and girls. We are also expanding our capacity on community safety, so that we can play an active role, working with the Police, Fire and Crime Commissioner and other partners, to address issues like violent crime, hate crime and extremism.

12) We will develop our libraries to support adult and family literacy, building on the roll out of literacy areas last year. Library staff will be trained as ReadEasy volunteers to support adults with their reading.

13) We will complete the re-development of Shenfield Library, with re-opening due in spring 2024.

14) Through the work of the Refugee task Force, we are strengthening co-ordination with national government and across the Essex system, so that we can welcome and support arrivals into Essex under the Ukrainian, Afghan and other schemes.

15) We will implement our year two delivery plan for our Early Years and Childcare Strategy. This will focus on reducing disadvantage including by narrowing the word gap and increasing the take up of funded places by eligible two year olds. We will continue to bring the early years system together around shared outcomes by further embedding our Early Years Charter.

16) On domestic abuse, we will continue to deliver our strategic plans to 2024 which includes the commissioning of a range of support for victims and survivors, including children and young people which ensures we will fulfil our statutory duties. The Domestic Abuse discovery research will be delivered in January 2023 and this will inform our intentions for beyond 2024.

17) The Council is due a full Ofsted inspection of its Childrens Services and an HMIP inspection of its Youth Offending Services during 2023. We will work with Ofsted and HMIP to identify areas of strong practice and also areas of learning. We will then work to follow up on the inspection findings and recommendations to ensure that we continue to provide cost effective and high quality care and support for children in Essex who need it.

18) We will improve the sufficiency of placements for children in care by further developing the capacity of the Essex Fostering Service; and by improving access to children's residential care placements, through market engagement, the development of single-bed homes, and developing an assessment and crisis residential setting to determine appropriate care pathways for young people.

19) Following the success of the ECC produced picture book *New House for Little Mouse,* we will extend our series of books, helping children in care to better understand what is happening to them.

20) Through the work of the Children & Families Transformation Board, we will continue to develop and test new, innovative services, so that we can continue to deliver cost-effective and improved outcomes for vulnerable children in a challenging financial and operational environment.

21) We will update the Children and Young People's Plan, building on existing work to bring together partners and develop a unified approach to supporting the wellbeing of children.

22) We will implement the delivery plan for the Co-parenting Strategy that was agreed last year. The strategy sets out seven outcomes on how we will be good corporate parents to children and young people in our care and care leavers, supporting their wellbeing and their life chances. This will include an event to promote job opportunities and support from businesses to care leavers. The businesses will sign a pledge of support to a care leaver whether that be a job opportunity or just a small gesture of support.

23) We will actively engage with changes to national policy affecting family help, the care system, schools, education, SEND and health. We will work as a system to implement any required changes and ensure that the focus is maintained on improving outcomes.

24) We will proactively address the challenges to families and our system resulting from the increase in the cost of living, seeking opportunities to engage across the system to increase direct support to families and bring about longer term, sustainable change through our Levelling Up Programme.

25) We will develop and embed a new Strategy for Anti-Racist Practice which will drive improvements in leadership, policy and procedures, workforce and practice, with the aim of ensuring Black, Asian and ethnically diverse children, families and staff will be equally valued, treated without partiality and have the right conditions to thrive, reach and achieve their full potential.

Resources

Financial Strategy 2023/24 – 2026/27

The 2022/23 financial year has been another challenging year. The care market continues to struggle with capacity post Covid-19 and we are now seeing the impact of the anticipated pent up demand resulting from the pandemic, most notably in Children's Services. We have also faced significant financial pressure resulting from the unprecedented levels of inflation experienced during the year. The short term economic outlook is bleak with high inflation expected to continue throughout 2023/24 and the economy entering recession, leaving us with a significant level of uncertainty in our medium-term resource strategy (MTRS).

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

The budget sets out the financial resources that we have available to deliver our statutory requirements, political priorities and the Annual Plan and therefore achieve the Everyone's Essex Strategic Aims. In 2023/24, we will spend a gross budget (including schools) of **£2,281m**, which, after taking income and specific grants into account, amounts to a net cost of services of **£1,164m**, some £74m or 7% more than originally budgeted in 2022/23, and invest **£275m** in our capital programme. This budget is underpinned by a financial strategy to ensure that we can continue to live within our means, whilst also continuing to deliver essential services to residents and keep council tax as low as possible.

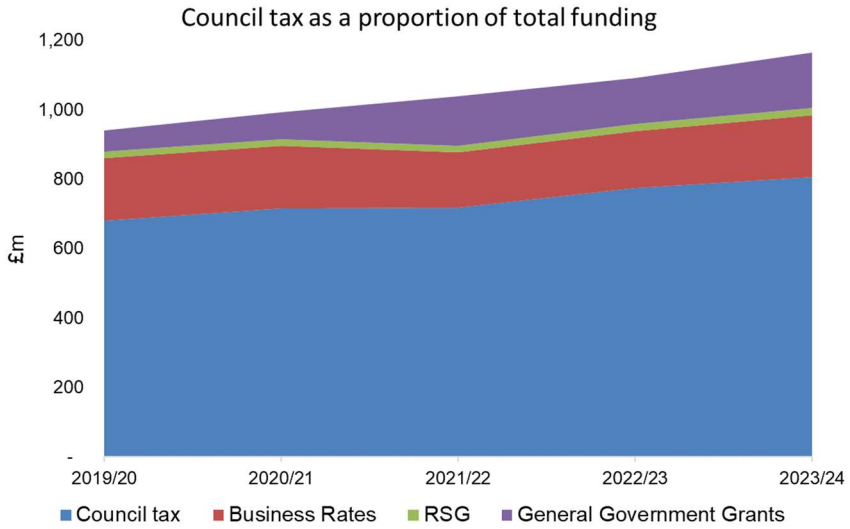
We have a strong record of sound financial management, and over the last 4 years have generated savings to taxpayers of **£199m**. A further **£36m** of new savings are forecast to be delivered by the end of 2023/24 (**3%** of net budget). The planned savings are focused around transformation of community care for Older People to deliver better outcomes, generating efficiencies through the "Meaningful Lives Matter" programme by providing better support to adults with learning difficulties, use of technology, making more efficient use of our buildings and reviewing staffing across the Council. We have an outstanding track record of delivering savings, generating income and delivering value to our residents, with a constant focus on strategic outcomes and financial prudence.

The Provisional Local Government Financial Settlement (Provisional Settlement) from Government confirmed the majority of announcements in the Chancellor's Autumn Statement. This included additional monies for social care as well as the continuation of the Services grant for 2023/24, albeit at a lower value compared to last financial year. In addition to this, for the Dedicated Schools Grant (DSG), an additional £23.4m in respect of the High Needs Block was

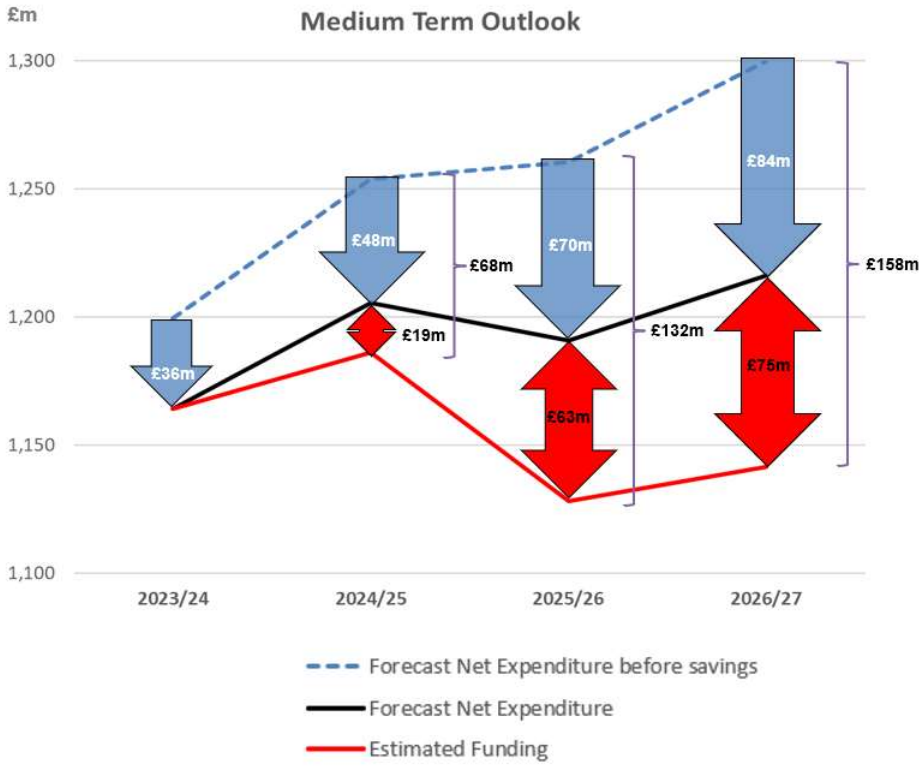
announced. There was only a one-year funding announcement for most grants. The Provisional Settlement also confirmed the continuation of Revenue Support Grant (RSG) of £21.3m.

Our long-term funding position is less clear. The Provisional Settlement and Policy Statement has provided some assurance around continuation of grants in 2024/25, however we do not know allocations, and beyond this there is little funding certainty, which makes it difficult to plan for the longer term. Furthermore, the additional social care money is not confirmed beyond 2024/25. Our medium-term strategy assumes the continuation of Revenue Support Grant at the provisional 2023/24 level of **£21.3m**, and the continuation of social care grants at the level prior to additional money being announced for the current year and thereafter.

Our budget for 2023/24 assumes that council tax is increased by 3.5%. This is made up of a 1.5% general council tax precept, and 2% adult social care precept. The precept is being used to insulate Adult Social Care from having to make higher savings, and support growth in need caused by changes in the demographics of our population and inflation. Taking these increases into account, the council tax for a band D property will be **£1,450.17; this is an increase of 94p per household per week.**



Net expenditure of **£1,164m** is funded by Council Tax, Business Rates, Revenue Support Grant and General Government Grants. Income from Council Tax is the largest funding stream at **£805m** and will make up **69%** of our funding in 2023/24.



Based on latest intelligence on demand for services, inflation, and likely funding levels, we are forecasting a budget gap of £19m in 2024/25 rising to £75m in 2026/27. The most significant driver of the gap is inflation which accounts for £65m by 2026/27. There are new burdens and other cost pressures of £42m, including financing of the capital programme, and the anticipated impact of a changing client base in Adult Social Care of £25m. There are no assumptions made around future levels of council tax in arriving at the gap from 2024/25 onward.

Some progress has been made towards balancing the budget over the medium term. Further new savings totalling £48m have been identified in the medium term to 2026/27, and are included in the forecast gap. Work will continue during 2023/24 to identify proposals to close the funding gap beyond the next year. We are fully cognisant of the challenges faced, including the funding uncertainty, and we are determined to continue to transform how we operate to tackle this enormous task. We are committed to delivery of savings and generating the income required to reach a balanced budget position but also to deliver better services for residents.

There will be a continued focus on commercialism where possible, effective contract management and working with partners to secure value for money in delivering our strategic aims and priorities. We will be redesigning services where appropriate to ensure they remain modern and fit for purpose. The capital programme includes £49m of schemes which will result in cash savings or reduced costs thus reducing the burden on taxpayers.

Capital

The capital programme presented is fully developed for 2023/24 and provides the current view of the aspirational programme for 2024/25 to 2026/27. The four-year programme totals £1,284m, and has undergone a thorough review to mitigate against the impact of rising interest rates on borrowing costs and plateau the Authority's level of indebtedness to ensure the programme remains financially sustainable.

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

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

The approach to the development of the capital programme is:

- Ensuring activity is prioritised in line with the Everyone's Essex strategic aims whilst maintaining financial sustainability
- Ensuring robust delivery plans are in place, enabling delivery on time and to budget, for example maintaining the road network and ensuring every child has a place at school
- Utilising and leveraging the existing asset base to maximise its value whilst also ensuring it remains fit for purpose
- Maximising leverage of external funding, especially from development, which will increase the financial envelope available for capital projects such as funding for road improvements, new road junctions and building new schools
- Ensuring that cross organisational goals are understood and built into projects at the earliest stages to maximise the value from every pound spent, and deliver on Everyone's Essex ambitions

Over the last three years we have invested over £175m into highways in order to efficiently maintain the network for our residents and users.

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

One of the largest road infrastructure projects in Essex, the creation of a new junction 7A to the M11, completed this year making travel in and around Harlow easier and we continue delivery of further significant packages of highway works such as improvements to the M11 Junction 8 and the A127 / A130 Fairglen Interchange. We will continue to work closely with the Department for Transport, National Highways and other third parties to secure funding for our developing longer-term pipeline covering the next 10 to 15 years, providing greater opportunities to leverage external funding and enabling greater outcomes for Essex.

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

Essex Housing Development LLP is our housing development arm which works with public sector partners across Essex to identify and bring forward surplus land in order to help address general, specialist and affordable housing need, generate capital receipts and deliver revenue benefits. The ambitious programme continues in bringing forward private units which offset the costs of the affordable and specialist units to ensure the model is financially sustainable. Specialist units such as Independent Living for Older People and People with Learning Disabilities help promote the independence of some of the most vulnerable in the County, improve outcomes and reduce the costs of social care provision. Our ambition over the next four years is to progress the development of a further 598 units.

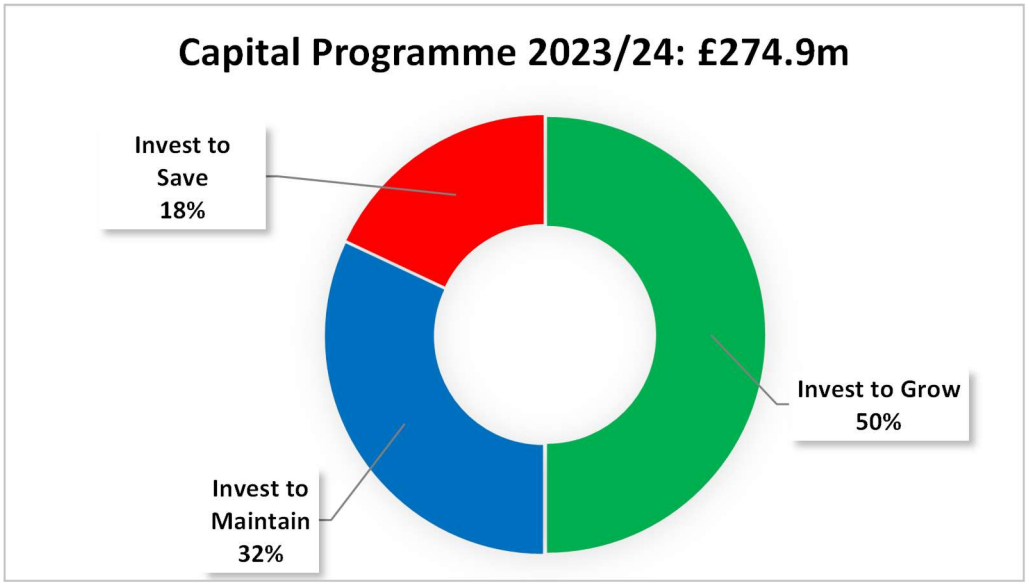
Increased investment and working in partnership with organisations and communities across the county is vital to achieving the ambitions for the Essex Climate Action Commission. We will continue to:

- deliver buildings that have a net-zero carbon operational design
- transform our estate to be more energy efficient
- make Essex more resilient to climate impacts such as flooding
- deliver and maintain new and existing cycling infrastructure and active travel schemes which enable people to walk and cycle
- replace streetlighting lanterns with LED units which will result in a significant energy saving and carbon reduction.

