

Forward Plan Reference Number: FP/013/03/21

Report title: 2021/22 - Financial Overview as at the Third Quarter Stage	
Report to: Cabinet	
Report author: Councillor Christopher Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs	
Date: 18 January 2022	For: Decision
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County Divisions affected: All Essex	

1. Everyone's Essex

- 1.1 The purpose of this report is to set out the current forecast financial position of Essex County Council's (ECC) revenue and capital budgets as at the third quarter stage of the 2021/22 financial year. The report will highlight that whilst there is a forecast small revenue under spend, the overall outlook remains very challenging and volatile, notably with demand pressures across social care, market volatility and rising inflation.
- 1.2 Despite the challenge the focus remains on prioritising resources to achieve the strategic aims outlined in Everyone's Essex. In the intervening quarter resources have been prioritised from the Everyone's Essex reserve notably to target the climate agenda (£6.2m), to support the Heritage and Arts sector (£1.6m) and for the financial wellbeing programme and community challenge fund (£1.1m).
- 1.3 There is a forecast under spend of **£5.8m** (0.6%) against a net revenue budget of **£1,041m** (gross £2,168m). The originally approved gross budget for 2021/22 was **£2,014m**, this is now **£2,168m**, an increase in our spending base of 8%, and which will increase further as more Covid related grants from government are announced.
- 1.4 This is an increased under spend since the Quarter 2 report of **£2m**. **The reasons for this movement are set out in section 5**. The overall under spend position is driven by an improved forecast Funding position due to an improved council tax overall position and minor under spends across portfolios.
- 1.5 While there is a minor under spend forecast, the outlook is volatile. We do not yet know the impact of the winter and potential surges in Covid-19 cases and discharge notably on Adult Social Care.

- 1.6 We have continued to receive further funding from Government since the previous quarter, for example the Adult Social Care Workforce Retention and Recruitment Fund (estimated circa £11m) and the Household Support Fund (£9.5m). We estimate our known Covid-19 related costs to be circa £120m for 2021/22, and the funding received from Government to date is adequate to meet this.
- 1.7 There is an under spend of **£58.9m** (20%) on the capital programme against the current budget of **£295.4m**. **This has been driven by a relatively small number of schemes, predominantly for reasons outside of the Councils control.** After taking account of budget change requests in this report there will be a small residual over spend of **£205,000**.

2. Recommendations

Approval is sought for the following:

- 2.1 To draw down funds from reserves as follows:
- i. **£383,000** from the Covid Equalisation Reserve to the Education Excellence, Life Long Learning and Employability portfolio due to pressures from reduced number of school attendance and absence penalty notices issued (**£253,000**) and reduced Adult Community Learning (ACL) tuition fees (**£130,000**) (section 5.7.ii)
 - ii. **£360,000** from the Covid Equalisation Reserve to the Community, Equality, Partnerships and Performance portfolio to support Covid-19 related income shortfalls within the Library service (section 5.3.iii)
 - iii. **£317,000** from the Covid Equalisation Reserve to the Children's Services and Early Years portfolio relating to pandemic related pressure on the equipment budget (**£215,000**) and additional Personal Allowance for care leavers (**£101,000**) (section 5.2.iv)
 - iv. **£209,000** from the Quadrennial Elections Reserve to the Finance, Resources and Corporate Affairs RSSS portfolio relating to costs of the May 2021 elections (section 5.15.iii)
 - v. **£127,000** from the Covid Equalisation Reserve to the Leader RSSS portfolio due to publications and promotions costs relating to Covid-19 within Communications and Marketing (section 15.16.iii)
 - vi. **£38,000** from the Bursary for Trainee Carers Reserve to the Education Excellence, Life Long Learning and Employability portfolio to ACL in respect of the Nightingale project (section 5.7.ii)

- vii. **£16,000** from the Covid Equalisation Reserve to the Finance, Resources and Corporate Affairs RSSS portfolio to cover additional staff within the HR Service Centre due to the pandemic (section 5.15.iii)
- viii. **£5,000** from the Everyone's Essex Reserve to the Finance, Resources and Corporate Affairs RSSS portfolio relating to a charitable contribution to Harwich Kindertransport (section 5.15.iii)

2.2 To appropriate funds to reserves as follows:

- i. **£10.3m** to the Carry Forward Reserve from the portfolios outlined below, to support the 2022/23 budget as detailed in section 5.

Portfolio	Amount £000
Adult Social Care and Health	5,500
Highways Maintenance and Sustainable Transport	1,900
Finance, Resources and Corporate Affairs RSSS	1,241
Other Operating Costs	837
Children's Services and Early Years	650
Leader RSSS	85
Community, Equality, Partnerships and Performance RSSS	70
Q3 Carry Forward Request Total	10,283

- ii. **£2m** to the Adults Transformation Reserve from the Adult Social Care and Health portfolio to support new burdens preparation costs (section 5.1.ix)
- iii. **£1.5m** to the Reserve for Future Capital Funding from Other Operating Costs in relation to interest rate risk (section 5.12.iv)
- iv. **£992,000** to the Technology and Digitisation Reserve from the Finance, Resources and Corporate Affairs RSSS portfolio for use in 2022/23 to support various projects (section 5.15.iii)
- v. **£853,000** to the Collection Fund Risk Reserve from the Finance, Resources and Corporate Affairs portfolio to support council tax funding deficits in future years (section 5.8.iv)
- vi. **£479,000** to be returned to the Covid Equalisation Reserve from the Community, Equality, Partnerships and Performance RSSS portfolio, due to an improved income position within Essex Outdoors (section 5.13.iii).

2.3 To approve the following adjustments:

- i. To create a new **Children's Risk Reserve** to set aside resources to help manage unbudgeted price and demand pressures that may arise from the changing landscape of Children's services
- ii. To rename the Technology Solutions Reserve to the **Technology and Digitisation Reserve** with the revised purpose to set aside resources to meet the future cost of replacing key council technology systems and the digitisation of public services
- iii. Vire **£439,000** within the Devolution, the Arts, Heritage and Culture Portfolio to realign the staffing budgets following the Organisational Redesign that has been undertaken within Culture & Green Space (section 5.4.iii)
- iv. Vire **£239,000** within the Highways Maintenance and Sustainable Transport portfolio to align with staffing movement from Essex Highways to Essex Highways Commissioning (section 5.9.ii)
- v. Vire **£85,000** from the Leader RSSS portfolio to the Community, Equality, Partnerships and Performance RSSS portfolio (**£65,000**) and Leader portfolio (**£20,000**) to realign under spends to support the carry forward request for Communications and Marketing (sections 5.16.iii, 5.13.iii & 5.10.ii)
- vi. Vire **£76,000** within the Finance, Resources and Corporate Affairs RSSS portfolio from Executive Director to Procurement in order to support interim staffing working on service change projects (section 5.15.iii)
- vii. Vire **£42,000** from the Finance, Resources and Corporate Affairs portfolio to the Finance, Resources and Corporate Affairs RSSS portfolio in order to correct Staff pay inflation within the Pension service (section 5.8.iv & 5.15.iii)
- viii. To draw down the following into 2022/23. These have been previously approved but not drawn down within the approved timescale (financial regulation 4.3.4). New approval is therefore sought:
 - **£293,000** from the Transformation Reserve to the Finance, Resources and Corporate Affairs RSSS portfolio relating to the delivery of the Workforce Strategy CMA FP/271/10/18 (section 5.15.iii)
 - **£1.794m** from the Covid Equalisation Reserve to the Community, Equality, Partnerships and Performance RSSS portfolio relating to Transformation Delivery Resourcing CMA FP/880/11/20 (section 5.13.iii)
- ix. To amend the capital budget as shown in Appendices C (i) and C (ii) which allows for capital slippage of **£56.8m**, capital budget additions of

£7.6m, capital budget reductions of **£10.1m** and advanced works of **£226,000** (see section 7.2).