Our collaboration with Essex Schools has seen our special school places increase and has continued with the delivery of new sites for our pupil referral units (PRUs). This continues to represent a step change in the provision and helps to reduce distances children with Special Educational Needs and Disabilities (SEND) need to travel, keeping them closer to their family and reducing associated costs. Alongside investment via successful free school applications, the SEND and Alternative Provision (AP) capital programme has seen over £100m of investment in our schools and PRUs to date with a further £50m of ECC investment planned over the next four years. On top of this there is £130m being spent on mainstream education over the next four years to ensure that additional pupil places are being delivered in the areas of need.

The 2023/24 programme can be analysed as follows:

- **Invest to Maintain** totals £87m and includes areas where the Council is maintaining (but extending the life of) its current assets, for example, highways and property maintenance.
- **Invest to Save / Generate Return** totals £49m and includes areas where the Council is investing to generate a return or saving, for example, accommodation for older people with disabilities, LED lighting and the Essex Housing Programme.
- **Invest to Grow** totals £138m and includes areas where the Council is expanding its capacity, for example, economic growth schemes in infrastructure and highways, creating new school places to meet additional demand from demographic changes and new housing developments.



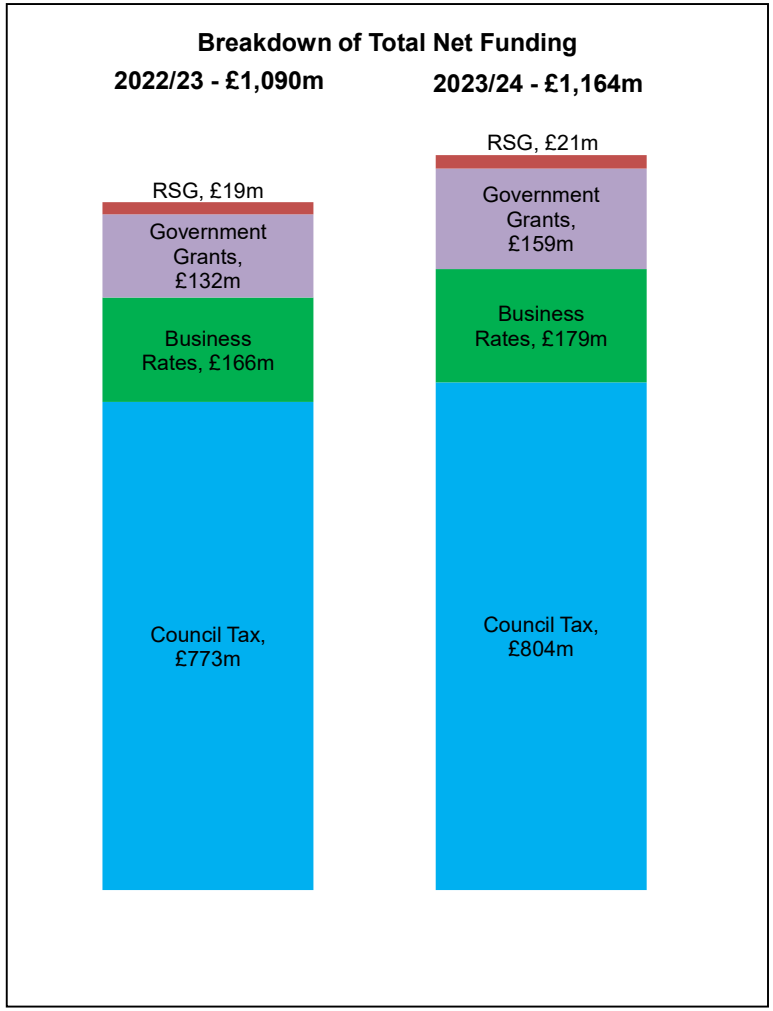
2023/24 Revenue Overview

Despite the financial challenges facing local government, the budget for 2023/24 is increasing. Gross expenditure to be incurred in the delivery of Council services in 2023/24 is **£2,281m**. After taking income and specific grants into account, the net cost of services amounts to **£1,164m,** an increase of **£74m** or 7% over 2022/23.

Budget breakdown

	2022/23 £m	2023/24 £m
Gross Expenditure	2,095.2	2,281.2
Deduct:		
Income	(277.7)	(297.0)
Specific Government Grants (excluding DSG)	(176.0)	(210.0)
Specific Government Grants (DSG)	(551.6)	(610.0)
Subtotal: Net Cost of Services	**1,089.9**	**1,164.2**
Deduct:		
Council Tax Requirement	(763.5)	(799.0)
Revenue Support Grant (RSG)	(19.3)	(21.3)
Non-Domestic Rates	(174.5)	(179.8)
Non-Domestic Rates Collection Fund Deficit *	8.9	0.4
General Government Grants	(131.9)	(159.1)
Council Tax Collection Fund Surplus*	(9.6)	(5.4)
Subtotal: Total Funding	**(1,089.9)**	**(1,164.2)**
Balanced budget	**0.0**	**0.0**

*Estimate of the variation of actual council tax and non-domestic rates revenue 2022/23 compared to that budgeted (technical adjustment).



Income

Within the budget, income of **£297m** is expected in 2023/24, an increase of **£19.3m** when compared to 2022/23. The breakdown of income streams by portfolio is shown on page 28.

45% of income shown in the table is derived from fees and charges; of this the majority is raised from means tested charges for adult social care. Fees and charges are subject to an annual review.

A significant proportion (**94%**) of the income recharges relate to the Better Care Fund.

	2022/23 £m	2023/24 £m
Fees and Charges	(122.3)	(133.6)
Contributions from Other Bodies	(57.5)	(61.2)
Interest Receivable	(0.9)	(3.3)
Rents and Lettings	(5.6)	(5.8)
Sales	(2.1)	(2.3)
Other Income:		
Appropriations Income*	(19.4)	(21.5)
Dividends	(1.2)	0.0
Income Recharge	(50.1)	(49.6)
Other Recharges	(18.6)	(19.7)
TOTAL	**(277.7)**	**(297.0)**

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

Specific Government Grants

The budget also includes **£820m** of specific government grants, the most significant are the Dedicated Schools Grant (**£610m**), the majority of which is passed through to schools, and Public Health grant (**£66m**), which is ring-fenced to public health activity.

Revenue Budget Summary

2021/22	2022/23	2022/23		2023/24			
Actuals £000	Original Budget £000	Latest Budget £000		Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
440,295	470,230	484,534	Adult Social Care and Health	809,782	(164,878)	(138,488)	506,415
135,170	136,436	140,982	Children's Services and Early Years	283,403	(10,764)	(127,553)	145,085
22,703	23,283	25,985	Community, Equality, Partnerships and Performance	34,062	(7,515)	(2,056)	24,492
4,700	4,174	5,896	Devolution, the Arts, Heritage and Culture	12,657	(7,997)	0	4,661
19,824	5,202	11,404	Economic Renewal, Infrastructure and Planning	13,607	(6,970)		6,637
11,337	17,525	22,613	Education Excellence, Life Long Learning and Employability	595,242	(26,788)	(550,036)	18,417
5,770	14,327	14,650	Finance, Resources and Corporate Affairs	11,142	(2,168)		8,974
102,128	114,397	119,875	Highways Maintenance and Sustainable Transport	143,119	(20,401)	(1,889)	120,829
2,736	2,397	5,484	Leader	2,359			2,359
81,802	88,107	87,296	Waste Reduction and Recycling	96,682	(2,437)		94,245
107,603	115,652	56,708	Other Operating Costs	146,549	(24,756)		121,794
12,593	12,762	13,673	Community, Equality, Partnerships and Performance RSSS	14,040	(1,025)		13,015
1,125	1,102	1,097	Economic Renewal, Infrastructure and Planning RSSS	1,256	(116)		1,140
89,479	82,431	97,586	Finance, Resources and Corporate Affairs RSSS	115,339	(21,157)		94,182
2,606	1,860	2,103	Leader RSSS	1,970			1,970
1,039,870	**1,089,884**	**1,089,884**		**2,281,207**	**(296,972)**	**(820,022)**	**1,164,213**

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

2023/24 Capital Programme Overview

2021/22 Actuals £000	2022/23 Latest Budget £000	Portfolio	2023/24 Budget £000	2024/25 Aspirational £000	2025/26 Aspirational £000	2026/27 Aspirational £000	Four Year Total £000
653	1,164	Adult Social Care and Health	2,277	3,765	5,254	-	**11,295**
3,110	4,291	Children's Services and Early Years	3,010	3,758	1,235	485	**8,488**
224	3,863	Community, Equality, Partnerships and Performance	1,727	11,092	3,114	100	**16,033**
423	188	Devolution, Art, Heritage and Culture	61	61	-	-	**122**
78,862	100,185	Economic Renewal, Infrastructure and Planning	119,974	242,339	273,648	96,267	**732,228**
44,462	47,627	Education Excellence, Lifelong Learning and Employability	55,201	63,184	56,682	36,475	**211,542**
7,628	12,060	Finance, Resources and Corporate Affairs	6,768	5,000	4,700	4,450	**20,918**
84,796	94,806	Highways Maintenance and Sustainable Transport	85,842	80,702	58,449	58,437	**283,430**
936	1,836	Leader	-	-	-	-	**-**
124	-	Waste Reduction and Recycling	-	-	-	-	**-**
221,218	**266,021**	**Total Capital Programme**	**274,859**	**409,902**	**403,081**	**196,214**	**1,284,056**

Financed By:

2021/22 Actuals £000	2022/23 Latest Budget £000		2023/24 Budget £000	2024/25 Aspirational £000	2025/26 Aspirational £000	2026/27 Aspirational £000	Four Year Total £000
1,300	5,000	Capital Receipts	5,000	-	-	-	**5,000**
19,737	11,942	Contributions	23,627	28,633	36,493	18,987	**107,740**
130,969	127,500	Grants	137,479	233,891	246,436	109,134	**726,939**
7,000	6,000	Reserves	7,300	7,300	3,500	3,500	**21,600**
62,212	115,578	Unsupported Borrowing	101,454	140,078	116,652	64,593	**422,777**
221,218	**266,021**		**274,859**	**409,902**	**403,081**	**196,214**	**1,284,056**

Council Tax Requirement

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

Statutory disclosure requirement

	£
Net cost of Services	1,164,212,799
General Government Grants *	(159,062,252)
Budget requirement	**1,005,150,547**
Less funding available:	
Revenue Support Grant	21,284,254
Non-Domestic Rates	179,756,163
Non-Domestic Rates Collection Fund deficit	(365,096)
Council Tax Collection fund surplus	5,442,896
	206,118,217
Council tax requirement	**799,032,330**
Tax base (Band D equivalent properties)	550,992.18
Band D council tax	1,450.17

* General Government Grants includes PFI grants £23m, Social Care Support Grant £90m, Business Rates Compensation Grant £36m, and Services Grant £7m

The Band D council tax charge is **£1,450.17**. The provisional council tax charge by band is set out in the table below.

Council Tax Band	2022/23 £	2023/24 £
Band A	934.08	966.78
Band B	1,089.76	1,127.91
Band C	1,245.44	1,289.04
Band D	1,401.12	1,450.17
Band E	1,712.48	1,772.43
Band F	2,023.84	2,094.69
Band G	2,335.20	2,416.95
Band H	2,802.24	2,900.34

Annex 1: Revenue and Capital Budgets

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

2021/22 Actuals				2022/23 Original Budget					2023/24			
Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000	Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000		Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
								Access Assessment and Care Management				
10,482	(1)	(44)	10,437	11,226			11,226	Countywide Teams	11,346	(60)		11,286
8,230	(120)		8,110	8,669	(160)		8,510	Mid Teams	8,835	(169)		8,666
7,581	(255)		7,326	8,596	(208)		8,388	North East Teams	8,721	(111)		8,610
8,792	(446)		8,346	9,582	(468)		9,115	South Teams	9,818	(491)		9,327
5,779	(102)		5,678	6,658	(109)		6,549	West Teams	6,754	(114)		6,640
								Care and Support				
223,116	(19,295)		203,822	246,830	(18,215)		228,615	Learning Disabilities	259,064	(19,132)		239,932
305,982	(127,477)	(76,755)	101,750	260,172	(118,025)	(41,987)	100,160	Older People	300,254	(130,473)	(48,489)	121,292
52,270	(5,198)		47,072	58,361	(5,088)		53,273	Physical and Sensory Impairment	58,582	(5,398)		53,184
216			216	145			145	**Corporate and Democratic Core**	256			256
118			118	210	(69)		141	**Health Reform and Integration**	199	(73)		126
420		(328)	92	420		(328)	92	**Health Watch**	420		(328)	92
5,028		(1,812)	3,217	4,136			4,136	**Housing Related Support**	4,200			4,200
24,212	(2,747)		21,465	24,828	(2,363)		22,465	**Mental Health**	26,004	(2,345)		23,659
								Other Social Care				
140	(163)		(23)	279	(279)		0	Essex Vulnerable Adults	324	(324)		-
2,679	482	(470)	2,691	3,455	3	(470)	2,988	Third Sector Funding	3,414		(470)	2,944
81,299	(320)	(80,453)	527	67,936	(186)	(70,000)	(2,250)	**Public Health**	69,259	(185)	(70,643)	(1,569)
33,204	(9,557)	(4,353)	19,294	31,420	(6,223)	(8,870)	16,327	**Service Management Costs**	41,980	(6,002)	(18,559)	17,420
172			172	349			349	**Social Fund**	350			350
(15)			(15)	(0)			(0)	**Support to Carers**				-
769,706	**(165,197)**	**(164,214)**	**440,295**	**743,274**	**(151,389)**	**(121,655)**	**470,230**	**Total Adult Social Care and Health**	**809,782**	**(164,878)**	**(138,488)**	**506,415**

The 2021/22 actual gross expenditure includes £39m of one off covid related expenditure supported by specific government grant.
The 2022/23 latest budget is gross expenditure £756m income £150m and specific grant £122m
The 2023/24 gross expenditure and specific grant figures reflect new specific government grants for Adult Social Care of £16.5m

The Public Health grant presents a 2023/24 net expenditure budget of a £1.6m credit in the above table, due to the contribution towards support services provided by other portfolios. This grant is fully utilised, with the related costs being shown within Communities, Equalities, Partnerships and Performance RSSS portfolio, and Finance, Resources and Corporate Affairs RSSS portfolio (Recharge Strategic Support Services). The presentation is in line with accountancy regulations.

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

2021/22 Actuals £000	2022/23 Latest Budget £000	Adult Social Care and Health	2023/24 Budget £000	2024/25 Aspirational £000	2025/26 Aspirational £000	2026/27 Aspirational £000	Four Year Total £000
		Local Delivery Mid					-
-	450	Bridgemarsh	-	-	-	-	-
-	450	**Subtotal Local Delivery Mid**	-	-	-	-	-
		Housing - Vulnerable People					
-	4	Independent Living Older People Coppins Court	4	-	-	-	4
5	406	Independent Living Older People Ninefields Waltham Abbey	284	-	411	-	695
-	304	Independent Living Adults with Complex Needs	989	3,765	3,843	-	8,596
-	-	Independent Living Older People Investment	1,000	-	1,000	-	2,000
648	-	Independent Living projects completing 2022/23 or earlier	-	-	-	-	-
653	714	**Subtotal Housing - Vulnerable People**	2,277	3,765	5,254	-	11,295
653	1,164	**Total Adult Social Care and Health**	2,277	3,765	5,254	-	11,295

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

2021/22	2022/23	2022/23		2023/24			
Actuals £000	Original Budget £000	Latest Budget £000		Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
			Childrens Services				
11,051	12,438	12,444	Children's Services and Early Years	15,599	(2,023)	(1,075)	12,501
15,134	16,959	18,253	Childrens Family Support	18,445	(76)		18,368
33,892	30,256	32,091	Childrens Fieldwork	36,822	(1,364)	(4,600)	30,858
56,986	57,412	57,578	Children Looked After	79,157		(14,981)	64,177
6,780	7,097	7,968	Childrens Strategic Management and Development	13,229	(804)	(4,967)	7,459
(1,284)	94	343	**Domestic Violence**	3,754	(725)	(2,670)	359
7,058	7,073	7,073	**Early Years and Childcare**	11,679	(4,606)		7,073
1,940	2,008	2,008	**Emotional Wellbeing and Mental Health Service**	2,015	(7)		2,008
1,597	2,244	2,343	**Youth Offending Service**	4,479	(752)	(1,733)	1,994
2,090	1,256	1,281	**Early Years - non DSG**	1,099	(409)		689
(75)	(401)	(401)	**Early Years - DSG**	97,126		(97,527)	(401)
135,170	**136,436**	**140,982**	**Total Childrens Services and Early Years**	**283,403**	**(10,764)**	**(127,553)**	**145,085**

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

2021/22 Actuals £000	2022/23 Latest Budget £000	Children's Services and Early Years	2023/24 Budget £000	2024/25 Aspirational £000	2025/26 Aspirational £000	2026/27 Aspirational £000	Four Year Total £000
		Early Years					
2,510	1,118	Early Years	1,210	2,208	5	5	3,428
2,510	**1,118**	**Subtotal Early Years**	**1,210**	**2,208**	**5**	**5**	**3,428**
		People Capital Schemes					
404	573	Adaptations	450	450	400	400	1,700
196	200	Children with Disabilities	100	100	80	80	360
-	-	Childrens Residential	1,250	1,000	750	-	3,000
-	2,400	Solo Placements	-	-	-	-	-
600	**3,173**	**Subtotal People Capital Schemes**	**1,800**	**1,550**	**1,230**	**480**	**5,060**
3,110	**4,291**	**Total Children's Services and Early Years**	**3,010**	**3,758**	**1,235**	**485**	**8,488**

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

2021/22	2022/23	2022/23		2023/24			
Actuals £000	Original Budget £000	Latest Budget £000		Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
571	647	667	**Communities**	706	(300)	(62)	344
376		167	**Community Initiatives Fund**				-
3,421	2,948	3,121	**Coroners**	4,830	(932)		3,897
49	135	86	**Customer Services and Member Enquiries**	178		(30)	148
(583)	(375)	(275)	**Deputyship Service**	988	(1,405)		(417)
199	197	197	**Initiatives and Partnerships**	194			194
5		18	**Innovation Fund**				-
13,529	12,950	13,510	**Libraries**	14,660	(796)		13,864
479		1,056	**Locality Fund**				-
2,147	1,859	1,881	**Members Support**	1,925			1,925
(2,541)	(1,737)	(1,739)	**Registrars**	3,141	(4,913)		(1,772)
1,701	2,611	2,680	**Service Design**	2,708			2,708
623	623	1,064	**Sports Development**	684	(438)		246
49			**Strategic Partnerships**				-
2,678	3,425	3,551	**Youth Services**	4,049	1,270	(1,963)	3,355
22,703	**23,283**	**25,985**	**Total Community, Equality, Partnerships and Performance**	**34,062**	**(7,515)**	**(2,056)**	**24,492**
832	941	892	**Democratic Services**	1,197	(235)		962
632	396	400	**Equality And Diversity**	472	(30)		442
3,631	4,192	4,761	**Performance, Business Intelligence, Planning and Partnerships**	4,614	(217)		4,397
1,134	1,238	1,236	**Risk Management**	1,854	(542)		1,311
6,363	5,995	6,382	**Transformation Support Unit**	5,902			5,902
12,593	**12,762**	**13,673**	**Total Community, Equality, Partnerships and Performance RSSS**	**14,040**	**(1,025)**	**-**	**13,015**

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

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

2021/22 Actuals £000	2022/23 Latest Budget £000	Community, Equality, Partnerships and Performance	2023/24 Budget £000	2024/25 Aspirational £000	2025/26 Aspirational £000	2026/27 Aspirational £000	Four Year Total £000
		Community					
224	176	Changing Places	100	100	100	100	400
224	**176**	**Subtotal Community**	**100**	**100**	**100**	**100**	**400**
		Levelling Up					
-	1,537	Clacton Town Centre FHSF	-	6,019	3,014	-	9,033
-	1,350	Colchester Towns Fund	-	1,000	-	-	1,000
-	0	Harlow Town Centre Regeneration	1,000	1,500	-	-	2,500
-	800	Harwich Levelling Up	627	2,473	-	-	3,100
-	**3,687**	**Subtotal Levelling Up**	**1,627**	**10,992**	**3,014**	**-**	**15,633**
224	**3,863**	**Total Community, Equality, Partnerships and Performance**	**1,727**	**11,092**	**3,114**	**100**	**16,033**

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

2021/22	2022/23	2022/23		2023/24			
Actuals £000	Original Budget £000	Latest Budget £000		Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
1,105	1,131	1,816	**Heritage and Cultural Services**	1,761	(512)		1,249
235	259	309	**International Trade**	165			165
11	15	15	**Inward Investment**	15			15
			Leisure				
95	104	104	Contributions To Other Bodies	104			104
434	871	1,023	Country Parks	3,153	(2,444)		709
138	144	202	Cressing Temple	223	(27)		195
513	(213)	(200)	**Outdoor Education**	3,863	(3,976)	0	(113)
150	175	175	**Rural Issues**	175			175
446	100	325	**Tourism**	222	(115)		107
1,083	1,118	1,096	**Trading Standards**	1,693	(338)		1,354
491	470	1,032	**Travellers**	1,284	(585)		700
4,700	**4,174**	**5,896**	**Total Devolution, the Arts, Heritage and Culture**	**12,657**	**(7,997)**		**4,661**

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

2021/22 Actuals £000	2022/23 Latest Budget £000	Devolution, Art, Heritage and Culture	2023/24 Budget £000	2024/25 Aspirational £000	2025/26 Aspirational £000	2026/27 Aspirational £000	Four Year Total £000
		Country Parks					
-	61	Tree Planting Carbon Reduction	61	61	-	-	122
159	78	Country Parks projects completing 2022/23 or earlier	-	-	-	-	-
159	**139**	**Subtotal Country Parks**	**61**	**61**	**-**	**-**	**122**
		Essex Outdoors					
265	49	Essex Outdoors Centres	-	-	-	-	-
265	**49**	**Subtotal Essex Outdoors**	**-**	**-**	**-**	**-**	**-**
423	**188**	**Total Devolution, Art, Heritage and Culture**	**61**	**61**	**-**	**-**	**122**

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

2021/22	2022/23	2022/23		2023/24			
Actuals £000	Original Budget £000	Latest Budget £000		Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
(218)	729	2,344	**Developer Management and Staff**	5,390	(4,772)		617
15,754	2,051	5,489	**Economic Regeneration**	3,832	(63)		3,769
1,152	1,043	1,248	**Environmental Planning**	1,360	(334)		1,026
230	434	714	**Garden Communities**	412			412
1,610	(0)	(7)	**Housing**	1,291	(1,436)		(145)
250	295	293	**Housing Growth and Strategic Sites**	208			208
596	650	727	**Strategic Spatial Planning**	1,113	(364)		750
449		596	**Superfast Broadband**				-
19,824	**5,202**	**11,404**	**Total Economic Renewal, Infrastructure and Planning**	**13,607**	**(6,970)**	**-**	**6,637**
1,125	1,102	1,097	**Capital Programme, Implementation and Delivery**	1,256	(116)		1,140
1,125	**1,102**	**1,097**	**Total Economic Renewal, Infrastructure and Planning RSSS**	**1,256**	**(116)**	**-**	**1,140**

The 2021/22 actuals and 2022/23 Latest Budget for Economic Regeneration includes Contain Outbreak Management and Economic Recovery funding which is one off and does not form part of the base budget.

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

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

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

2021/22 Actuals £000	2022/23 Latest Budget £000	Economic Renewal, Infrastructure and Planning	2023/24 Budget £000	2024/25 Aspirational £000	2025/26 Aspirational £000	2026/27 Aspirational £000	Four Year Total £000
2,027	1,473	A133-A120 Link HIF	1,650	15,741	55,185	28,955	**101,531**
3,282	7,368	Chelmsford North Eastern Bypass	8,890	52,000	42,000	30,007	**132,897**
2,071	6,047	Colchester Rapid Transit System (HIF)	9,200	21,297	4,476	-	**34,973**
4,492	7,526	Beaulieu Park Station	30,000	49,851	60,000	-	**139,851**
2,459	4,200	Harlow STC Nth/Sth (Ph1:Gilston to TC) (HIF)	7,750	16,964	4,940	-	**29,654**
14,330	**26,615**	**Subtotal Housing Infrastructure Fund**	**57,490**	**155,853**	**166,601**	**58,962**	**438,906**
		Named Highways Schemes					
69	102	A120 Millennium Way Slips	227	6,865	4,417	-	**11,509**
251	1,194	A127 Autonomous and Connected Highway for South Essex	2,271	2,197	18,859	550	**23,877**
310	1,040	A127 Fairglen Interchange	300	6,000	18,392	-	**24,692**
1,300	3,538	Army and Navy RAB, Chelmsford	3,637	8,307	20,439	20,110	**52,493**
2,253	1,481	Chelmsford Growth Area	-	-	-	-	**-**
303	100	Colchester A134 St Botolphs	1,000	8,300	2,500	-	**11,800**
26,529	12,870	M11 Junction 7a and Gilden Way Upgrading	-	-	-	-	**-**
578	1,733	Cambridge Road Junction	3,003	500	-	-	**3,503**
62	297	Colchester Towns Fund LCWIP4	121	1,373	1,185	-	**2,678**
405	1,238	Cycling Infrastructure	2,300	1,100	-	-	**3,400**
2,415	5,912	M11 Junction 8	2,900	546	-	-	**3,446**
10	200	South Maldon Relief Road	120	100	100	100	**420**
2,553	3,292	Advanced Scheme Design	1,500	1,500	1,363	1,363	**5,725**
1,093	510	Other Highways Major Schemes	-	-	-	-	**-**
38,128	**33,507**	**Subtotal Named Highways Schemes**	**17,379**	**36,788**	**67,254**	**22,122**	**143,544**
1,289	1,204	BDUK Essex Superfast Programme Phase 3	225	-	-	-	**225**
2,346	6,554	BDUK Essex Superfast Programme Phase 4	2,382	-	-	-	**2,382**
-	-	BDUK Gigabit Top up scheme	700	-	-	-	**700**
3,635	**7,757**	**Subtotal Superfast Broadband**	**3,308**	**-**	**-**	**-**	**3,308**

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

2021/22 Actuals £000	2022/23 Latest Budget £000	Economic Renewal, Infrastructure and Planning	2023/24 Budget £000	2024/25 Aspirational £000	2025/26 Aspirational £000	2026/27 Aspirational £000	Four Year Total £000
-	1,276	Colchester Towns Fund Transforming Youth Services	1,290	-	-	-	1,290
-	-	Colchester Towns Fund Liveable Neighbourhoods	150	-	-	-	150
244	3,708	Jaywick Market & Commercial	850	-	-	-	850
417	425	Colchester Grow on Space	1,886	800	-	-	2,686
1,420	2,065	Swan Modular Housing Factory	-	-	-	-	-
-	300	Advanced Scheme Design - Economic Growth	300	300	275	275	1,150
-	5,000	Harlow Development Fund	-	-	-	-	-
15,870	6,904	Skills & Economic Growth Projects completing 2022/23 or earlier	-	-	-	-	-
17,951	19,679	**Subtotal Economic Investment**	4,476	1,100	275	275	6,127
181	125	Loughton Library	116	9,208	2,380	-	11,703
85	78	Lexden Springs ILOP	446	7	7	-	460
152	1,763	Shenfield Library	2,433	-	-	-	2,433
32	87	St Peters ILOP - INV	230	10	6	-	246
77	170	Primrose Meadow ILOP	24	24	177	-	225
17	41	Moulsham Lodge	6	-	-	-	6
1	21	Westfield	25	6	6	-	37
545	2,286	**Subtotal Housing Investment**	3,280	9,255	2,576	-	15,111
		Essex Housing LLP					
-	3,811	EH LLP Loan ECH	10,551	8,937	4,485	-	23,974
-	0	EH LLP Loan Friary	180	2,542	1,578	-	4,300
-	3,011	EH LLP Loan Shernbroke	3,325	84	-	-	3,409
-	0	EH LLP Loan St Peters	5,281	10,500	14,113	6,961	36,854
-	3,518	EH LLP Loan Purford	6,836	766	139	-	7,741
2,100	-	EH LLP Loan A/C Rocheway	-	-	-	-	-
2,173	-	EH LLP Loan A/C ECH	-	-	-	-	-
-	-	EH LLP Loan Harlowbury	-	-	6,871	7,947	14,818
-	0	EH LLP Loan Primrose Meadow	4,461	7,213	5,324	-	16,998
-	(0)	EH LLP Loan Hargrave	532	3,328	1,312	-	5,172
-	-	EH LLP Loan Scrub Lane	2,874	5,974	3,120	-	11,968
4,273	10,340	**Subtotal Essex Housing LLP**	34,041	39,343	36,942	14,908	125,234
78,862	100,185	**Total Economic Renewal, Infrastructure and Planning**	119,974	242,339	273,648	96,267	732,228

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

2021/22	2022/23	2022/23		2023/24			
Actuals £000	Original Budget £000	Latest Budget £000		Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
			Education and Life Long Learning DSG				
(1,834)	(73)	(33,823)	Schools and Central Services Block	346,867		(346,940)	(73)
(6,743)	(2,589)	31,246	High Needs Block	192,754	(571)	(194,771)	(2,589)
			Education and Life Long Learning Non DSG				
14,921	16,450	16,957	Access To Education	30,367	(13,924)		16,443
(525)	(452)	(416)	Adult Community Learning	11,454	(3,249)	(8,279)	(74)
385	(1,201)	740	Schools	4,499	(4,969)	(46)	(516)
1,527	1,298	2,701	Skills	1,133			1,133
3,197	3,725	4,762	Special Educational Needs	7,337	(3,697)		3,640
409	366	445	Strategic Management	831	(378)		453
11,337	**17,525**	**22,613**	**Education Excellence, Life Long Learning and Employability**	**595,242**	**(26,788)**	**(550,036)**	**18,417**

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

2021/22 Actuals £000	2022/23 Latest Budget £000	Education Excellence, Lifelong Learning and Employability	2023/24 Budget £000	2024/25 Aspirational £000	2025/26 Aspirational £000	2026/27 Aspirational £000	Four Year Total £000
		Adult Community Learning					
-	789	Adult Community Learning Digital Hub	-	-	-	-	-
-	789	**Subtotal Adult Community Learning**	-	-	-	-	-
2,957	2,206	Basildon Primary Basic Need	4,000	6,146	-	-	10,146
-	96	Basildon Secondary Basic Need	1,682	1,791	183	1,096	4,752
774	77	Braintree Primary Basic Need	10	2,155	3,909	569	6,643
2,505	2,384	Braintree Secondary Basic Need	-	-	365	2,193	2,558
959	526	Brentwood Primary Basic Need	-	-	563	3,376	3,938
-	-	Castle Point Primary Basic Need	-	1,226	736	1,594	3,555
193	1,193	Chelmsford Primary Basic Need	7,256	6,027	3,255	7,052	23,590
553	986	Colchester Primary Basic Need	-	-	-	-	-
941	84	Colchester Secondary Basic Need	40	80	40	-	160
12	1,605	Epping Forest Primary Basic Need	1,707	1,537	3,737	6,977	13,958
137	-	Epping Forest Secondary Basic Need	-	-	-	-	-
65	9	Harlow Primary Basic Need	400	4,900	4,000	185	9,485
6	837	Maldon Primary Basic Need	5,589	4,970	-	-	10,559
316	2,778	Maldon Secondary Basic Need	1,961	4,484	4,167	-	10,612
261	1,207	Rochford Primary Basic Need	-	-	849	1,577	2,426
1,756	205	Rochford Secondary Basic Need	-	-	-	-	-
10,062	7,011	Schools Capitalised Building Maintenance	7,855	7,855	7,855	7,855	31,420
259	250	Schools Feasibilities	200	200	200	200	800
7,956	14,682	Special Schools	17,666	15,275	16,820	-	49,761
4,502	4,819	Temporary Accommodation	3,031	2,330	2,330	2,330	10,021
2,401	1,511	Tendring Primary Basic Need	2,546	866	-	-	3,412
6,896	3,017	Tendring Secondary Basic Need	720	-	-	-	720
203	420	Uttlesford Primary Basic Need	538	3,228	6,994	-	10,761
304	-	Uttlesford Secondary Basic Need	-	113	679	1,471	2,263
44,019	45,901	**Subtotal Education Capital Schemes**	55,201	63,184	56,682	36,475	211,542
44,019	46,690	**Subtotal Local Authority Controlled**	55,201	63,184	56,682	36,475	211,542
740	260	Devolved Formula Capital	-	-	-	-	-
(298)	677	Schools Cash Balance	-	-	-	-	-
443	937	**Subtotal School Controlled**	-	-	-	-	-
44,462	47,627	**Total Education Excellence, Lifelong Learning and Employability**	55,201	63,184	56,682	36,475	211,542