3. Executive Summary: Revenue

- 3.1 Appendix A summarises the revenue budgets and forecast outturn for each portfolio. There is a full year forecast under spend of **£5.8m (0.6%** against a net budget of **£1bn)**. The overall under spend position is driven by under spends across portfolios and an improved Funding position, as a result of greater certainty in the level of grant to be received from government for the Tax Income Guarantee scheme.
- 3.2 As we move towards the final quarter of the financial year the Council faces increasing risks and challenges. The rate of inflation continues to rise, and is predicted to increase further. This will have a much greater impact from 2022/23 as we renew contracts notably across care and energy. Alongside this the December interest rate rise by the Bank of England and potential further rate rises in the future could put pressure on the revenue cost of borrowing for the capital programme.
- 3.3 The Council has continued to be proactive in its response to Covid-19. Known costs are in the region of £120m for 2021/22 or an additional 6% of planned expenditure, and we have sufficient funding for this. Should the current situation surrounding the pandemic deteriorate further, this funding position will be re-evaluated.
- 3.4 Over 60% of our Covid-19 costs have been met through the use of specific government grants. The remainder will continue to be funded via the balance sheet and the Covid Equalisation reserve, which we retain to meet the higher costs we face. To date in 2021/22 **£11.1m** has been drawn down from the Covid Equalisation Reserve to support Covid-19 pressures and income losses. There are a further **£1.2m** of approvals sought in this report from the reserve. There is also an appropriation back to this reserve of **£479,000** relating to funding no longer required to compensate for lost income, due to an improved financial position within Essex Outdoors. Further drawdowns from the Covid Equalisation Reserve will be requested as part of the Provisional Outturn report, as well as through individual decisions.
- 3.5 With the end of the Government's Coronavirus Job Retention scheme on 30 September 2021, we are mindful that the 2022/23 Council Tax base could be negatively impacted by unemployment in the early part of 2022, which could result in a significant funding reduction for the Council. We currently assume a return to pre-pandemic growth of 1% per annum in the tax base for 2022/23. This will be monitored closely throughout the remaining months of the year and into 2022/23.
- 3.6 The revenue position is built on a budgeted savings programme of £46m and the current forecast for year end is the programme will be fully delivered.

Continued focus and delivery upon savings, efficiencies and income remains critical to financial sustainability for both the current year and future years budgets.

- 3.7 The position reported in section 5 is written on the assumption that the recommendations in sections 2.1 to 2.3 of this report are approved.

4. Executive Summary: Capital

- 4.1 The original capital programme for 2021/22 as set by Full Council in February 2021 was **£290.3m**. The forecast outturn is **£236.5m**, before adjustments proposed within this report. This represents an under spend of **£58.9m (20%)** against the latest budget of **£295.4m**. After taking account of budget change requests in this report, there is a residual over spend of **£205,000**. More detail is set out in Section 7.

- 4.2 The **£58.9m** under spend in the Capital Programme position relates to the following requests in this report:

- Slippage: **£56.8m**
- Additions: **£7.6m**
- Reductions: **£10.1m**
- Advanced Works: **£226,000**

The nature, size and complexity of the schemes within the capital programme are changing. Significant movement has been driven by a relatively small number of schemes with the primary reasons for this movement being complex land negotiations, delays with planning determinations and impact of Covid-19; most of which are outside of the Council's control. Around 70% of the schemes being slipped are funded from external sources.

- 4.3 Appendix C (i) summarises current year forecasts and changes to the Capital Programme for 2021/22 since approval of the original programme in the Budget Report to Council in February 2021. Appendix C (ii) contains the detail of the budget adjustments seeking approval.

5. Revenue Position

5.1 Adult Social Care and Health – £2.1m (0.5%) under spend

- i. The Adult Social Care portfolio budget is the area most materially impacted by Covid-19 across the Council during 2021/22. The original approved budget was £699m gross, and with additional Covid-19 monies is forecast to be £740m. Whilst there is a small under spend of 0.5% on the revised budgeted position, there has overall been significantly greater spend on the portfolio than originally budgeted of £47.8m due to Covid-19 related expenditure. It is also the case that it is difficult to predict the full

year position before the extent of winter pressures and Covid-19 surges occur.

- ii. It is important to understand the current position in context of the significantly heightening financial risks facing the portfolio due to market capacity and workforce pressures, volatile demand, inflation and cost of care escalation as well as NI rises from 1st April.
- iii. Adult Social Care continues to meet the significant impact of the Covid-19 pandemic. In particular, the consequences of paused work and backlog on teams, and of reviews and assessments, changing demographic projections and the demand for services. The majority of funding that flows to the care market also manages the impact with both care home resident population and staff recruitment and retention a factor. It should be noted that this reported position is in the context of £14m being applied from ECC Covid specific funds and core budget, and £34m of government funds being passported directly to providers to support Covid-19 related costs in this financial year.
- iv. Public Health is forecast to spend in line with budget. Within this position are additional 'Contain Outbreak Management' funding and 'Track & Trace' funding received from Government, totalling £15.9m. At this stage, it is anticipated that all such funding will be fully spent; with the exception of **£236,000** of Contain Outbreak Management funding, which will be appropriated to the Grant Equalisation reserve in the Provisional Outturn report. This position will continue to be monitored throughout the course of the year. Central Government have also awarded ECC self-isolation grant funding of **£2.3m**. Spending plans are currently being drawn up and will be reflected in the forecast once known.
- v. There remain significant risks around the impact of Covid-19 on the cost and demand for Adult Social Care services. Any placements made on the Hospital Discharge pathway over and above the normal placement trend are claimable for up to 28 days from Health funding up until 31 March 2022, when it has been indicated that the funding will come to an end. To give an indication of scale we have received £3.4m funding from the NHS for 2021/22. The Hospital Discharge Pathway funding guidance was issued after the current year budget was agreed and therefore the monies recovered from this source are driving some of the under spend.
- vi. Within the overall forecast position reported for Adult Social Care, there are **£4m** of savings reflected as not deliverable, within a total savings programme of £25.6m, predominantly due to slippage in the Connect Programme because of Covid-19 related delays and the revised Hospital Discharge model, Choice & Control and business as usual activities in Physical and Sensory Impairment.
- vii. The overall under spend position is driven by under spends in Nursing (where less people moved over to social care from the Continuing

Healthcare cohort than was expected at budget setting) and Cash Payments (where there are lower volumes and greater levels of surplus return). There has also been an increase against budget in non-residential income (£3.3m) and receipt of unbudgeted income from Health in relation to the Hospital Discharge Pathway (£3.4m). However, this has been offset by over spends in Residential and Domiciliary Care due to increased demand. Residential volumes to date are 2.4% higher than budgeted, and 16% more hours of domiciliary care are being provided compared to January 2020.

- viii. There has been a small favourable movement from Quarter 2. This is predominantly driven by additional surplus fund returns from Cash Payment accounts, additional income from the Clinical Commissioning Group (CCG) in relation to clients on the Hospital Discharge Pathway and a reduction in the Bad Debt Provision requirement, these are all current year only changes and do not impact the assumptions included within the 2022/23 budget forecast. At Quarter 3 there is a request to carry forward **£5.5m** and appropriate **£2m** to reserves as set out below, resulting in an adjusted movement of **£1.6m**.
- ix. Approval is sought in this report for the following:
 - **£5.5m** to the Carry Forward Reserve: **£2.5m** to support staffing pressures in areas such as Adult Mental Health Practitioners (AMHPs), the Safeguarding Triage, Apprenticeships including the Nightingale Bursary and Deprivation of Liberty Safeguards (DoLS) backlog and the set aside of **£3m** to support workforce recruitment and retention in the care market
 - **£2m** to the Adults Transformation Reserve to support new burdens preparation costs expected as a result of the Adult Social Care Reform White Paper; 'People at the Heart of Care' with full implementation of the new system by October 2023 with consequent impact across assessment capacity, technology solutions and implementation costs.