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

2021/22	2022/23	2022/23		2023/24			
Actuals £000	Original Budget £000	Latest Budget £000		Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
			Central Services To The Public				
2,058	7,648	7,648	Council Tax Sharing Scheme	6,648			6,648
(209)	771	500	Other Services	(1,740)	(1,862)		(3,602)
(28)	1,837	2,289	**Customer Services**	2,011	(270)		1,741
510	589	588	**Emergency Planning**	650	(36)		614
			Precepts				
1,761	1,827	1,827	Environmental Agency	1,854			1,854
390	390	543	Kent and Essex Sea Fisheries	416			416
1,288	1,254	1,254	Lee Valley Park	1,302			1,302
(0)	10		**Traded Strategy**				-
5,770	**14,327**	**14,650**	**Total Finance, Resources and Corporate Affairs**	**11,142**	**(2,168)**	**-**	**8,974**
10,538	8,885	10,618	**Business Support**	9,639			9,639
89	101	102	**Car Provision Scheme**	2,722	(2,614)		108
1,943	1,969	1,976	**Customer Services**	1,976			1,976
9,477	9,891	12,502	**Finance**	15,469	(5,105)		10,364
8,198	8,180	9,364	**Human Resources**	9,552	(1,092)		8,459
30,764	24,930	28,875	**Information Services**	27,742	(1,112)		26,630
2,864	4,027	3,427	**Insurance**	5,756	(1,689)		4,068
4,879	5,164	5,273	**Legal Services**	6,613	(1,223)		5,390
5,470	4,920	6,691	**Procurement**	5,812	(108)		5,704
15,259	14,364	18,759	**Property**	30,057	(8,214)		21,844
89,479	**82,431**	**97,586**	**Total Finance, Resources and Corporate Affairs RSSS**	**115,339**	**(21,157)**	**-**	**94,182**

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

2021/22 Actuals £000	2022/23 Latest Budget £000	Finance, Resources and Corporate Affairs	2023/24 Budget £000	2024/25 Aspirational £000	2025/26 Aspirational £000	2026/27 Aspirational £000	Four Year Total £000
		Technology Services					
1,443	95	Technology Services schemes completing in 2022/23 or earlier	-	-	-	-	-
1,443	**95**	**Subtotal Technology Services**	**-**	**-**	**-**	**-**	**-**
4,715	3,762	Capitalised Building Maintenance	4,727	4,500	4,250	4,000	**17,477**
-	750	Core Estate Carbon Reduction Fund	500	500	450	450	**1,900**
-	542	Peter Kirk - Spangles	60	-	-	-	**60**
34	880	Salix Grant Goodman House	-	-	-	-	**-**
202	1,512	Salix Grant Essex Records Office	71	-	-	-	**71**
-	3,598	Salix Public Sector Decarbonisation Schemes 3A	1,200	-	-	-	**1,200**
1,235	872	Property projects completing 2022/23 or earlier	-	-	-	-	**-**
6,186	**11,915**	**Subtotal Property**	**6,558**	**5,000**	**4,700**	**4,450**	**20,708**
-	50	Lift Replacements Clarendon Road	210	-	-	-	**210**
-	**50**	**Subtotal Commercial Property Investment**	**210**	**-**	**-**	**-**	**210**
7,628	**12,060**	**Total Finance, Resources and Corporate Affairs**	**6,768**	**5,000**	**4,700**	**4,450**	**20,918**

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

2021/22	2022/23	2022/23		2023/24			
Actuals £000	Original Budget £000	Latest Budget £000		Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
1,102	1,008	1,063	**Flood Management**	1,268	(135)		1,133
30,031	35,080	34,977	**Home to School Transport**	35,954	(924)		35,030
			Infrastructure				
4			Additional pothole works				-
1,396	1,338	1,488	Bridges	1,865	(38)		1,827
(1,190)	(320)	515	Congestion	9,430	(9,614)		(184)
655	517	516	Highways Asset Management	899			899
(653)	(4,363)	(4,712)	Highways Management and Administration	(4,213)	(950)		(5,163)
1,277	455	1,270	Localism				-
17,425	19,466	19,466	Ongoing Operator Payments for A130 PFI	19,210			19,210
860	817	1,814	Park and Ride	2,449	(737)		1,713
1,496	1,848	1,934	Public Rights Of Way	1,743	(204)		1,539
482	685	684	Road Safety	883	(12)	(168)	703
12,298	14,337	14,081	Roads And Footways	14,678	(123)		14,556
6,653	7,538	12,374	Street Lighting	15,399	(1,209)		14,190
(2,837)	(992)	(506)	Traffic Management Act	4,570	(4,982)		(412)
3,384	3,329	3,089	Winter Service	3,450			3,450
28,010	31,590	29,139	**Passenger Transport**	33,380	(1,474)	(1,720)	30,186
1,737	2,065	2,683	**Transport Strategy**	2,152			2,152
102,128	**114,397**	**119,875**	**Total Highways Maintenance and Sustainable Transport**	**143,119**	**(20,401)**	**(1,889)**	**120,829**

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

2021/22 Actuals £000	2022/23 Latest Budget £000	Highways Maintenance and Sustainable Transport	2023/24 Budget £000	2024/25 Aspirational £000	2025/26 Aspirational £000	2026/27 Aspirational £000	Four Year Total £000
		Essex Highways Commissioning					
736	8,365	Active Travel	2,281	3,435	-	-	5,716
-	250	Air Quality Management Areas Interventions	200	200	175	175	750
-	5	Basildon Air Quality Management (Eastmayne)	4	4	12	-	20
9,902	9,646	Bridges	9,450	9,450	9,450	9,450	37,800
38	242	Bus Lane Camera Enforcement	150	150	150	150	600
-	2	Cycle Asset Renewal	450	300	500	500	1,750
8,271	8,000	Footway Maintenance	8,000	8,000	8,000	8,000	32,000
8,204	5,302	LED Rollout	7,000	3,372	-	-	10,372
4,573	4,226	Local Highways Panels	4,800	4,000	4,000	4,000	16,800
39,565	42,799	Road Maintenance	35,150	35,150	21,512	21,512	113,324
393	400	Public Rights of Way	400	400	400	400	1,600
1,616	1,994	Safety Barrier Replacement	2,000	2,000	2,000	2,000	8,000
2,579	3,791	Street Lighting Replacement	3,000	3,000	3,000	3,000	12,000
2,413	2,695	Surface Water Alleviation	2,500	2,500	2,500	2,500	10,000
1,937	2,216	Traffic Signal Refurbishment	2,000	2,000	2,000	2,000	8,000
1,364	317	Essex Highways Schemes completing in 2022/23 or earlier	-	-	-	-	-
81,590	**90,251**	**Subtotal Essex Highways Commissioning**	**77,385**	**73,961**	**53,699**	**53,687**	**258,732**
		Sustainable Transport					
-	-	School Streets	1,000	800	-	-	1,800
-	-	EV Chargepoints	200	300	-	-	500
-	**-**	**Subtotal Sustainable Transport**	**1,200**	**1,100**	**-**	**-**	**2,300**
		Integrated Passenger Transport Unit					
-	-	PT Transport Advertising	2,107	891	-	-	2,998
203	761	Passenger Transport	850	250	250	250	1,600
-	-	Real Time Legacy Displays	300	-	-	-	300
549	294	Integrated Passenger Transport Unit schemes completing 2022/23 or earlier	-	-	-	-	-
752	**1,055**	**Subtotal Integrated Passenger Transport Unit**	**3,257**	**1,141**	**250**	**250**	**4,898**
82,342	**91,306**	**Subtotal Highways & Transportation**	**81,842**	**76,202**	**53,949**	**53,937**	**265,930**
2,454	3,500	Flood Management	4,000	4,500	4,500	4,500	17,500
2,454	**3,500**	**Subtotal Flood Management**	**4,000**	**4,500**	**4,500**	**4,500**	**17,500**
84,796	**94,806**	**Total Highways Maintenance and Sustainable Transport**	**85,842**	**80,702**	**58,449**	**58,437**	**283,430**

Leader (Cllr Kevin Bentley)
Revenue Budget

2021/22	2022/23	2022/23		2023/24			
Actuals £000	Original Budget £000	Latest Budget £000		Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
512	1,162	1,230	**Corporate Policy**	1,134			1,134
967	1,029	1,029	**Democratic Core**	1,002			1,002
1,257	205	3,225	**Environmental Strategy**	223			223
2,736	**2,397**	**5,484**	**Total Leader**	**2,359**	**-**	**-**	**2,359**
2,606	1,860	2,103	**Communications and Customer Relations**	1,970			1,970
2,606	**1,860**	**2,103**	**Total Leader RSSS**	**1,970**	**-**	**-**	**1,970**

Leader (Cllr Kevin Bentley)
Capital Programme

2021/22 Actuals £000	2022/23 Latest Budget £000	Leader	2023/24 Budget £000	2024/25 Aspirational £000	2025/26 Aspirational £000	2026/27 Aspirational £000	Four Year Total £000
936	1,836	Energy projects completing 2022/23 or earlier	-	-	-	-	-
936	1,836	Total Leader	-	-	-	-	-

Waste Reduction and Recycling (Cllr Malcolm Buckley)
Revenue Budget

2021/22	2022/23	2022/23		2023/24			
Actuals £000	Original Budget £000	Latest Budget £000		Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
1,135	1,766	960	**Management and Support Services**	1,012			1,012
			Waste Management				
	27	(185)	Waste Management and Support Services	(104)			(104)
837	1,127	1,335	Waste Strategy	1,363			1,363
24,472	26,094	26,094	Recycling Initiatives	25,534			25,534
13,321	14,646	14,646	Civic Amenity Service	18,120			18,120
42,359	40,425	40,425	Waste Disposal	45,265			45,265
686	3,873	3,873	Courtauld Road Waste Treatment	2,041			2,041
129	98	98	Exceptional Waste	137			137
205	445	445	Landfill Aftercare	620	(49)		571
1,216	2,804	2,804	Tipping Away Payments	2,693			2,693
(2,558)	(3,200)	(3,200)	Trade Waste Income		(2,388)		(2,388)
81,802	**88,107**	**87,296**	**Total Waste Reduction and Recycling**	**96,682**	**(2,437)**	**-**	**94,245**

Waste Reduction and Recycling (Cllr Malcolm Buckley)
Capital Budget

2021/22 Actuals £000	2022/23 Latest Budget £000	Waste Reduction and Recycling	2023/24 Budget £000	2024/25 Aspirational £000	2025/26 Aspirational £000	2026/27 Aspirational £000	Four Year Total £000
124	-	Waste Reduction and recycling schemes completing 2022/23 or earlier					
124	-	**Total Waste Reduction and Recycling**	-	-	-	-	-

Other Operating costs

The revenue budget in 2023/24 is **£122m**. The expenditure includes the net appropriations to reserves and restricted funds as described in the Reserves section (starting on page 57) of **£54m** and the costs of financing the capital programme of **£71m.**

The movement since 2022/23 is mainly due to changes in the appropriations and withdrawals from the reserves between the years, in line with changes in the specific liabilities, for example changes in PFI payment profiles.

2021/22	2022/23	2022/23		2023/24			
Actuals £000	Original Budget £000	Latest Budget £000		Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
32,288	37,799	37,799	**Capital Financing**	42,942			42,942
(1,129)	(1,150)	(850)	**Dividends Received**				-
			Interest Payable				
(1,103)	(511)	(511)	Contributions - Transferred Debt		(430)		(430)
20,045	25,349	25,349	External Interest Payable	28,494			28,494
			Interest Receivable				
(1,203)	(1,480)	(1,480)	External Interest Receivable	(250)	(7,833)		(8,083)
139	344	344	Interest Reallocated		4,550		4,550
49,038	**60,351**	**60,651**		**71,186**	**(3,713)**	**-**	**67,473**

Appendix A Annual Plan 2023/24

2021/22	2022/23	2022/23		2023/24			
Actuals £000	Original Budget £000	Latest Budget £000		Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
			Approps To/(From) Reserves and Restricted Use Funds (i)				
(8,267)	(10,308)	(10,308)	A130 PFI Reserve		(10,052)		(10,052)
14,221		(1,089)	Adult Social Care Risk				-
(1,013)		(247)	Adults Digital Programme				-
9,218		(4,107)	Adults Transformation Reserve	21,567			21,567
(10,055)	8,800	4,208	Ambition Fund Reserve	4,000			4,000
414		151	Building Schools for the Future				-
(162)			Bursary for Trainee Carers				-
(170)	6,000	6,000	Capital Receipts Pump Priming	1,000			1,000
			Capital Receipts Reserve				-
(114)	(114)	(271)	Carbon Reduction Reserve		(152)		(152)
3,472		(18,464)	Carry Forwards Reserve				-
	2,500	2,500	Childrens Risk	5,000			5,000
5,873		(503)	Childrens Transformation Reserve				-
220		(170)	Clacton PFI Reserve				-
3,558	9,497	9,497	Collection Fund Risk Reserve	7,714			7,714
3,075	(170)	(350)	Commercial Investment in Essex Places Reserve		(650)		(650)
(25)	350	183	Community Initiatives Fund	350			350
3,273	(1,831)	(11,134)	Covid Equalisation				-
779		(377)	Debden PFI Reserve				-
5,000	9,094	6,506	Emergency	4,000			4,000
261			Equalities Fund				-
(669)		(2,111)	Essex Climate Change Commission				-
47,272	1,000	(2,487)	Everyones Essex				-
13,858		(6,345)	General Risk Reserve	10,338			10,338

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

Appendix A Annual Plan 2023/24

2021/22	2022/23	2022/23		2023/24			
Actuals £000	Original Budget £000	Latest Budget £000		Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
			Approps To/(From) Reserves and Restricted Use Funds (i)				
(13,571)		(3,452)	Grant Equalisation Reserves				-
1,844		(7)	Health and Safety Reserve				-
(1,238)			Insurance Reserve				-
27			Newton Bequest Reserve				-
612			Partnership Reserves				-
326			Property Investment				-
74	500	479	Quadrennial Elections Reserve	500			500
(25,377)		(277)	Renewal Fund Reserve				-
5,811	14,674	14,934	Reserve For Future Capital Funding	4,074			4,074
5,611			Schools Reserves				-
2,891	10,000	6,688	Technology and Digitisation	5,000			5,000
			Tendring Public Private Partnership				-
(304)	(304)	(304)	Trading Activities Reserves		(304)		(304)
(6,181)	11,823	13,127	Transformation Reserve	11,820			11,820
(1,981)	(6,209)	(6,209)	Waste Reserve		(9,884)		(9,884)
58,564	**55,301**	**(3,942)**		**75,363**	**(21,042)**	**-**	**54,321**
107,603	**115,652**	**56,708**	**Total Other Operating Costs**	**146,549**	**(24,756)**	**-**	**121,794**

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

Trading Activities

This section sets out the budgets relating to those services that are currently set up as Trading Activities, which operate under separate Trading Accounts. For 2023/24, the Trading Activities have a target operating surplus of **£304,000**

	Revenue reserve 1 April 2023	Income	Expenditure	(Surplus) / deficit	Appropriations To County Revenue Account	Appropriations To Trading Activity reserve	Revenue reserve 31 March 2023
	£000	£000	£000	£000	£000	£000	£000
Place Services	(1,252)	(4,202)	3,902	(300)	(300)	-	(1,252)
Music Services Traded	(261)	(4,333)	4,329	(4)	(4)	-	(261)
Total	**(1,513)**	**(8,535)**	**8,231**	**(304)**	**(304)**	**-**	**(1,513)**

Reserves

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

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

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

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

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

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

We also use these specific cash backed reserves to generate interest receipts and minimise the cost of debt. We expect to earn **£7.1m** in 2023/24 from investing our temporary surplus cash balances (of which £4.6m will be applied to reserves and balances and £2.6m will be used to fund services).

Reserves

	Balance at 1 April 2022 £000	Balance at 1 April 2023 £000	2023/24 Budgeted (Contributions) / Withdrawals £000	2023/24 Assumed usage £000	2023/24 Closing balance £000	2024/25 £000	2025/26 £000	2026/27 £000
General Balance	(68,096)	(68,096)	-	-	(68,096)	(68,096)	(68,096)	(68,096)
Reserves earmarked for future use								
Adults Digital Programme	(275)	(28)	-	-	(28)	(28)	(28)	(28)
Adult Social Care Risk	(14,221)	(10,334)	-	802	(9,532)	(8,895)	(8,258)	(6,877)
Adults Transformation	(12,718)	(7,233)	(21,567)	25,957	(2,843)	(2,378)	(2,268)	(2,267)
Ambition Fund	(6,523)	(6,403)	(4,000)	3,468	(6,935)	(3,468)	-	-
Bursary for trainee carers	(338)	-	-	-	-	-	-	-
Capital Receipts Pump Priming	(4,034)	(7,534)	(1,000)	2,500	(6,034)	(4,534)	(5,034)	(5,534)
Carbon Reduction and Energy Risk	(982)	(676)	152	-	(524)	(334)	(334)	(334)
Carry Forward	(24,742)	(5,525)	-	5,525	(0)	(0)	(0)	(0)
Childrens Risk	-	-	(5,000)	-	(5,000)	(5,000)	(5,000)	(5,000)
Childrens Transformation	(7,188)	(6,016)	-	2,496	(3,520)	(3,007)	(3,007)	(3,007)
Collection Fund Risk	(7,587)	(17,084)	(7,714)	-	(24,798)	(24,798)	(24,798)	(24,798)
Commercial Investment in Essex Places	(15,658)	(15,162)	650	210	(14,302)	(13,302)	(12,102)	(10,602)
Community Initiatives Fund	(376)	(376)	(350)	350	(376)	(376)	(376)	(376)
EES Pensions	(4,000)	(4,000)	-	-	(4,000)	(4,000)	(4,000)	(4,000)
Emergency	(17,564)	(19,108)	(4,000)	4,000	(19,108)	(19,108)	(19,108)	(19,108)
Emergency Planning	(300)	(300)	-	-	(300)	(300)	(300)	(300)
Equalities Fund Reserve	(261)	(261)	-	-	(261)	(261)	(261)	(261)
Essex Climate Change Commission	(4,331)	(1,798)	-	749	(1,049)	(363)	(191)	(191)
Essex Crime and Police	(73)	(73)	-	-	(73)	(73)	(73)	(73)
Everyones Essex	(47,273)	(31,951)	-	13,714	(18,237)	(5,186)	(592)	0

Reserves

			2023/24			2024/25	2025/26	2026/27
	Balance at 1 April 2022 £000	Balance at 1 April 2023 £000	Budgeted (Contributions) / Withdrawals £000	Assumed usage £000	Closing balance £000	£000	£000	£000
Reserves earmarked for future use (cont'd)								
Future Capital Funding	(14,437)	(12,888)	(4,074)	4,074	(12,888)	(12,888)	(12,888)	(12,888)
General Risk Reserve	(13,858)	(9,911)	(10,338)	-	(20,249)	(20,249)	(20,249)	(20,249)
Health and Safety	(4,657)	(4,554)	-	-	(4,554)	(4,554)	(4,554)	(4,554)
Insurance	(6,260)	(6,260)	-	600	(5,660)	(5,660)	(5,660)	(5,660)
Newton Reserve	(149)	(149)	-	-	(149)	(149)	(149)	(149)
Property Investment	(1,303)	(1,043)	-	-	(1,043)	(1,043)	(1,043)	(1,043)
Quadrennial Elections	(999)	(1,456)	(500)	-	(1,956)	(2,456)	(956)	(1,456)
Renewal Fund	(2,523)	(2,246)	-	-	(2,246)	(2,246)	(2,246)	(2,246)
Social Distancing and Hygeine	(900)	(900)	-	-	(900)	(900)	(900)	(900)
Technology and Digitisation	(11,640)	(13,902)	(5,000)	9,388	(9,514)	(8,233)	(7,837)	(7,837)
Transformation	(48,506)	(47,829)	(11,820)	12,500	(47,149)	(46,469)	(45,789)	(43,898)

Restricted Funds

			2023/24			2024/25	2025/26	2026/27
	Balance at 1 April 2022 £000	Balance at 1 April 2023 £000	Budgeted (Contributions) / Withdrawals £000	Assumed usage £000	Closing balance £000	£000	£000	£000
Long Term Contractual Commitment								
PFI Reserves								
A130 PFI	(28,181)	(17,873)	10,052	-	(7,820)	(2,800)	0	(1,972)
Building Schools for the Future PFI	(1,237)	(2,316)	-	(798)	(3,114)	(3,912)	(3,912)	(3,912)
Clacton Secondary Schools' PFI	(960)	(371)	-	158	(214)	(131)	(119)	(119)
Debden School PFI	(1,743)	(1,468)	-	33	(1,435)	(1,355)	(1,235)	(1,235)
Waste Reserve	(114,870)	(104,404)	9,884	794	(93,726)	(83,303)	(70,081)	(52,089)
Covid equalisation Reserve	(40,769)	(10,982)	-	10,982	(0)	(0)	(0)	(0)
Grant Equalisation Reserve	(36,839)	(33,637)	-	-	(33,637)	(33,637)	(33,637)	(33,637)
Trading Activities	(1,514)	(1,618)	304	(304)	(1,617)	(1,617)	(1,617)	(1,313)
Partnerships and Third Party	(2,376)	(2,376)	-	-	(2,376)	(2,376)	(2,376)	(2,376)
Schools	(49,212)	(49,212)	-	-	(49,212)	(49,212)	(49,212)	(49,212)

Annex 2

Performance

Introduction

Outlined below are the measures that we will use to assess whether we are meeting our ambitions of Everyone's Essex over the next year. All targets were agreed as part of the Everyone's Essex strategy, with the following exceptions:

- Targets where 2021/22 performance exceeded 2022/23 targets, which have been re-based to reflect this
- A small number of targets which underwent a change control process through formal channels to reflect changed delivery conditions (as a result of good performance, or updated funding streams).

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

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

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

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

STRATEGIC MEASURES: STRONG, INCLUSIVE & SUSTAINABLE ECONOMY

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

Strategic Performance Measures	Baseline	2021/22 Outturn	Targets (indicative in 23-24 and 24-25)		
			2022/23	2023/24	2024/25
Number of people benefiting from ECC skills and employability programmes (annual)	N/A	5,324	1720	1720	1720
Jobs created a) directly through ECC programmes; and b) indirectly through ECC investments	a) N/A	745	550	tbc	tbc
	b) N/A	1,694	N/A	N/A	N/A
Investment secured from third parties to fund local regeneration programmes	N/A	£370.4m	£20m	£20m	£20m
Infrastructure investment secured from developers (via S106)	£9.6m	£11.0m	Increase on previous year	Increase on previous year	Increase on previous year
New homes delivered (via Essex Housing and ECC Independent Living programme)	N/A	113	0	304	315

STRATEGIC MEASURES: HIGH QUALITY ENVIRONMENT

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

Strategic Performance Measures	Baseline	2021/22 (Outturn)	Targets (indicative in 23-24 and 24-25)		
			2022/23	2023/24	2024/25
ECC's carbon rating (based on Carbon Disclosure Project)	B (2020)	B (Dec -21)	B	A	A
% of ECC electricity a) from renewable sources (GWh) b) from onsite renewable sources	a) -	100% (Dec – 21)	100%	N/A	N/A
	b) -	N/A	N/A	TBC	100%
Retrofit in Low Income Households (annual)	N/A	82 (Sep-21)	547	TBC	TBC
Replacement LED streetlights	N/A	27,131	27,500	27,359	Completed
Sections of coastal path completed	-	2	7	Project completed	
Number of National Flood Management Schemes delivered	-	7	8	TBC	TBC
Number of trees planted by Essex Forest initiative	38,305 (2020/21)	104,444	75,000 (Cumulative)	Current phase of initiative completed	
Total household waste collected per household (kg)	1,070kg (2020/21)	1058kg	1058g	1,020kg	980kg

Strategic Performance Measures	Baseline	2021/22 (Outturn)	Targets (indicative in 23-24 and 24-25)		
			2022/23	2023/24	2024/25
Percentage of household waste sent for reuse, recycling or composting	51.8% (2020/21)	50.7%	50.7%	55%	56%
Percentage of a) A roads where maintenance should be considered	-	N/A	New measure. Targets TBC		
b) B & C roads where maintenance should be considered	-	N/A			

STRATEGIC MEASURES: HEALTH WELLBEING & INDEPENDENCE FOR ALL AGES

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

Strategic Performance Measures	Baseline	2021/22 (Outturn)	Targets (indicative in 23-24 and 24-25)		
			2022/23	2023/24	2024/25
Percentage / number of target population who took up an NHS Health Checks in the quarter	4,394 (Q1 2021/22)	23,813	46,000 (subject to covid)	46,000 (subject to covid)	46,000 (subject to covid)
% schools in Essex participating in the 'Daily Mile' initiative	62.4% (June 2021)	66.3%	75.0%	71.6%	74.4%
Number Receiving Weight Management Support (YTD)	-	5304	12,000	12,000	25,000
Percentage of residents who report being lonely	-	4.43%	4.0%	3.0%	2.5%
Non re-presentation to treatment within 6 months of successful completion - Opiates/Non-opiates /Alcohol	Opiates 80.5% Non Opiate 96.6% Alcohol 97.2% (Q4)	Opiates 88.6% Non Opiate 95.0% Alcohol 93.9%	Opiates 88.6% Non Opiate 97% Alcohol 97%	Opiates 88.6% Non Opiate 98% Alcohol 97%	Opiates 88.6% Non Opiate 98% Alcohol 97%
Percentage of physically active adults	67.6% (2019/20)	65.2%	68%	70%	72%

Strategic Performance Measures	Baseline	2021/22 (Outturn)	Targets (indicative in 23-24 and 24-25)		
			2022/23	2023/24	2024/25
Percentage of older people (aged 65+) who received reablement/ rehabilitation services after hospital discharge	2.9%	3.4%	4.2%	4.2%	4.2%
Number of adult social care users in receipt of care technology	N/A	3,780	4195	5566	6444
Number of adults with LD known to social services in paid employment	323	451	451	456	537
Number of adults with LD known to social services who secure new employment (annually)	N/A	183	115	144	173
% adults known to secondary mental health services in paid employment	15.6%	13.7%	Increase	Increase	Increase
% of adults with a learning disability that transition into adult social care in residential care	18%	29.0%	Decrease	Decrease	Decrease
The proportion of adults in contact with secondary mental health services living independently, with or without support	72.9%	64.6%	Increase	Increase	Increase
The percentage of adults who are self-caring post reablement on discharge from hospital	48%	47.6%	52.0%	54.0%	52.1%
The proportion of carers who stated they were 'extremely' or 'very' satisfied with social services	34.9%	33.0%	Increase	Increase	Increase

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

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

Strategic Performance Measures	Baseline	2021/22 (Outturn)	Stability thresholds		
			2022/23	2023/24	2024/25
% of families with successful intervention (Family Solutions)	84%	83.7%	85%	86%	86%
% of CYP who do not enter the care system following D-Bit intervention	78%	N/A	80%	82%	82%
The number of children known to social care per 10,000	196.9	189.6	190-210		
The number of children subject to Children in Need plans per 10,000	46.5 (1473)	46.9	47.3 - 63.1 (1500- 2000 children)		
The number of children subject to child protection plans per 10,000	21.3 (675)	20.5	17.3 - 20.5 (550-650 children)		
The number of looked after children per 10,000	33.8 (1073)	35.5	34.7 - 39.4 (1100-1250 children)		
Begin to understand the representation of BAME CYP across the statutory social care system	BAME CYP account for 18.7 % of all open to social care; 21.4% of	19.6% 24.7% 10.6%	Understand and appropriately manage the representation of BAME children across social care.		

Strategic Performance Measures	Baseline	2021/22 (Outturn)	Stability thresholds		
			2022/23	2023/24	2024/25
	CIC; and 14.1% of CP Plans				
Percentage of those supported by youth offending services who reoffend within 12 months	32%	-	32%	32%	32%
Average number offences per re-offender in 12 months	3.1	3.53	3.1	3.1	3.1
Percentage of a) eligible 2-year-olds and b) all 3 and 4 year olds, accessing funding for childcare in a setting rated at least good by Ofsted	a) 96.6% b) 95.2% (2020/21)	A) 97.2% B) 95.4%	a) 97.2% b) 95.4%	a) 98.1% b) 96.7%	a) 99.1% b) 97.7%
New a) primary and b) secondary school places created	N/A	-	a) 410 b) 360	a) 735 b) 450	a) 1670 b) 930
Percentage of 16–18-year-olds who are NEET/unknown (Dec/Jan/Feb average)	4.3 (2020/21)	4.1	4.1	4	3.8
Percentage of a) schools and b) settings fully engaged in Trauma Perceptive Practice	N/A	A)50% B) 6.0% (Dec – 21)	a) 42% b) 7%	a) 80% b) 50%	a) 100% b) 75%

STRATEGIC MEASURES: SERVICE EXCELLENCE

Strategic Performance Measures	Baseline	2021/22 (Outturn)	**Targets** (indicative in 23-24 and 24-25)		
			2022/23	2023/24	2024/25
Residents who think Essex County Council provides good value?	46% (2020)	-	50%	52%	54%
Collection rate of Council Tax achieved for the year	96% (2020/21)	96.9%	97%	98%	98%
IMPOWER Council Productivity Ranking	7	7	1-10	1-10	1-10
Deliver social value through procurement and practice to increase availability of entry level jobs (annual)	N/A	981 (Dec-21)	50	210	Exceed 210
Percentage of websites that have had full accessibility audit	N/A	4	24	Increase	Increase
Percentage of users rating their online experience as 5/5 (satisfied)	N/A	34.2% (Dec-21)	Increase	Increase	Increase
Total number of websites	91	88 (Sep-21)	87	Decrease	Decrease

Annex 3

Capital and Treasury Management Strategy

CAPITAL AND TREASURY MANAGEMENT STRATEGY

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

- **Capital expenditure**

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

- **Capital financing and borrowing**

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

- **Treasury management investments**

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

- **Other investments**

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

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

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

- **Knowledge and skills**

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

Further details are provided in the following sections.

CAPITAL EXPENDITURE

Capitalisation policies

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

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

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

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

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

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

The limits are currently as follows:

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

Governance

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

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

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

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

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

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

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

Executive Directors will ensure that:

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

approvals for the capital projects for which they are accountable.