5.2 Children's Services and Early Years:

- **Non Dedicated Schools Grant (DSG) - £724,000 (0.5%) under spend**
- **DSG - £9,000 (2.3%) over spend**
- i. The portfolio reports an overall under spend of **£715,000** of which there is an under spend of **£724,000** within Non DSG. The main driver for this under spend is a lower than budgeted client count for children with disabilities who are in care. The forecast is made up of current 32 placements when compared to a budgeted 42. The position will continue to be monitored since placements are a volatile area of spend, a small volume adjustment could have a material financial impact.
- ii. It will be proposed the forecast residual under spend will be used to support the volatility of the service in 2022/23 (particularly around potential increases in referrals following the recent nationally publicised

child abuse cases), subject to the 2022/23 budget being secure. A decision on this will be recommended in the Provisional Outturn report.

- iii. Within DSG there has been an adverse movement of **£366,000** in the Early Years Block due to the Education and Skills Funding Agency (ESFA) announcing the final adjustment for the 2020/21 financial year; a reduction of £504,000. This is partially offset by the autumn term claims for three-year-olds from early years providers being lower than anticipated. After this adjustment the forecast closing balance on the Early Years Block is a surplus of **£4.3m**.
- iv. Approval is sought in this report for the following:
 - **£650,000** to the Carry Forward Reserve for additional staff recruitment required to support newly arrived Unaccompanied Asylum Seeking Children (**£450,000**) and to support the 2022/23 Family Innovation Fund saving (**£200,000**)
 - **£317,000** from the Covid Equalisation Reserve relating to pandemic related pressure on the equipment budget (**£215,000**) and additional Personal Allowance for care leavers (**£101,000**).

5.3 Community, Equality, Partnerships and Performance - £198,000 (0.7%) under spend

- i. The portfolio reports an under spend of **£198,000** which is attributable to vacancies in the Libraries and Youth Services and over achievements in income in regard to Deputyships and Emergency Planning.
- ii. This is a favourable movement of **£241,000** since the Quarter 2 report due to a reduction in planned recruitment and a request for Covid Equalisation reserve funding to mitigate income pressures in Libraries. This position is partly offset by an adverse movement in Registrations where the funding anticipated from the final Income Loss Guarantee Scheme claim was lower than previously estimated.
- iii. Approval is sought in this report for the following:
 - **£360,000** from the Covid Equalisation Reserve to offset Libraries income pressures related to the pandemic.

5.4 Devolution, the Arts, Heritage and Culture - £190,000 (4.2%) over spend

- i. There is a **£190,000** forecast over spend, and an adverse movement of **£182,000** since Quarter 2.
- ii. The key driver of the over spend position is the additional security costs being incurred at one of the traveller sites to ensure the safety of both residents and ECC staff, coupled with higher than budgeted utility costs across a further four sites, totalling **£123,000**. A future strategy paper for Gypsies and Travellers is currently in progress and will be coming forward shortly. A further **£90,000** is due to the service redesign, across Leisure,

Heritage and Culture, becoming operational from 1 September where savings were budgeted to be achieved from the 1 April 2021.

- iii. Approval is sought in this report for the following:
 - Vire **£439,000** within the portfolio to realign the staffing budgets following the Organisational Redesign that has been undertaken within Culture & Green Space.

5.5 Economic Renewal, Infrastructure and Planning - £26,000 (0.1%) under spend

- i. There is a small under spend forecast of **£26,000**, which represents a favourable movement of **£109,000** since Quarter 2. Within this position the portfolio has continued to provide support for businesses throughout the pandemic by distributing Covid-19 specific grant funding and prioritising budgets to support economic recovery activity.
- ii. The favourable movement of **£109,000** is a result of two elements. The first is due to the transfer of a saving to the Highways Maintenance and Sustainable Transport portfolio where it will be delivered. The second element is a result of successful mitigation of previously reported pressures in relation to retrospective pay increases.
- iii. Before adjustments there is an underlying over spend resulting from a technical accounting treatment, previously reported to Cabinet, which does not result in a real cash impact to ECC. We must treat the accumulated capital expenditure on Essex Housing projects as abortive. The developments will be completed by Essex Housing Development LLP. The Council will transfer the housing development sites to the LLP during 2021/22 at a price that reflects the current market value of the sites and includes the pre-construction costs being treated as abortive by the Council. The Council's reserves will therefore be replenished via the sales proceeds agreed for these sites, ensuring that the Council remains in a cost neutral position overall as a result of transferring its housing development activity to the LLP. Formal approval will be sought as part of the Provisional Outturn report to Cabinet once the true cost is known.

5.6 Education Excellence, Life Long Learning and Employability (Dedicated Schools Grant) - £1.6m under spend

- i. The High Needs Block (HNB) increased by **£18.2m** for 2021/22. The HNB is forecasting a **£5.3m** in-year under spend, this will leave a **£600,000** deficit balance overall. This is a favourable movement of **£1.3m** since Quarter 2 due to:
 - A reduction in places in Independent Schools due to unexpected leavers (**£649,000**), fewer Post 16 Further Education learners than forecast (**£356,000**) and a reduction in special school residential top-up funding due to a delay in expansion of residential provision (**£239,000**)

- A reduction in the costs of educating excluded pupils (**£268,000**)
 - Staff vacancies across the service (**£119,000**)
 - A favourable movement in the import / export adjustment which increases funding (**£106,000**)
 - Partly offset by a continued increase in demand for Education, Health and Care Plans (EHCP) in mainstream schools and academies (**£463,000**)
- ii. The Central School Services Block (CSSB) is forecasting a **£3.8m** over spend, which is an adverse movement of £1m since Quarter 2. This is due to a planned increase in the historic commitments revenue contribution to the High Needs and Pupil Referral Unit capital project and so reduces the opening surplus balance. The block is forecast to close with a deficit a forecast balance which is due to a reduction in funding from the DfE for ongoing responsibilities. A review is underway to make this block sustainable in 2022/23.
- iii. The Schools Block is forecasting a **£66,000** over spend, which is an adverse movement of **£341,000** since Quarter 2 due to a reduction in funding which is being investigated as there have been no academy conversions.

5.7 Education Excellence, Life Long Learning and Employability (Non-DSG) - £149,000 (0.6%) over spend

- i. This is a favourable movement of **£63,000** since Quarter 2 due to an anticipated reduction in commitments within the Skills Strategy.
- ii. Approval is sought in this report for:
- **£253,000** from the Covid Equalisation Reserve due to pressures from a reduced number of school attendance and absence penalty notices issued
 - **£130,000** from the Covid Equalisation Reserve due to reduced ACL tuition fees
 - **£38,000** from the Bursary for Trainee Carers Reserve to Adult Community Learning (ACL) in respect of the Nightingale project.

5.8 Finance, Resources and Corporate Affairs - £866,000 (7.8%) under spend

- i. The portfolio is reporting an under spend of **£866,000**. This is a favourable movement from Quarter 2 of **£858,000**.
- ii. The movement is due to a **£858,000** under spend against the centralised pay pot as it is no longer expected to be required.
- iii. The underlying position reflects a change to forecasts on commercial property where, to be prudent, expected tenancy voids are being allowed for. There is however a **£40,000** opportunity flagged in this area which could mitigate this over spend.