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

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

Capital Expenditure Plans

The proposal is for capital investment of **£275m** for the 2023/24 programme, with an indicative programme for the subsequent three years totalling **£1.009bn**. These planning levels represent a continued major investment in the infrastructure and economy of Essex. Further details are presented elsewhere within the Council's 2023/24 Annual Plan.

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

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

Actual capital expenditure and financing sources for 2021/22 (*provisional, pending conclusion of the external audits of the Council's Statement of Accounts for 2020/21 and 2021/22*), together with the original and updated plans for 2022/23, proposals for 2023/24 and the indicative guidelines for the subsequent three years, are summarised in **Annex** Error! Reference source not found., with detailed plans presented elsewhere within the Annual Plan.

CAPITAL FINANCING REQUIREMENT AND BORROWING

Context

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

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

A summary of the Prudential Indicators for the period 2021/22 through to 2026/27 is provided in **Annex** Error! Reference source not found.. The Prudential Indicators for 2021/22 are provisional, pending conclusion of the external audits of the Council's 2020/21 and 2021/22 Statement of Accounts.

Explanatory comments are provided in the following paragraphs.

Capital Financing Requirement

When the Council decides to finance capital expenditure from borrowing, this actually means that it is electing to incur capital expenditure now that it will need to charge to its revenue budget in annual instalments over a number of years into the future (a process referred to as making annual **Minimum Revenue Provision** or MRP).

The **Capital Financing Requirement** (CFR) provides a measure of the capital expenditure that will need to be charged to the revenue budget in future years.

The actual Capital Financing Requirement (CFR) for 2021/22 is derived from the Council's Balance Sheet for 2021/22. It provides a measure of the amount of capital expenditure that the Council has already spent that has yet to be funded from cash resources.

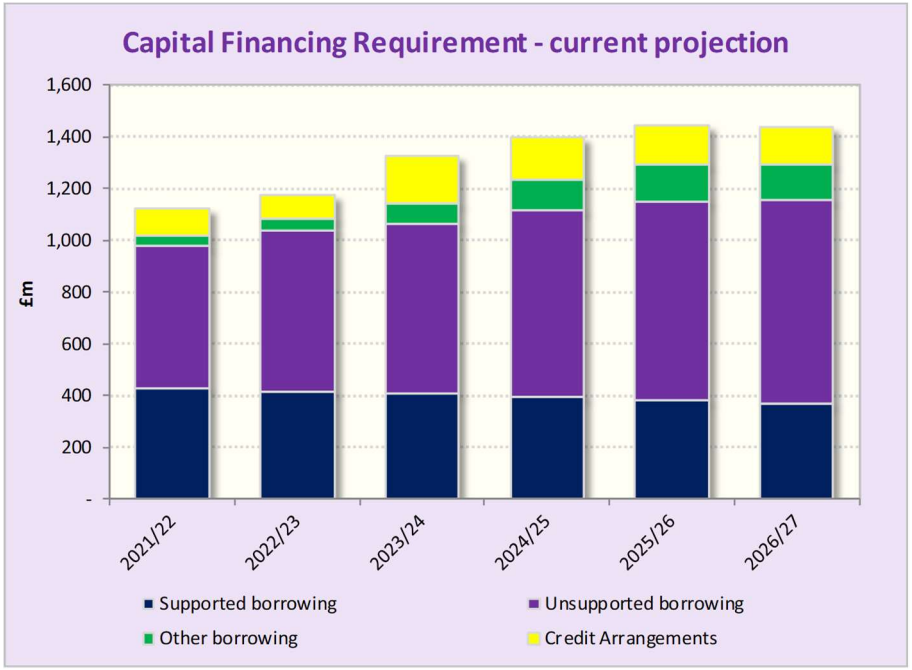
Forward projections of the Capital Financing Requirement incorporate the Council's plans to finance further capital expenditure from borrowing and discount the amounts that will be charged to the revenue budget each year as MRP.

In addition to quantifying the capital expenditure that will need to be charged to the revenue budget in future years, the Capital Financing

Requirement also provides a measure of the Council's indebtedness, and hence of its need to borrow for capital financing purposes.

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

The actual CFR for 2021/22 and forward projections for the current and forthcoming years are illustrated in the graph below:

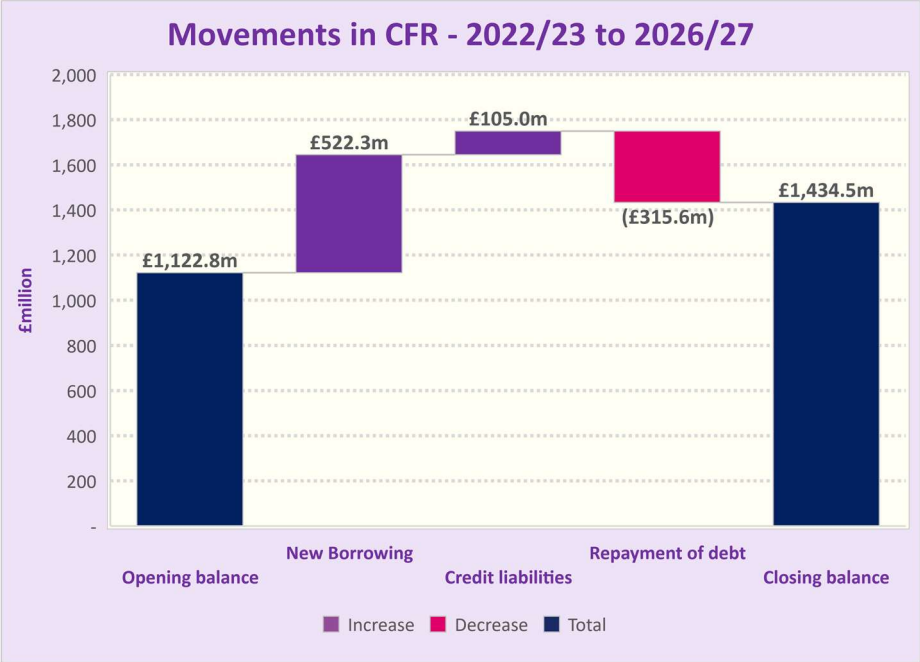


The forward projections of the CFR incorporate the Council's plans to:

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

The CFR is on an upward trajectory until 2025/26, after which it starts to level off.

The Capital Financing Requirement increases over this period because the amount of capital expenditure that the Council plans to finance from borrowing over the period (at **£522.3m**) exceeds the amount of debt that will be repaid (**£315.6m**) over the same period.



There is also a substantial increase in credit arrangements (**£105m**), largely reflecting the estimated impact of bringing leases currently classified as operating leases onto the Council's Balance Sheet in 2023/24 or 2024/25, which is a requirement of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. This does not change the costs to the Council of these arrangements.

The estimates of the CFR assume that the Council will repay debt on the basis set out in **Annex** Error! Reference source not found..

Revenue Provision for the repayment of debt policy

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

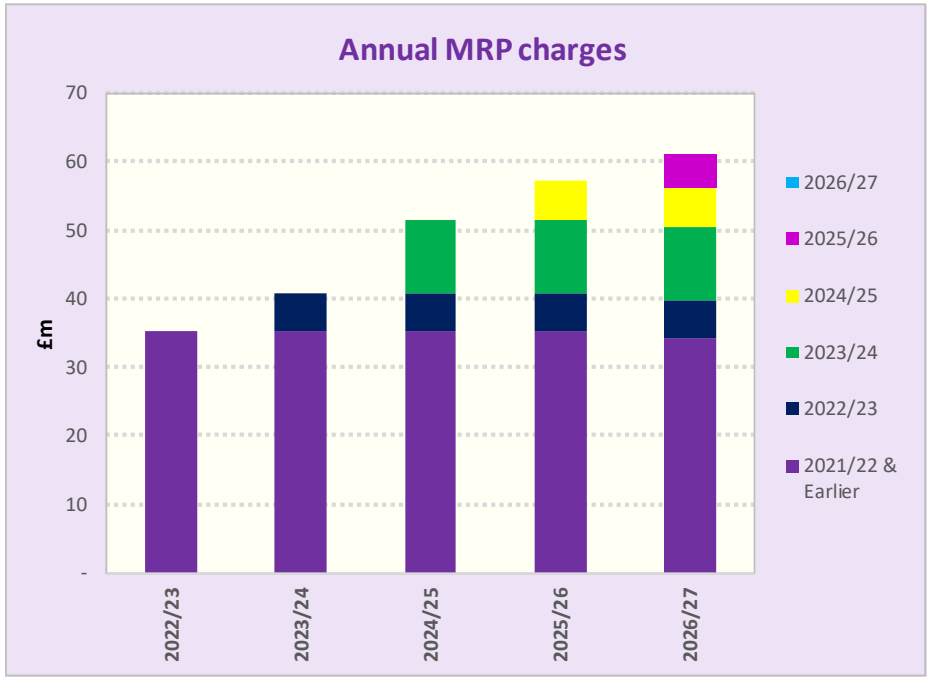
Statutory guidance requires MRP to be provided annually on a prudent basis, and interprets 'prudent' to mean that:

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

Alternative methods to those listed above are permitted, but only if they result in a prudent basis of repayment.

In accordance with the requirement to make a prudent 'revenue provision for the repayment of debt', the Council ensures that debt is repaid over a period that is commensurate with the period over which the capital expenditure provides benefit. This is achieved by applying the methodologies set out in **Annex** Error! Reference source not found..

The ‘revenue provision’ charges resulting from applying the policies set out in **Annex** Error! Reference source not found. are shown below**.**



The charges increase incrementally as a consequence of the proposals presented elsewhere in the Annual Plan to incur capital expenditure that will be financed from borrowing in each year of the Council’s current financial planning horizon.

External Borrowing Limits

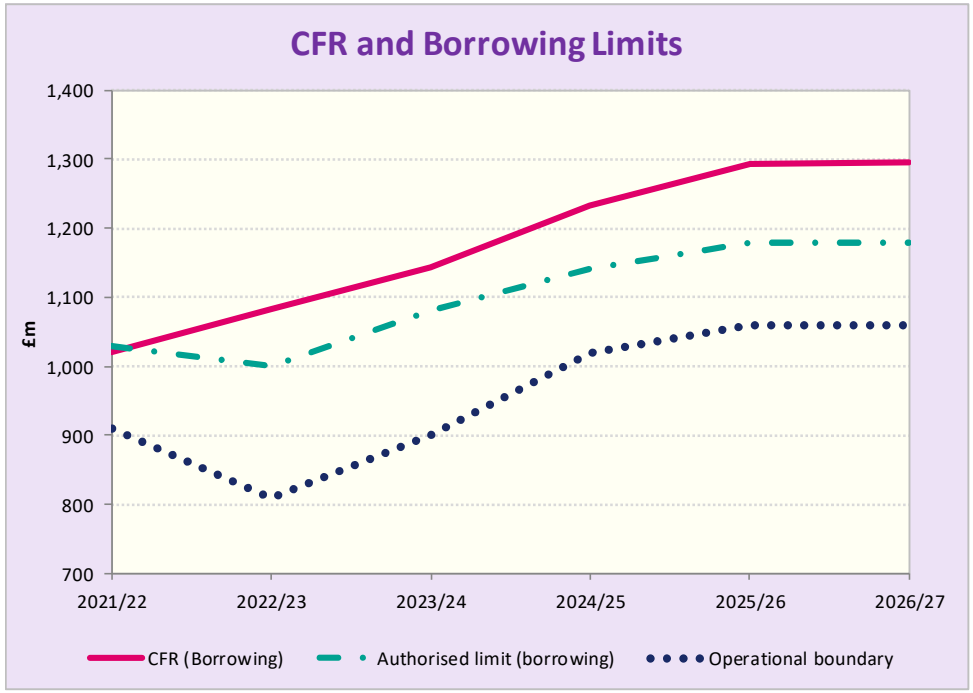
The Council is only permitted to borrow externally (including via credit arrangements) up to the level implied by its Capital Financing Requirement (CFR). However, the Council must not borrow if there is no identified need for it; neither can it borrow to invest for the primary purpose of generating a financial return.

To ensure compliance with these principles, limits are established for external debt, as follows:

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

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

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



Borrowing Strategy

Whilst the Capital Financing Requirement provides a measure of the Council's need to borrow externally, borrowing up to the level implied by its Capital Financing Requirement would result in the Council borrowing excessively. This is because the Council holds temporary surplus cash balances by virtue of its decisions to hold funds in reserves and balances etc that can be used to offset or defer the need for external borrowing (a treasury management practice referred to as **internal borrowing**).

Consequently, the assessment of the need for external borrowing considers the forward projections of the Capital Financing Requirement, the Council's prevailing cash flow position and the need for a reasonable but not excessive holding of short term investments for liquidity management.

Currently, long-term external borrowing amounts to **£583m** which is equivalent to around **54%** of the estimated CFR for borrowing as at 31 March 2023. It is however possible (and assumed for the purposes of this Strategy) that further external borrowing (up to **£40m**) will be undertaken before 31 March 2023. This would increase external borrowing to **£623m**, which would be equivalent to **57%** of the estimated CFR at that point.

Internal borrowing does not reduce the magnitude of funds held in reserves and balances; the funds are merely being borrowed until they are required for their intended purpose.

The Council will externalise its borrowing when it needs to do so to ensure that it has sufficient liquidity to meet its day-to-day cashflow requirements. It has been assumed, for the purposes of this Strategy, that further long-term external borrowing will be undertaken when the cash held for liquidity purposes falls below **£200m** on a sustained basis.

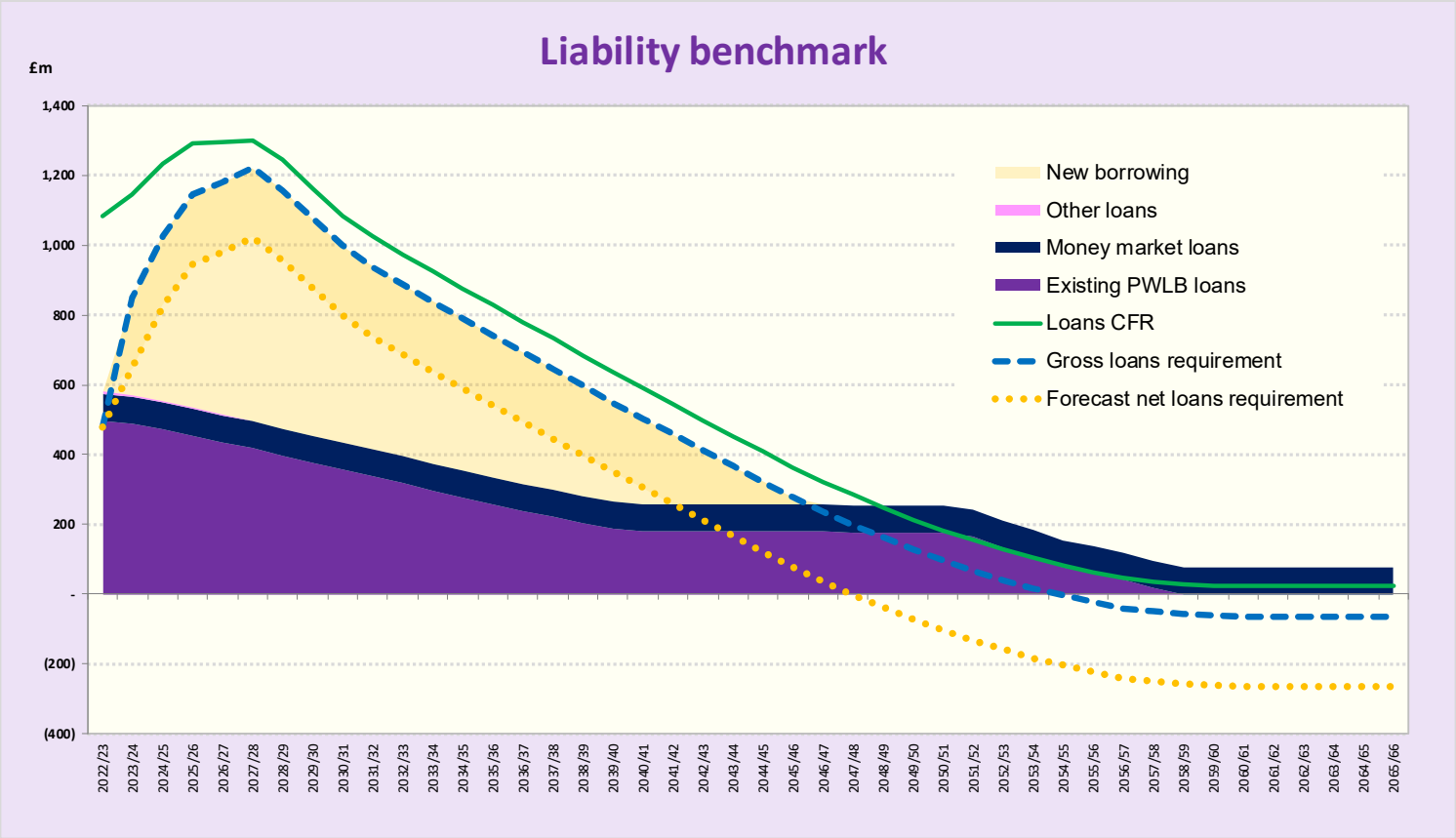
A **liability benchmark** is used to inform the assessment of the amount of loan debt that the Council needs each year into the future to fund its existing debt liabilities, planned prudential borrowing and other cash flows.