- iv. Approval is sought in this report for the following:
 - **£853,000** to the Collection Fund Risk Reserve from the Finance, Resources and Corporate Affairs portfolio to support council tax funding deficits in future years.
 - Vire **£42,000** to the Finance, Resources and Corporate Affairs RSSS portfolio in order to correct staff pay inflation within the Pension service.

5.9 Highways Maintenance and Sustainable Transport - £513,000 (0.5%) under spend

- i. The forecast under spend of **£513,000** and favourable movement from Quarter 2 of **£364,000** are mainly as a result of in-year vacancies in addition to a net under spend within Passenger Transport following a re-negotiated Concessionary Fares fixed pot, based upon a continued downward trajectory in passenger numbers.
- ii. Approval is sought in this report for the following:
 - Vire **£239,000** within the portfolio to align with staffing movement from Essex Highways to Essex Highways Commissioning
 - **£1.9m** to the Carry Forward Reserve to enable purchase of fleet in 2022/23.

5.10 Leader - £5,000 (0.2%) under spend

- i. The portfolio reports an immaterial under spend of **£5,000**. This is an adverse movement of **£19,000** since Quarter 2 due to the transfer of under spends to Leader RSSS to support a carry forward request.
- ii. Approval is sought in this report for the following:
 - Vire **£20,000** from the Leader RSSS portfolio to realign under spends to support a carry forward request for Communications and Marketing.

5.11 Waste Reduction and Recycling - £83,000 (0.1%) over spend

- i. The portfolio reports an over spend of **£83,000** and an adverse movement of **£11,000** since Quarter 2.
- ii. This forecast pressure is attributable to the non delivery of prior year's savings which are in the baseline of the 2021/22 budget. Previously, mitigations have been found for this saving from one off in year initiatives such as project or grant funding. The service will need to identify a mitigation in the current financial year.

5.12 Other Operating Costs – £53,000 (0.1%) over spend

- i. There is a small over spend of **£53,000** reported with an adverse movement from Quarter 2 of **£50,000**.

- ii. This is due to reflecting decreased interest receivable from loans to Essex Housing LLP where there have been delays to the start-up of the organisation.
- iii. It should be noted that within the position there is a high level of risk and opportunity. There is further opportunity in the interest payable budgets as well as either risk or opportunity of uncertain amount within the Insurance Cost Recovery Account (ICRA). In particular, ICRA is likely to create a year-end swing for the organisation when the level of claims against ECC in year and the future provision needed are assessed by the actuary in March 2022. Until that point, ICRA can only be reported as online.
- iv. Approval is sought in this report for the following:
 - **£1.5m** to the Reserve for Future Capital Funding in relation to interest rate risk: interest rates have risen in December and there is a high risk of further rate rises with consequent impact on PWLB rates; this will provide some resilience to in year increased borrowing costs.
 - **£837,000** to the Carry Forward Reserve to support the following in 2022/23:
 - **£407,000** Procurement staffing: to provide short term capacity for peak workloads over next 18 months due to increased liquidity and market activity across all categories
 - **£150,000** Procurement due to the number of known stresses around social care market shaping and management
 - **£150,000** review of Transactional Services to identify opportunities for increased productivity and savings
 - **£80,000** Pressure created by the inflationary increase in Levies to third parties
 - **£50,000** minor movement against baseline 2022/23 ECL dividend saving.

5.13 Community, Equality, Partnerships and Performance Recharged Strategic Support Services - £17,000 (0.1%) over spend

- i. There is an immaterial forecast over spend of **£17,000**.
- ii. This is an adverse movement of **£80,000** since the Quarter 2 report, which can be attributed to slippage in recruitment in Performance, Business Intelligence, Planning and Partnerships, offset by reduced staff recharge income in Legal Services. There are other small movements across the portfolio.
- iii. Approval is sought in this report for the following:
 - **£1.794m** from the Covid Equalisation Reserve to be drawn down into 2022/23 relating to the Transformation Delivery Resourcing CMA, FP/880/11/20, previously approved but not drawn down within the approved timescale
 - **£479,000** returned to the Covid Equalisation Reserve, due to an improved income position within Essex Outdoors

- **£70,000** to the Carry Forward Reserve to fund the extension of an Intelligence Manager role for data development for 2022/23 – particularly essential as we move forward onto a new data storage and reporting solution and to help us deliver against the data strategy
- Vire **£65,000** from the Leader RSSS portfolio to realign under spends to support the carry forward request for Communications and Marketing.

5.14 Economic Renewal, Infrastructure and Planning Recharged Strategic Support Services - £3,000 (0.3%) under spend

- There is an immaterial forecast under spend of **£3,000** and small favourable movement from Quarter 2 of **£1,000**.

5.15 Finance, Resources and Corporate Affairs Recharged Strategic Support Services - £103,000 (0.1%) under spend

- The portfolio reports an under spend of **£103,000** and a favourable movement from Quarter 2 of **£102,000**
- This is due to staffing under spends in Information Services and Procurement and also to increased income being received by Procurement for collaborative work with districts.
- Approval is sought in this report for the following:
 - **£1.2m** to the Carry Forward Reserve to support the following in 2022/23:
 - **£642,000** for interim staffing and training across the Portfolio
 - **£228,000** Rental Costs at Rowan House due to delays with the move
 - **£200,000** Reprofile 'Beyond Corporate Systems Programme' funds - Financial Services Review
 - **£130,000** Partial mitigation of known pressures in the People and Transformation 2022/23 budget; an 'at risk' saving and Management Team staffing costs
 - **£41,000** Digital Inclusion
 - **£992,000** to the Technology and Digitisation Reserve for use in 2022/23 to support: future Technology projects (**£568,000**), Azure (**£300,000**), Print savings (**£100,000**) and Project staffing (**£24,000**)
 - **£293,000** from the Transformation Reserve to be drawn down in 2022/23 relating to the delivery of the Workforce Strategy CMA FP/271/10/18 approved but not drawn down within the approved timescale
 - **£209,000** from the Quadrennial Elections Reserve relating to costs of the May 2021 elections
 - Vire **£76,000** within the portfolio from Executive Director to Procurement in order to support interim staffing working on service change projects

- **£16,000** from the Covid Equalisation Reserve to cover additional staff within the HR Service Centre due to the pandemic
- Vire **£42,000** from the Finance, Resources and Corporate Affairs portfolio in order to correct Staff pay inflation within the Pension service
- **£5,000** from the Everyone's Essex Reserve relating to a contribution to Harwich Kindertransport.

5.16 Leader Recharged Support Services - £56,000 (2.9%) over spend

- i. The portfolio reports a forecast over spend of **£56,000** due to a Communications and Customer Relations staffing pressure.
- ii. This is an adverse movement of **£32,000** since the Quarter 2 due to increased promotions and publications activity.
- iii. Approval is sought in this report for the following:
 - **£127,000** from the Covid Equalisation Reserve due to costs within Communications and Marketing of publications and promotions relating to Covid-19
 - **£85,000** to the Carry Forward Reserve to extend a Communications and Marketing Manager post supporting Adults and Children teams
 - Vire **£85,000** to the Community, Equality, Partnerships and Performance RSSS portfolio (**£65,000**) and Leader portfolio (**£20,000**) to realign under spends to support the carry forward request for Communications and Marketing.

6. Trading Activities

- 6.1 Trading activities as a whole are reporting a surplus of **£312,000** against the budgeted surplus of **£304,000**.
- 6.2 Place Services is reporting an achievement of target of **£300,000**; this amount is planned to be appropriated to reserves.
- 6.3 Music Services is reporting an over achievement of target of **£8,000**; of this **£4,000** is planned to be appropriated to reserves. The service forecasts an under spend of **£8,000**.
- 6.4 These forecast positions will leave a net residual surplus in reserves of **£1.3m**, of which **£1.1m** relates to Place Services.
- 6.5 **Appendix B** shows the position by each Trading Activity.

7. Capital

7.1 An under spend of **£58.9m** (20%) is forecast against the latest capital budget of **£295.4m**. After taking account of budget change requests in this report there is a residual over spend of **£205,000**.

7.2 Approval is sought for:

- i. Slippage of **£56.8m**
- ii. Budget additions of **£7.6m**
- iii. Budget reductions of **£10.1m**
- iv. Advanced works of **£226,000**

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

7.4 Adult Social Care and Health – £716,000 under spend

i. Approval is sought to reprofile £716,000 in future years - this relates to Independent Living due to delays in the planning process.

7.5 Children's Service and Early Years – £644,000 over spend

i. Approval is sought to reprofile **£230,000** into future years driven by the Great Chesterfield Project with delays in the funding agreement with the Parish Council

ii. Approval is sought to add **£1m** into the programme to reflect the reassignment of part of the Runwell Hospital scheme for the Early Years portion that previously sat in the Education Excellence, Lifelong Learning and Employability portfolio. An offsetting reduction is sought in the Education Excellence, Lifelong Learning and Employability portfolio.

iii. Approval is sought to reduce **£171,000** of the programme mainly due to Rum Tum Tugger nursery project that will not go ahead due to a costly sprinkler system.

7.6 Deputy Leader & Community, Equity, Partnerships and Performance – on line

i. There is no variance to budget

7.7 Devolution, the Arts, Heritage and Culture – £10,000 under spend

i. There is an immaterial £10,000 variance to budget

7.8 Economic Renewal, Infrastructure and Planning - £44.5m under spend

i. Approval is sought to reprofile **£41.4m** into future years. The drivers of the slippage are the following:

- Highways Major Schemes slipping **£16.5m**, mainly due to Active Travel (£6.7m) which requires redesign/rework leading to the project not being delivered as anticipated, A127 Fairglen (£4.6m) as there are on-going land enquiry negotiations, A127 Autonomous (£1.8m) where the construction start date has slipped following project options being expanded from the original scope and the Army & Navy (£1.1m) where delays in design and option decisions are impacting on delivery commencement.
 - Housing Infrastructure Fund slipping **£8.1m**, mainly due to the A133-A120 Link Road (£5m) as a result of increased delivery time and funding required - there are a matrix of decisions to be made pushing out the construction start date. Also the Colchester Rapid Transit System (£2.3m), with the Section A construction start date now being scheduled for the end of the financial year due to delays in determining the planning conditions.
 - Economic Growth slipping **£6.9m**, due mainly to Colchester Grow on Space (£2.2m) into 2022/23, in line with the revised spending plan and Jaywick Market and Commercial (£1.7m), where a request to extend the Getting Building Fund funding has been agreed to the end of September 2022 following delays relating to revised scheme design and consequently achieving planning permission.
 - Localities slipping **£5m** due to the delays in getting approval from HM Treasury and Places for People, which means there won't be sufficient time for the project to go into delivery mode before the end of the 2021/22 financial year for the Harlow Development Fund.
 - Superfast Essex Broadband Programme slipping **£4.4m** relating to Phase 3 of Essex Broadband due to delays in achieving the triggers for milestone payments regarding Phases 3.1 and 3.2 and Phase 2. This ensures that ECC only pays when contractual requirements have been delivered by providers.
- ii. Approval is sought for additions of **£3.5m** to the programme. £1.7m of this relates to Essex Housing Development LLP where funding is required for Essex County Hospital, Purford, and Hargraves developments. These are to be funded from borrowing and are expected to deliver a financial return to the Council. Also A127 Air Quality (£934,000) for works relating to grant funding that has been secured, with delivery expected as soon as possible.
- iii. Approval is sought to reduce **£6.6m** from the programme, which is mainly attributable to Essex County Hospital due to its imminent move from the ECC capital programme to Essex Housing Development LLP.

7.9 **Education Excellence, Life Long Learning and Employability - £11.5m under spend**

- i. Approval is sought to reprofile **£11.9m** into future years due to slippage for the following:

- Slippage (£2.9m) Temporary Accommodation mainly in relation to Copford Primary School (£1.3m) and Great Bardfield Primary School (£1.2m) to reflect the anticipated completion timelines of the projects.
 - Slippage (£2.5m) Special Schools mainly in relation to Wickford Pupil Referral Unit (£900,000) where contingency funds that are not required in this financial year will be used to help fund cost pressures in 2022/23 on this scheme, Southview (£400,000) due to work being delayed as a result of ongoing asbestos in the grounds and Fairview Pupil Referral Unit (£250,000) to 2023/24 due to planning issues where work is now not expected to start on site until July 2022.
 - Slippage (£1.9m) on Harlowbury Primary as this project has not yet progressed due to land transfer issues; this is now expected to start on site March 2022 at the earliest.
 - Slippage (£1.1m) on Rochford Primary Basic Need relating to issues with Barling Magna where there are cost escalations. As a consequence, an addition of (£402,000) from under spends within the capital programme is required, which will also be slipped to 2022/23.
 - Slippage (£1.1m) Tendring Secondary Basic Need in relation to Clacton County High School, where access to the site has been delayed due to Tendring District Council and PFI related works being carried out.
 - Slippage (£1m) Chelmsford Primary Basic Need mainly in relation to Trinity Road Primary School due to delays in the planning approval and agreement. Phase 1 works are due to commence in January 2022 and will take 3 months. Phase 2 and 3 works are not due to commence until April / May 2022.
- ii. Approval is sought to reduce a net **£22,000** to the programme mostly relating to reallocating budget within the portfolio. The main additions of £440,000 relates to Schools Capitalised Building Maintenance for Salix Schools Windows following a cost estimate from Mitie, and £402,000 relating cost escalation with Barling Magna School. This offset by the reduction of £798,000 for Runwell Hospital where the Early Years element has now been included in the Children's Service and Early Years portfolio, therefore this reduction has a net nil impact on the capital programme.
- iii. Approval is sought to advance **£222,000**, relating to a variety of works across Basic Needs and Special Schools

7.10 Finance, Resources and Corporate Affairs – £553,000 under spend

- i. Approval is sought to reduce a net **£441,000**, in order to return funding to the programme, as it is no longer needed, mainly in relation to the Core Estate Window project.

7.11 Highways Maintenance and Sustainable Transport - £2.2m under spend

- i. Approval is sought to reprofile **£2.4m** into future years mainly relating to Road Maintenance (£908,000) to cover Fleet purchases that have been

ordered but for which delivery has been delayed until 2022/23, which has not had an impact on service delivery. In addition, slippage of £300,000 for Local Highways Panels (LHP) additional funding received of £2.4m which is unable to be fully commissioned due to insufficient schemes reaching full agreement and the ability to be able to deliver in this financial year. It is anticipated that circa 90% of the current LHP budget will be fully spent this year which is in line with previous trends. This does not impact the 3 year programme of delivery.

- ii. Approval is sought to add a net **£93,000** to the programme relating to Section 106 to cover expenditure on various schemes

7.12 Leader - £222,000 under spend

- i. Approval is sought to reduce **£50,000** from the programme relating to Energy Efficiency Lighting funds no longer required
- ii. Approval is sought to reprofile **£107,000** into future years mainly relating to Local Energy Communities Interreg 2 Seas (LECSEA) in to 2022/23, as a 6 month extension that has been agreed as a result of Covid-19.

7.13 Waste Reduction and Recycling - £124,000 over spend

- i. Approval is sought to add **£124,000** to the programme relating to waste and recycling, due to the purchase of fleet as a result of in-housing the recycling centre service

7.14 Controlled Elsewhere – on line

- i. There is no variance to budget

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

8. Policy context and Outcomes Framework

This report is an assessment of the financial position of the County Council against the budget. The budget and organisation plan were approved in parallel in February 2021, although they were set against the former organisation strategy.