The purpose of the liability benchmark is to compare the Council's existing loans against its future need for loan debt.

The liability benchmark is presented graphically, and comprises long term forecasts for each of the following:

- **Existing loan debt outstanding**.
- **Loans Capital Financing Requirement** (Capital Financing Requirement excluding any part related to credit arrangements).
- **Net loans requirement** (forecast of the Council's loan debt, net of investments).
- **Gross loan debt** (forecast of the gross debt required in accordance with the Council's budget plans).

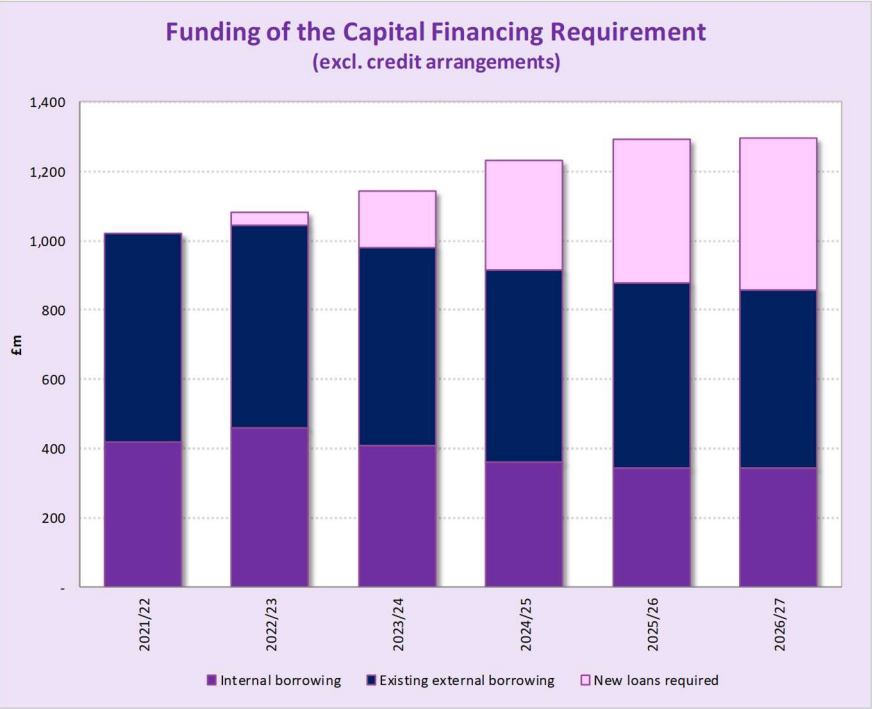
The need for further external borrowing is represented by the gap between the existing loan debt outstanding and the Council's future need for borrowing (as represented by the forecasts for gross loan debt).



The liability benchmark also shows how closely the existing loans book fits the future needs of the Council, and the maturities needed for new borrowing in order to match liabilities.

Whilst the projections show that the Council has existing commitments that exceed the forecast of gross loan debt in the future, there is no requirement for these loans to be repaid in order to meet the benchmark. However, the liability benchmark does act as a mechanism for preventing future over-borrowing.

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



That is, it shows how much it is expected will be funded from internal borrowing and how external borrowing is likely to increase. This translates into the following forecasts of long-term external borrowing over the current planning horizon:

Current Forecast	Long term borrowing requirement				
	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
Existing external loans	583	**571**	554	535	514
Requirement for further borrowing					
2022/23	40	**40**	40	40	40
2023/24	-	**123**	123	123	123
2024/25	-	**-**	156	156	156
2025/26	-	**-**	-	95	95
2026/27	-	**-**	-	-	25
New external borrowing	40	**163**	319	414	319
Total external borrowing	**623**	**734**	**873**	**949**	**953**
Internal borrowing	460	**410**	360	343	343
Total borrowing	**1,083**	**1,144**	**1,233**	**1,292**	**1,296**

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

- When the funds are required to meet the Council's expected cash flows and to provide liquidity; and
- Within the parameters established by the **authorised limit** and **operational boundary** for external debt (as set out within **Annex** Error! Reference source not found.).

Prospects for interest rates

The Council predominantly expects to satisfy its borrowing requirement from the **Public Works Loan Board** (PWLB) although other sources of loan funding will be considered if the lending terms are comparable to those offered by the PWLB.

PWLB interest rates are set with reference to gilt rates. There was a lot of volatility in gilt yields, and hence in PWLB rates, during the first half 2022/23. Yields are now starting to settle, but the outlook for rates over the medium term will depend upon how successful the Bank of England is at managing inflationary pressure.

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the Council's current financial planning horizon, as shown in **Annex** Error! Reference source not found.. However, there are a number of risks to the current forecasts including:

- Labour and supply shortages, which may depress economic activity.
- UK economic growth being weaker than currently anticipated.
- Inflationary pressures building up too strongly and for a longer period.
- The Government acting too quickly to cut taxes and increase spending.
- A weakening of the Pound.

Maturity structure of borrowing

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

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

Interest rate exposure

In order to manage and minimise the impact of movements in interest rates, limits are proposed within **Annex** Error! Reference source not found. that will establish the ranges within which fixed and variable rate borrowing will be undertaken.

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

Whilst any new loans secured over the period of this strategy are likely to also be secured at fixed rates of interest, up to **35%** could, alternatively, be secured at variable rates of interest.

Performance indicators

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

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

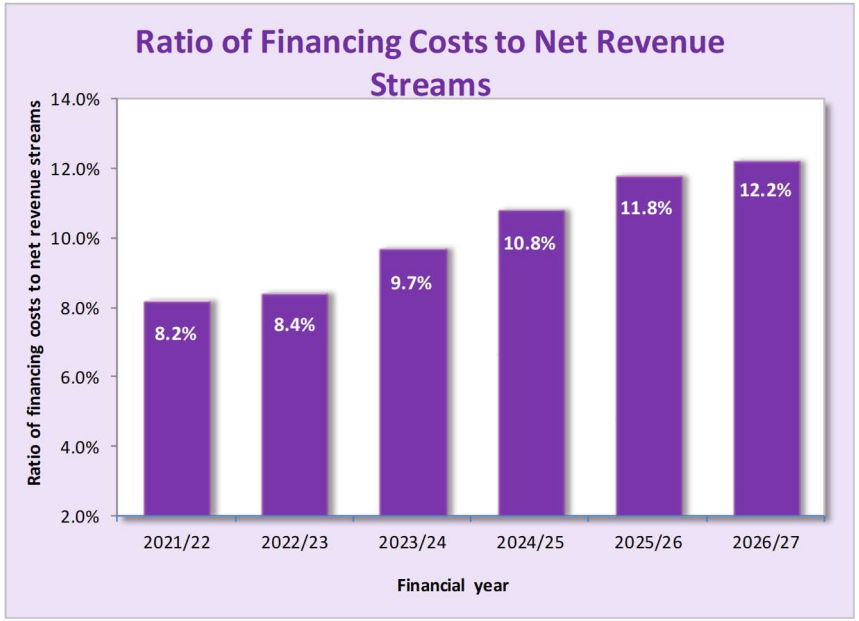
Ratio of financing costs to net revenue streams

The trend in the '**cost of capital**' is provided by the **ratio of financing costs to net revenue streams**.

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

The actual ratios for 2021/22 and the latest estimates for 2022/23 and the forthcoming four years, are provided in **Annex** Error! Reference source not found..

The trend in this ratio over this period is illustrated in the adjacent graph. This shows that the proportion of the revenue budget that is required to fund borrowing costs is expected to increase from **8.2%** in 2021/22 to **12.2%** by 2026/27.

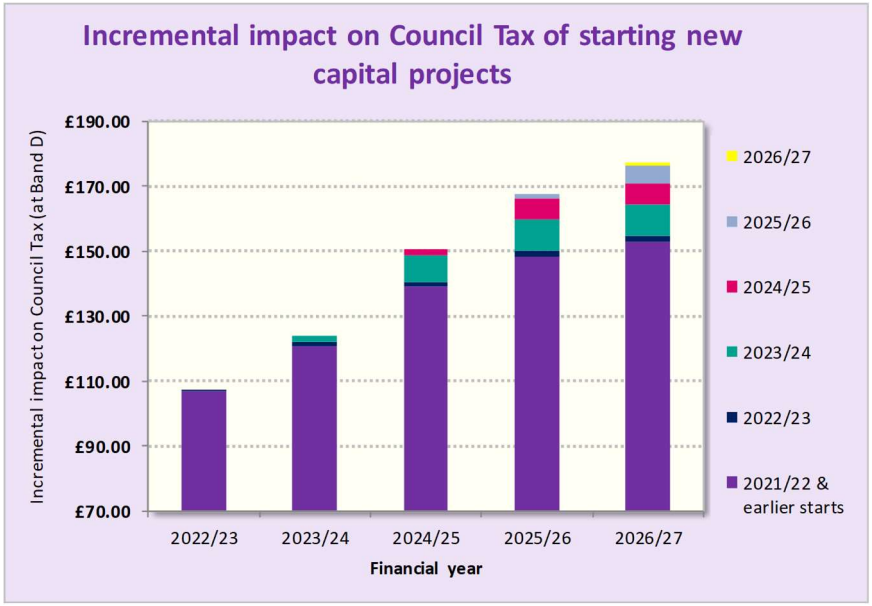


Incremental impact upon Council Tax

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

The incremental impact upon council tax (at **band D**) from continuing with capital schemes started in, and prior to, 2021/22 and the additional amounts that result from commencing new capital projects in 2022/23 and the subsequent four years is illustrated in

the graph below and set out in **Annex** Error! Reference source not found.**.**



The above graph shows the amount of council tax required to meet the costs of borrowing (*i.e. interest payable on external loans and leases and the amount required for the statutory provision for the repayment of debt*) split between the amounts that arise because of capital projects that started in 2021/22 or earlier years, and the amounts arising as a consequence of commencing additional capital projects in each year of the Council's current planning horizon.

The actual impact upon council tax may be lower than that implied in **Annex** Error! Reference source not found. because:

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

TREASURY MANAGEMENT INVESTMENTS

Introduction

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

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

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

Outlook for interest rates

At the time of writing, the Bank of England's Monetary Policy Committee (MPC) had increased the Bank Rate six times during 2022/23, from **0.75%** in April 2022 to **3.5%** in December 2022.

Current market expectations are for the Bank Rate to peak at between **4.5%** and **4.75%** by mid-2023. It is currently anticipated that rates will remain at this level until early 2024, although it is possible that the MPC could leave rates at this elevated level for longer.

The MPC is likely to want to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

Investment projections

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

In practice, this means that the cash balances the Council holds for investment can be subject to significant fluctuation. However, for planning purposes, it is assumed that the Council will maintain cash balances for investment of circa **£477m** for the duration of the current financial planning horizon (as set out in **Annex** Error! Reference source not found.).

Investment strategy

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

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

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

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

A lending list will be compiled by the Executive Director, Corporate Services to include counterparties satisfying the criteria set out within **Annex** Error! Reference source not found.. The lending limits that will be applied to counterparties satisfying these criteria are also set out within **Annex** Error! Reference source not found.. Additional operational market information (including Credit Default Swaps and negative rating watches and outlooks) will also be considered before making any specific investment decisions.

The criteria for choosing counterparties (as set out within **Annex** Error! Reference source not found.) provide a sound approach to investing in normal market circumstances. However, the Executive Director, Corporate Services will determine the extent to which the criteria set out within **Annex** Error! Reference source not found. will be applied in practice.

Interest rate exposure

In order to manage and minimise the impact of movements in interest rates, limits are proposed within **Annex** Error! Reference source not found. that will establish the ranges within which fixed and variable rate investments will be undertaken. As noted elsewhere, most of the Council's investments are made for periods of less than 365 days, for durations that ensure that the cash is available to meet expenditure when needed. Because of the

relatively short-term nature of these deposits, there is little to differentiate between fixed and variable rates of interest – funds could equally be invested fully at fixed rates of interest or fully at variable rates.

Liquidity

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

Environmental, Social and Governance issues

The Council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council's values. This would include, inter alia, avoiding direct investment in institutions with material links to:

- Human rights abuse (e.g. child labour, political oppression)
- Environmentally harmful activities (e.g. pollutants, destruction of habitat, fossil fuels)
- Socially harmful activities (e.g. tobacco, gambling)

Performance

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

Treasury Management advisors

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

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

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

Support to subsidiaries and partnerships

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

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

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

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

Longer term treasury management investments

Treasury management investments normally arise from a cash flow surplus. The cash will be needed in due course to meet the service delivery needs of the Council, and that determines how long the cash should be invested for. Because the Council has a net borrowing requirement, any investments that are of a longer term nature are unlikely to be considered as investments for treasury management purposes.

OTHER INVESTMENTS

Introduction

Other investments are those made or held:

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

Whilst investments for service purposes and any which are primarily to generate a financial return invariably constitute capital expenditure, the latter category of investment cannot be financed from borrowing. Indeed, the Council is unable to secure any loans from the PWLB for any purpose if it has any schemes within its capital programme that are primarily to generate a financial return.

The following paragraphs provide an overview of the Council's current 'other' investments and those included within the proposed 2023/24 capital programme or in the indicative programme for the subsequent three years.

Longer term treasury management investments

The Council has one long term investment of **£10m** in the CCLA Property Fund, made in two instalments in **2013** and **2016**. When the funds were placed in this Fund, they were deemed to be treasury management investments. However, as there is no fixed maturity date for the sums invested, it is categorised as a long term investment.

Because the Council has a net borrowing requirement and is unlikely to have a surplus cash balance long enough to justify a long term investment, the CCLA property fund investment is now considered to be a commercial, rather than treasury management, investment.

From an accounting perspective, the investment in the CCLA Property Fund is classified as 'fair value through profit and loss (FVPL). Any movements in the fair value of investments categorised as FVPL (i.e. valuation gains and losses) are usually recognised in the Revenue Account. However, statutory regulations currently allow revaluation gains and losses on investments to be held in an unusable reserve instead. The statutory regulations are currently only valid until **31 March 2023**,

although the Government has recently consulted on an extension to the statutory regulations.

The investment in the CCLA Property Fund will be kept under review.