9. Reserves

9.1 A summary of the forecast balances on reserves is provided in **Appendix D**.

- 9.2 Approvals totalling **£10.3m** are sought in this report to appropriate to the Carry Forward Reserve to support the 2022/23 budget and specific risks. This should be seen in the context of a gross budget of £2,168m. The breakdown of what this relates to specifically can be found in sections 5.1.ix, 5.2.iv, 5.12.iv, 5.13.iii, 5.15.iii and 5.16.iii.
- 9.3 To create a new **Children's Risk Reserve**. **Purpose:** to set aside resources to help manage price and demand pressures that may arise from the changing landscape of Children's services.
- 9.4 To rename the Technology Solutions Reserve to the **Technology and Digitisation Reserve**. **Revised purpose:** to set aside resources to meet the future cost of replacing key council technology systems and the digitisation of public services.

10. Financial Implications

Finance and Resources Implications (Section 151 Officer)

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

11. Legal Implications

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

12. Equality and Diversity implications

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

- 12.3 The equality implications are assessed as part of budget setting process and as part of individual schemes.
- 12.4 There are no equality and diversity or other resource implications associated with this report.

13. List of Appendices

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

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

14. List of Background Papers

Budgetary control reports.

Appendix A

2021/22 Revenue

Portfolio	Latest Budget £000	Q3 Forecast Variance £000	% of Latest Budget	Half Year Forecast Variance £000	Movement £000	Direction of Travel
Adult Social Care and Health	453,414	(2,080)	(0.5%)	(3,712)	1,632	↓
Children's Services and Early Years DSG	(401)	9	(2.3%)	(372)	381	↓
Children's Services and Early Years NON DSG	139,446	(724)	(0.5%)	(133)	(591)	↑
Community, Equality, Partnerships and Performance	27,130	(198)	(0.7%)	44	(241)	↑
Devolution, the Arts, Heritage and Culture	4,570	190	4.2%	8	182	↓
Economic Renewal, Infrastructure and Planning	17,976	(26)	(0.1%)	83	(109)	↑
Education Excellence, Life Long Learning and Employability DSG	(2,541)	(1,557)	61.3%	(1,508)	(49)	↑
Education Excellence, Life Long Learning and Employability NON DSG	23,266	149	0.6%	212	(63)	↑
Finance, Resources and Corporate Affairs	11,127	(866)	(7.8%)	(8)	(858)	↑
Highways Maintenance and Sustainable Transport	113,624	(513)	(0.5%)	(149)	(364)	↑
Leader	2,915	(5)	(0.2%)	(24)	19	↓
Waste Reduction and Recycling	81,856	83	0.1%	72	11	↓
Other Operating Costs	52,028	53	0.1%	3	50	↓
Community, Equality, Partnerships and Performance RSSS	19,651	17	0.1%	(63)	80	↓
Economic Renewal, Infrastructure and Planning RSSS	1,067	(3)	(0.3%)	(2)	(1)	↑
Finance, Resources and Corporate Affairs RSSS	90,821	(103)	(0.1%)	(1)	(102)	↑
Leader RSSS	1,970	56	2.9%	24	32	↓
Total	1,037,921	(5,519)	(0.5%)	(5,527)	9	
DSG Offset	(2,942)	(1,548)	52.6%	(1,880)	332	
Total Excluding DSG	1,040,863	(3,971)	(0.4%)	(3,647)	(323)	
Funding		(1,877)		(209)	(1,668)	
Revised Total	1,040,863	(5,848)	(0.6%)	(3,856)	(1,991)	

Appendix B

2021/22 Traded Services

	Revenue reserve 1 April 2021	Income	Budget Expenditure	(Surplus) /Deficit	Income	Forecast Expenditure	Forecast (Surplus) / deficit	To County Revenue Account	To Trading Activity reserve	Final Outturn position	Revenue reserve 31 March 2022
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Traded Services											
Place Services	(1,113)	(3,192)	2,892	(300)	(3,528)	3,228	(300)	(300)	-	-	(1,113)
Music Services Traded	(228)	(3,889)	3,889	-	(3,807)	3,795	(12)	(4)	-	(8)	(228)
Total	(1,341)	(7,081)	6,781	(300)	(7,335)	7,023	(312)	(304)	-	(8)	(1,341)

Appendix C (i)

2021/22 Capital

	Year to date			Budget Movement		Revised Budget	Full Year	
	Budget	Actuals	Variance	Original Budget	In year approved changes		Outturn	Variance
	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care and Health	545	0	(545)	1,160	208	1,368	652	(716)
Children's Services and Early Years	1,930	1,371	(559)	2,235	468	2,703	3,347	644
Deputy Leader & Community, Equality, Partnerships and Performance	354	376	22	500	54	554	554	(0)
Devolution, the Arts, Heritage and Culture	188	74	(114)	70	177	247	237	(10)
Economic Renewal, Infrastructure and Planning	67,180	46,718	(20,463)	136,622	(2,473)	134,149	89,623	(44,526)
Education Excellence, Life Long Learning and Employability	37,744	30,619	(7,125)	62,374	(3,597)	58,777	47,253	(11,524)
Finance, Resources and Corporate Affairs	5,922	2,665	(3,257)	5,813	3,311	9,124	8,571	(553)
Highways Maintenance and Sustainable Transport	55,338	56,571	1,234	80,903	6,398	87,302	85,147	(2,155)
Leader	525	933	408	662	512	1,174	952	(222)
Waste Reduction and Recycling	-	-	-	-	-	-	124	124
ECC Capital Programme	169,726	139,326	(30,399)	290,341	5,057	295,398	236,460	(58,938)

Financed by:

	Budget Movement		Revised Budget	Full Year	
	Original Budget	In year approved changes		Outturn	Variance
	£000	£000	£000	£000	£000
ECC Capital Programme					
Grants	151,504	8,423	159,927	132,158	(27,769)
Reserves	2,900	4,100	7,000	7,000	-
Developer & Other contributions	16,028	21	16,049	13,104	(2,945)
Capital receipts	5,000	(3,700)	1,300	1,300	-
Unsupported borrowing	114,543	(4,087)	110,456	82,232	(28,224)
ECC Capital Programme	289,975	4,757	294,732	235,794	(58,938)
Grants	366	300	666	666	-
Unsupported borrowing	-	-	-	-	-
School Balances	366	300	666	666	-
Total ECC & Schools Capital Funding	290,341	5,057	295,398	236,460	(58,938)

Appendix C(ii)

2021/22 Capital Variance Plan

Portfolio	Approved changes					Variance Plan					
	Slippage	Additions	Reductions	Advanced Works	Approved changes	Slippage	Additions	Reductions	Advanced Works	Residual Variance	Total Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care and Health	8	200	-	-	208	(716)	-	-	-	0	(716)
Children's Services and Early Years	501	216	(216)	(33)	468	(230)	1,045	(171)	-	(0)	644
Deputy Leader & Community, Equality, Partnerships and Performance	54	-	-	-	54	-	-	-	-	(0)	(0)
Devolution, Art, Heritage and Culture	177	-	-	-	177	-	-	(10)	-	(0)	(10)
Economic Renewal, Infrastructure and Planning	(2,914)	13,994	(16,830)	3,277	(2,473)	(41,419)	3,499	(6,597)	4	(12)	(44,526)
Education Excellence, Life Long Learning and Employability	(5,997)	14,270	(10,126)	(1,744)	(3,597)	(11,938)	1,878	(1,900)	222	214	(11,524)
Finance, Resources and Corporate Affairs	44	4,507	(1,158)	(194)	3,199	-	332	(773)	-	(112)	(553)
Highways Maintenance and Sustainable Transport	(497)	78,859	(73,470)	1,506	6,398	(2,363)	713	(620)	-	116	(2,155)
Leader	997	-	(485)	-	512	(172)	-	(50)	-	0	(222)
Waste Reduction and Recycling	-	-	-	-	-	-	124	-	-	-	124
ECC Capital Programme	(7,628)	112,047	(102,286)	2,811	4,945	(56,838)	7,590	(10,121)	226	205	(58,938)
Schools Cash Balance	-	-	-	-	-	-	-	-	-	-	-
Devolved Formula Capital	-	-	-	-	-	-	-	-	-	-	-
Total Capital Programme	(7,628)	112,047	(102,286)	2,811	4,945	(56,838)	7,590	(10,121)	226	205	(58,938)

Portfolio & Scheme	Slippage £000	Additions £000	Reductions £000	Advanced Works £000	2021/22 Changes Requested
BRIDGEMARSH	(200)	-	-	-	(200)
INDEPENDENT LIVING ADULTS WITH COMPLEX NEEDS	(100)	-	-	-	(100)
INDEPENDENT LIVING OLDER PEOPLE NINEFIELDS WALTHAM	(416)	-	-	-	(416)
Adult Social Care and Health	(716)	-	-	-	(716)
EARLY YEARS	(153)	1,045	(171)	-	721
ADAPTATIONS	(77)	-	-	-	(77)
Children's Services and Early Years	(230)	1,045	(171)	-	644
COUNTRY PARKS	-	-	(10)	-	(10)
Devolution, Art, Heritage and Culture	-	-	(10)	-	(10)
A133-A120 LINK HIF	(5,029)	-	-	-	(5,029)
CHELMSFORD NORTH EASTERN BYPASS	(829)	-	-	-	(829)
COLCHESTER RAPID TRANSIT SYSTEM (HIF)	(2,250)	-	-	-	(2,250)
ADVANCED SCHEME DESIGN	(367)	-	(273)	-	(640)
A120 MILLENNIUM WAY SLIPS	(46)	-	-	-	(46)
A127 AIR QUALITY (AQMP)	-	934	-	-	934
A127 AUTONOMOUS AND CONNECTED HIGHWAY FOR SOUTH	(1,800)	-	-	-	(1,800)
A127 FAIRGLEN INTERCHANGE	(4,550)	-	-	-	(4,550)
ACTIVE TRAVEL	(6,723)	-	(224)	-	(6,947)
ARMY AND NAVY RAB, CHELMSFORD	(1,159)	-	-	-	(1,159)
BASILDON INTEGRATED TRANSPORT PACKAGE	(60)	-	-	-	(60)
CHELMSFORD GROWTH AREA	(300)	587	-	-	287
CYCLING INFRASTRUCTURE	(503)	-	-	-	(503)
M11 JUNCTION 8	(1,000)	-	-	-	(1,000)
OTHER HIGHWAYS MAJOR SCHEMES	-	-	-	4	4
BDUK ESSEX SUPERFAST PROGRAMME PHASE 3	(1,061)	-	-	-	(1,061)
BDUK ESSEX SUPERFAST PROGRAMME PHASE 4	(3,294)	-	-	-	(3,294)
COLCHESTER GROW ON SPACE	(2,227)	-	-	-	(2,227)
ESSEX UNIVERSITY PARKSIDE PHASE 3	(1,000)	-	-	-	(1,000)
ESSEX PEDAL POWER (TENDRING)	(1,400)	-	-	-	(1,400)
Jaywick Market & Commercial	(1,682)	-	-	-	(1,682)
LAINDON PLACE, BASILDON	(395)	-	-	-	(395)
LOCAL SPACE CLUSTER WAERHOUSE LANE	(186)	-	-	-	(186)
MOULSHAM LODGE	(33)	-	-	-	(33)
ESSEX HOUSING PROGRAMME	(35)	270	(443)	-	(208)
ESSEX COUNTY HOSPITAL	-	-	(4,935)	-	(4,935)
LOUGHTON LIBRARY	(97)	-	-	-	(97)
LEXDEN SPRINGS ILOP	(40)	-	-	-	(40)
SHENFIELD LIBRARY	(61)	-	-	-	(61)
PRIMROSE MEADOW ILOP	(229)	-	-	-	(229)
WESTFIELD	(18)	-	-	-	(18)
EH LLP LOAN FRIARY	-	-	(304)	-	(304)
EH LLP LOAN ECH	-	1,366	-	-	1,366
EH LLP LOAN ROCHEWAY	-	-	(43)	-	(43)
EH LLP LOAN SHERNBROKE	-	-	(228)	-	(228)
EH LLP LOAN ST PETERS	-	3	-	-	3
EH LLP LOAN PURFORD	-	314	-	-	314
EH LLP LOAN HARLOWBURY	-	-	(45)	-	(45)
EH LLP LOAN PRIMROSE MEADOW	-	-	(102)	-	(102)
EH LLP LOAN HARGRAVE	-	25	-	-	25
HARLOW DEVELOPMENT FUND	(5,000)	-	-	-	(5,000)
HARLOW LIBRARY GBF	(43)	-	-	-	(43)
Economic Renewal, Infrastructure and Planning	(41,417)	3,499	(6,597)	4	(44,511)

Appendix C(iii) cont'd

Portfolio & Scheme	Slippage £000	Additions £000	Reductions £000	Advanced Works £000	2021/22 Changes Requested
SCHOOLS CAPITALISED BUILDING MAINTENANCE	-	440	(135)	-	305
BASILDON PRIMARY BASIC NEED	(200)	-	(798)	-	(998)
HARLOW PRIMARY BASIC NEED	(1,897)	431	-	-	(1,466)
EPPING FOREST PRIMARY BASIC NEED	(97)	75	(75)	-	(97)
EPPING FOREST SECONDARY BASIC NEED	(157)	-	-	-	(157)
COLCHESTER PRIMARY BASIC NEED	(254)	-	(9)	-	(263)
COLCHESTER SECONDARY BASIC NEED	(90)	-	-	-	(90)
ROCHFORD PRIMARY BASIC NEED	(1,128)	402	(243)	-	(969)
BRAINTREE SECONDARY BASIC NEED	(300)	-	-	-	(300)
MALDON PRIMARY BASIC NEED	-	-	-	25	25
MALDON SECONDARY BASIC NEED	(79)	-	-	123	44
TENDRING PRIMARY BASIC NEED	-	68	(90)	-	(22)
TENDRING SECONDARY BASIC NEED	(1,153)	-	-	-	(1,153)
UTTLESFORD SECONDARY BASIC NEED	-	-	(40)	-	(40)
UTTLESFORD PRIMARY BASIC NEED	(292)	95	(29)	-	(226)
BRENTWOOD PRIMARY BASIC NEED	(26)	-	-	-	(26)
CHELMSFORD PRIMARY BASIC NEED	(919)	8	-	-	(911)
SCHOOLS FEASIBILITIES	-	310	-	-	310
SPECIAL SCHOOLS	(2,458)	-	(74)	74	(2,458)
TEMPORARY ACCOMMODATION	(2,889)	50	(407)	-	(3,246)
Education Excellence, Life Long Learning and Employability	(11,939)	1,879	(1,900)	222	(11,738)
SALIX GRANT CORE ESTATE WINDOW	-	-	(773)	-	(773)
CAPITALISED BUILDING MAINTENANCE	-	332	-	-	332
Finance, Resources and Corporate Affairs	-	332	(773)	-	(441)
BRIDGES	(300)	-	-	-	(300)
BUS LANE CAMERA ENFORCEMENT	(100)	-	-	-	(100)
BUS & PASSENGER TRANSPORT INFRASTRUCTURE	(250)	-	(120)	-	(370)
LOCAL HIGHWAYS PANELS	(300)	-	-	-	(300)
PASSENGER TRANSPORT	(100)	-	-	-	(100)
ROAD MAINTENANCE	(908)	-	(500)	-	(1,408)
SECTION 106	-	213	-	-	213
STREET LIGHTING REPLACEMENT	-	500	-	-	500
SURFACE WATER ALLEVIATION	(255)	-	-	-	(255)
TRAFFIC SIGNAL REFURBISHMENT	(150)	-	-	-	(150)
Highways Maintenance and Sustainable Transport	(2,363)	713	(620)	-	(2,270)
ENERGY EFFICIENCY LIGHTING PH2	-	-	(11)	-	(11)
ENERGY EFFICIENCY LIGHTING PH3	(65)	-	(39)	-	(104)
LECSEA	(107)	-	-	-	(107)
Leader	(172)	-	(50)	-	(222)
WASTE & RECYCLING	-	124	-	-	124
Waste Reduction and Recycling	-	124	-	-	124
ECC Capital Programme	(56,838)	7,590	(10,121)	226	(59,143)