Investment properties

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

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

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

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

Shareholdings

Medtech Accelerator Ltd

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

Harlow Investment Fund

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

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

Loans to local enterprises and third parties

The Council has awarded loans towards expenditure which would, if incurred by the Council, be capital expenditure. Both loans were awarded on behalf of the South East Local Enterprise Partnership. The loans that are currently outstanding are as follows:

Essex University – Centre for Advanced engineering	Year to be repaid	Loan amount (£)	Interest rate %
Instalment one	2025/26	**1,000**	0%
Instalment two	2026/27	**1,000**	0%
Total		**2,000**	

Loans to subsidiaries of the Council

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

In addition to providing treasury management support to these entities, the Council has also provided (or will provide) capital loans to the Essex Housing Development LLP, to facilitate approved housing development projects.

The Council advanced loans totalling **£4.3m** to the LLP in 2021/22 and, based on the current capital programme proposals, could advance further loans totalling **£135.6m** to the LLP over the period 2022/23 to 2026/27. However, each housing project will be subject to Cabinet approval, following submission of robust business cases and delivery plans.

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

TREASURY MANAGEMENT POLICY STATEMENT AND TREASURY MANAGEMENT PRACTICES

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

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

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

The Council's **Treasury Management Policy Statement** (*which set out the policies, objectives and approach to risk management of its treasury management activities*), and its **Treasury Management Practices** (*which set out the way the Council sought to achieve its policies and objectives for treasury management*) are presented for information in the following annexes:

- **Annex Error! Reference source not found.** – Treasury Management Policy Statement
- **Annex Error! Reference source not found.** – Treasury Management Practices
- **Annex 3G** – Management practices for non-treasury investments

KNOWLEDGE AND SKILLS

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

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

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

- **Providing training and technical guidance**

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

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

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

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

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

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

ANNEX 3A - PRUDENTIAL INDICATORS

Summary of prudential indicators		2021/22	2022/23		2023/24	2024/25	2025/26	2026/27
		Actual	Original Estimate	Updated Estimate	Forecast	Forecast	Forecast	Forecast
Capital expenditure & financing								
Capital Expenditure	£m	221	284	240	**275**	410	403	196
Capital Financing								
Borrowing	£m	62	131	100	**101**	140	117	65
Grants and contributions	£m	151	142	129	**161**	263	282	127
Capital receipts and earmarked reserves	£m	8	11	11	**13**	7	4	4
Total capital financing	£m	**221**	**284**	**240**	**275**	**410**	**403**	**196**
Capital financing requirement								
Capital financing requirement (CFR)								
Opening CFR	£m	1,106	1,145	1,123	**1,178**	1,324	1,397	1,442
Add								
Additional borrowing	£m	62	131	100	**101**	140	117	65
Additional credit liabilities (PFI / Finance leases)	£m	4	100	5	**100**	-	-	-
		1,172	**1,376**	**1,228**	**1,379**	**1,464**	**1,514**	**1,507**
Less								
Revenue provision for debt repayment	£m	(45)	(53)	(50)	**(55)**	(67)	(72)	(72)
Capital receipts applied to repay debt	£m	(4)	-	-	**-**	-	-	-
Capital Financing Requirement	£m	**1,123**	**1,323**	**1,178**	**1,324**	**1,397**	**1,442**	**1,435**

Summary of prudential indicators		2021/22	2022/23		2023/24	2024/25	2025/26	2026/27
		Actual	Original Estimate	Updated Estimate	Forecast	Forecast	Forecast	Forecast
Analysis of the Capital Financing Requirement								
Supported borrowing and pre 2008/09 unsupported borrowing	£m	430	418	418	**406**	394	382	370
Unsupported borrowing								
General	£m	575	664	640	**680**	745	792	810
Deferred (loans, housing and investment properties)	£m	15	52	25	**58**	94	118	116
Sub total - borrowing	£m	**1,020**	**1,134**	**1,083**	**1,144**	**1,233**	**1,292**	**1,296**
Credit arrangements (PFI / Finance leases)	£m	103	189	95	**180**	164	150	139
Total	£m	**1,123**	**1,323**	**1,178**	**1,324**	**1,397**	**1,442**	**1,435**
Gross borrowing and the CFR								
Medium term forecast of CFR	£m	1,324	1,548	1,397	**1,442**	1,435	1,426	1,361
Forecast external debt (long term) and credit arrangements	£m	703	764	583	**571**	554	535	514
Headroom	£m	**621**	**784**	**814**	**871**	**881**	**891**	**847**
External debt								
Authorised limit								
Borrowing	£m	620	1,060	1,000	**1,080**	1,140	1,180	1,180
Other long term liabilities	£m	284	189	95	**180**	163	150	139
Total authorised limit	£m	**904**	**1,249**	**1,095**	**1,260**	**1,303**	**1,330**	**1,319**
Operational boundary								
Borrowing	£m	520	890	810	**900**	1,020	1,060	1,060
Other long term liabilities	£m	265	184	90	**175**	159	145	134
Total operational boundary	£m	**785**	**1,074**	**900**	**1,075**	**1,179**	**1,205**	**1,194**
Actual external debt (incl. credit arrangements)	£m	**737**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

Summary of prudential indicators		2021/22	2022/23		2023/24	2024/25	2025/26	2026/27
		Actual	Original Estimate	Updated Estimate	Forecast	Forecast	Forecast	Forecast
Financing to net revenue streams								
Financing to Net Revenue Streams	%	8.20%	8.60%	8.40%	**9.70%**	10.80%	11.80%	12.20%
Incremental impact on Council Tax								
Effect of capital schemes starting in:								
2021/22 and earlier years	£	100.46	104.87	106.85	**120.60**	138.90	148.31	152.81
2022/23	£	-	2.50	0.39	**1.36**	1.58	1.67	1.74
2023/24	£	-	-	-	**2.03**	8.40	9.59	9.99
2024/25	£	-	-	-	**-**	1.80	6.44	6.38
2025/26	£	-	-	-	**-**	-	1.36	5.20
2026/27	£	-	-	-	**-**	-	-	1.09
Total	£	**100.46**	**107.37**	**107.24**	**123.99**	**150.68**	**167.37**	**177.21**

ANNEX 3B - TREASURY MANAGEMENT SUMMARY

Treasury Management Summary		2021-22 Actual	2022-23 Original Estimate	2022-23 Latest Estimate	2023-24 Estimate	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
Estimated debt and investments								
Investments (estimated balance at each 31st March)	**£m**	555	445	409	**477**	477	477	477
External debt (operational boundary for borrowing)	**£m**	520	890	810	**900**	1,020	1,060	1,060
Expected movement in interest rates								
Bank Rate *(at each 31st March)*	**%**	0.10%	0.75%	3.50%	**4.50%**	3.50%	2.75%	2.50%
PWLB (borrowing) rates								
5 year	**%**	2.45%	1.70%	4.20%	**4.10%**	3.60%	3.20%	3.20%
10 year	**%**	2.64%	1.90%	4.30%	**4.30%**	3.80%	3.30%	3.30%
25 year	**%**	2.82%	2.20%	4.60%	**4.50%**	4.00%	3.50%	3.50%
50 year	**%**	2.57%	2.00%	4.30%	**4.20%**	3.70%	3.20%	3.20%
Source: Link Asset Services (Treasury Solutions) (**December 2022**)								
Effect of 1% increase in interest rates								
Interest on borrowing	**£000**	N/A	1,265	200	**1,015**	2,410	3,665	4,265
Interest on investments	**£000**	N/A	(4,542)	(4,180)	**(3,060)**	(3,430)	(3,700)	(3,740)
Interest attributed to reserves & balances	**£000**	N/A	2,052	2,397	**2,397**	2,397	2,397	2,397
Interest attributed to other bodies	**£000**	N/A	61	98	**98**	98	98	98
Net total	**£000**	N/A	**(1,164)**	**(1,485)**	**450**	**1,475**	**2,460**	**3,020**
Borrowing requirement (external borrowing)	**£m**	5	189	40	**123**	156	95	25

Treasury Management Summary		2021-22 Actual	2022-23 Original Estimate	2022-23 Latest Estimate	2023-24 Estimate	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
Interest rate exposures								
Upper limits for exposure to fixed rates								
Net exposure	**£m**	620	1,060	1,000	**1,080**	1,140	1,180	1,180
Debt	**%**	100%	100%	100%	**100%**	100%	100%	100%
Investments	**%**	100%	100%	100%	**100%**	100%	100%	100%
Upper limits for exposure to variable rates								
Net exposure	**£m**	186	318	350	**380**	400	410	410
Debt	**%**	30%	30%	35%	**35%**	35%	35%	35%
Investments	**%**	100%	100%	100%	**100%**	100%	100%	100%
Maturity structure of borrowing (upper limit)								
Under 12 months	**%**	2%	40%	40%	**30%**	30%	30%	30%
12 months and within 24 months	**%**	2%	40%	40%	**30%**	30%	30%	30%
24 months and within 5 years	**%**	8%	40%	40%	**30%**	30%	30%	30%
5 years and within 10 years	**%**	17%	40%	40%	**40%**	40%	40%	40%
10 years and within 25 years	**%**	29%	75%	75%	**85%**	80%	80%	80%
25 years and within 40 years	**%**	30%	40%	40%	**40%**	40%	40%	40%
40 years and within 50 years	**%**	0%	20%	20%	**20%**	20%	20%	20%
50 years and above	**%**	13%	20%	20%	**20%**	20%	20%	20%
Maturity structure of borrowing (lower limit)								
All maturity periods	**%**	0%	0%	0%	**0%**	0%	0%	0%
Total sums invested for more than 364 days								
Upper limit for sums invested for more than 364 days	**£m**	13	30	30	**30**	30	30	30

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

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

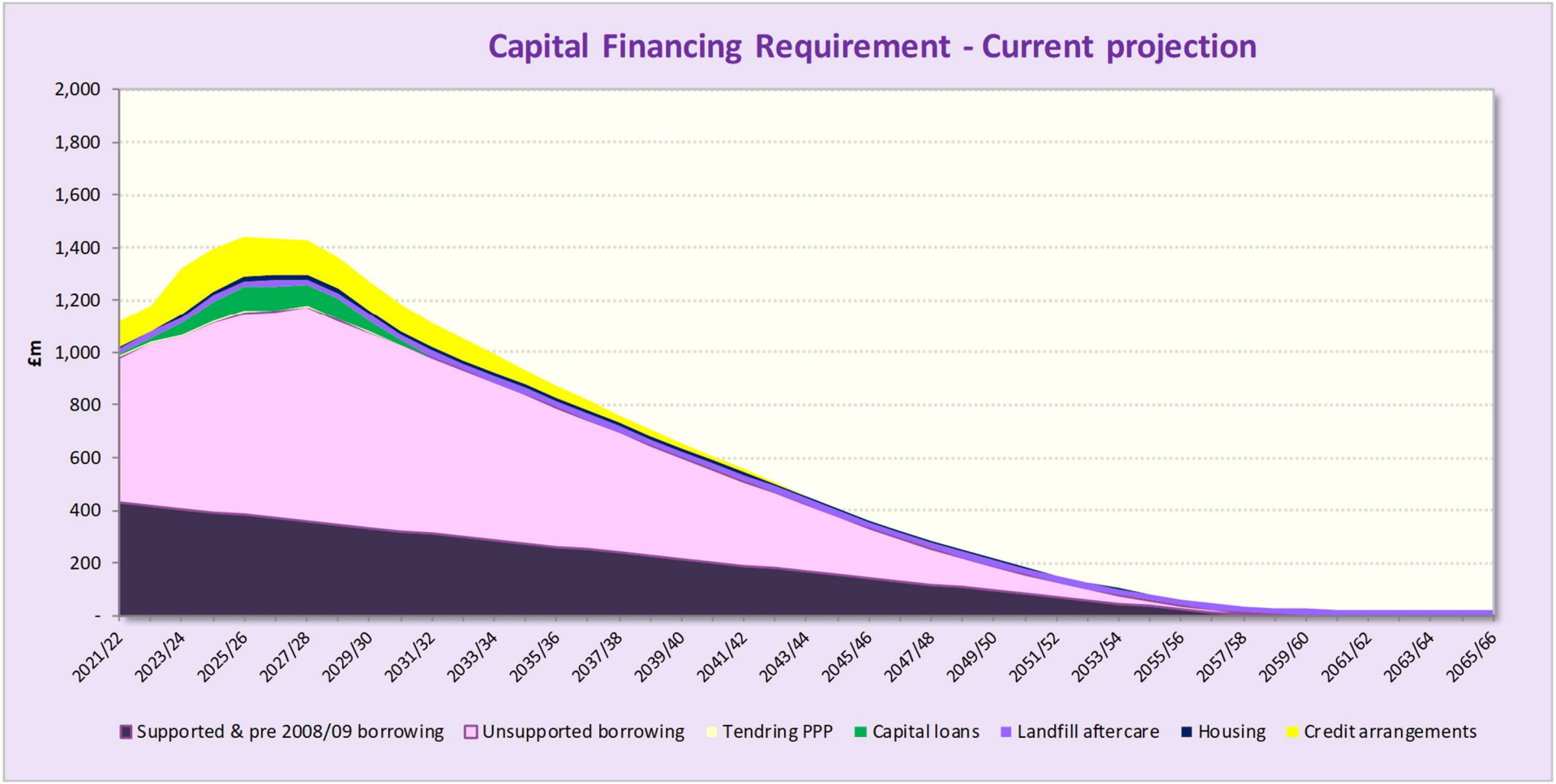
This is achieved by applying the following methodology:

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

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

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

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



ANNEX 3D - COUNTERPARTY CRITERIA FOR INVESTMENTS

1. Context

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

2. Banks and building societies

The Council will invest funds with:

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Money Market Funds

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

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

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

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

5. UK Government

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

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

6. Other local authorities

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

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

7. Property Funds

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

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

8. Time and monetary limits applying to investments

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

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

Time and monetary limits

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

Notes:

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

ANNEX 3E – TREASURY MANAGEMENT POLICY STATEMENT

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

1. The Council defines its treasury management activities as:

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

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

3. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives.

It is therefore committed to the principles of achieving value for money in treasury management, within the context of effective risk management.

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

ANNEX 3F – TREASURY MANAGEMENT PRACTICES

TMP 1 - Risk Management

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

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

[1] Credit and counterparty risk management

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

[2] Liquidity risk management

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

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

[3] Interest rate risk management

The Council will manage its exposure to fluctuations in interest rates with a view to containing its net interest costs by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in interest rates.

[4] Exchange rate risk management

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

[5] Inflation risk management

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

[6] Refinancing risk management

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

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

[7] Legal and regulatory risk management

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

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

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

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

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

[9] Price risk management

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

TMP 2 - Performance measurement

The Council is committed to the pursuit of value for money in its treasury management activities within the framework set out in its treasury management policy statement.

TMP 3 - Decision-making and analysis

The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, in order to demonstrate that reasonable steps were taken to ensure that all issues relevant to those decisions were considered.

TMP 4 - Approved instruments, methods and techniques

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

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

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

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

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

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

The Section 151 Officer will ensure that the responsibilities for each post engaged in treasury management are understood and adhered to.

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

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

TMP 6 - Reporting requirements and management information arrangements

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

affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum:

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

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

TMP 7 - Budgeting, accounting and audit arrangements

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

The Section 151 Officer will exercise effective controls over this budget and will report upon and recommend any changes required in accordance with TMP 6 Reporting requirements and management information arrangements.

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

TMP 8 - Cash and cash flow management

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

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

TMP 9 - Money laundering

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

reports should be made, are detailed in the Council's Anti-Money Laundering Policy.

TMP 10 - Training and qualifications

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

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

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

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

TMP 11 - Use of external service providers

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

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

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

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

TMP 12 - Corporate governance

The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

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

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

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

New investments will only be undertaken following the Council's business case and governance framework for decision making, and will require a decision in accordance with the constitution, with an investment of over £500,000 normally requiring a published decision.

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

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

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