Appendix D

2021/22 Reserves

	2021/22 movements				
	Balance at 1	(Contributions)/	Adjustments	Future	Estimated
	April 2021	Withdrawals/	proposed in	commitments	Closing
	£000	agreed	quarterly report	£000	balance
		£000	£000		£000
Long Term Contractual Commitment					
PFI Reserves					
A130 PFI	(36,448)	9,255		-	(27,193)
Building Schools for the Future PFI	(823)	(286)		(159)	(1,268)
Debden School PFI	(964)	123		(513)	(1,354)
Clacton Secondary Schools' PFI	(740)	528		(104)	(316)
Waste Reserve	(116,850)	6,494		1,279	(109,077)
Grant Equalisation Reserve	(50,409)	13,335		23,419	(13,655)
Trading Activities (not available for use)	(1,341)	304		(304)	(1,341)
Partnerships and Third Party (not available for use)	(1,764)	-		-	(1,764)
Schools (not available for use)	(43,601)	-		-	(43,601)
General Balance	(68,096)	-	-	-	(68,096)
Reserves earmarked for future use					
Adults Digital Programme	(1,288)	1,260		28	0
Adults Risk	-	(10,089)		-	(10,089)
Adults Transformation	(3,500)	(2,500)	(2,000)	(87)	(8,087)
Ambition Fund	(16,578)	13,215	(18)	3,031	(350)
Bursary for Trainee Carers	(500)	65	38	-	(397)
Capital Receipts Pump Priming	(4,204)	-		500	(3,704)
Carbon Reduction	(1,096)	114		-	(982)
Carry Forward	(21,273)	19,348	(7,283)	(2,325)	(11,533)
Childrens Risk <i>(set up requested in this report)</i>	-	-	-	-	-
Childrens Transformation	(1,314)	(5,406)		-	(6,720)
Collection Fund Risk	(4,029)	(2,132)	(853)	-	(7,014)
Commercial Investment in Essex Places	(12,583)	(1,075)		-	(13,658)
Community Initiatives Fund	(401)	(257)		350	(308)
Covid Equalisation	(37,496)	(17,747)	724	30,152	(24,367)
EES Pension Risk	(4,000)	-		-	(4,000)
Emergency	(12,564)	(4,000)		4,000	(12,564)
Emergency Planning	(300)	-		-	(300)
Equalities Fund	-	(261)		-	(261)
Essex Climate Change Commission	(5,000)	422		1,378	(3,200)
Essex Crime and Police	(73)	-		-	(73)
Everyones Essex	-	(45,000)	5	649	(44,346)
Future Capital Funding	(9,847)	(2,989)	(1,500)	3,074	(11,262)
Health and Safety	(2,812)	(1,790)		-	(4,602)
Insurance	(7,498)	1,238		-	(6,260)
Newton	(122)	-		-	(122)
Property Fund	(977)	(326)		-	(1,303)
Quadrennial Elections	(925)	(459)	209	300	(875)
Renewal Fund	(27,900)	25,650		-	(2,250)
Social Distancing & Hygiene	(900)	-		-	(900)
Technology & Digitisation <i>(Rename requested in this report)</i>	(8,749)	1,135	(992)	4,736	(3,870)
Transformation	(54,686)	4,899		7,521	(42,266)

Appendix E

TREASURY MANAGEMENT SUMMARY - 2021/22

	Actual Balance 1 April £000	Movements			Balance at 31 March £000	Interest payable / (earned) to date £000
		Raised £000	Repaid £000	Net movement £000		
Borrowing						
Long Term	599,840	-	(14,016)	(14,016)	585,824	13,477
Temporary	21,145	3,640	(16,000)	(12,360)	8,785	-
Total External Borrowing (A)	620,985	3,640	(30,016)	(26,376)	594,609	13,477
Investments						
Long Term	10,000	-	-	-	10,000	(259)
Temporary	549,000	64,766	-	64,766	613,766	(200)
Total External Investments (B)	559,000	64,766	-	64,766	623,766	(459)
Net indebtedness (A-B)	61,985	(61,126)	(30,016)	(91,142)	(29,157)	13,018
Borrowing						
Average long term borrowing over period to date (£000)						584,421
Opening pool rate at 1 April 2021						3.43%
Weighted average rate of interest on new loans secured to date						N/A
Average pool rate for year						3.45%
Investments						
Average daily cash balance over period to date (£000)						636,694
Average interest earned over period						0.07%
Benchmark rate - average 7 day LIBID rate						-0.05%

Appendix F

Prudential Indicators - Summary

		Approved Indicator	Provisional Outturn
Affordability			
Incremental impact on Council Tax of 2021/22 and earlier years' 'starts'	£	£103.43	£100.77
Ratio of financing costs to net revenue streams (excl. gen. govnt. grant)	%	9.7%	9.1%
Ratio of financing costs to net revenue streams (incl. gen. govnt. grants)	%	8.8%	8.0%
Prudence			
Net borrowing and Capital Financing Requirement		Net borrowing is below the medium term forecast of the CFR	
Capital Expenditure			
Capital expenditure	£m	290	236
Capital Financing Requirement (excluding credit arrangements)	£m	1,081	1,038
External Debt			
Authorised limit (borrowing only)	£m	1,030	N/A
Operational boundary (borrowing only)	£m	910	N/A
Actual external borrowing (maximum level of debt during year)	£m	N/A	628
Treasury Management			
Interest rate exposures			
Upper limit for exposure to fixed rates			
Net exposure	£m	1,030	515
Debt		100.0%	100.0%
Investments		100.0%	80.5%
Upper limit for exposure to variable rates			
Net exposure	£m	309	212
Debt		30.0%	1.8%
Investments		100.0%	73.6%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40.0%	2.3%
12 months & within 24 months	%	40.0%	1.7%
24 months & within 5 years	%	40.0%	7.2%
5 years & within 10 years	%	40.0%	16.3%
10 years & within 25 years	%	75.0%	29.7%
25 years & within 40 years	%	40.0%	30.0%
40 years & within 50 years	%	20.0%	0.0%
50 years & above	%	20.0%	12.8%
Total sums invested for more than 364 days			
Authorised limit	£m	50	N/A
Actual sums invested (maximum position during year)	£m	N/A	10

Summary

All Treasury Management activities have been undertaken in accordance with approved policies and procedures.

External debt is within prudent and sustainable limits.

Credit arrangements have been undertaken within approved indicators

Maturity Structure of borrowing: maturity dates for market loans are based on the next review date, not the final maturity date.