



Essex County Council

Corporate Policy and Scrutiny

10:00	Wednesday, 08 December 2021	Council Chamber County Hall, Chelmsford, CM1 1QH
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For information about the meeting please ask for:

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1	Membership, Apologies, Substitutions and Declarations of Interest	4 - 4
2	Notes: 30 September 2021 To approve as a correct record the notes of the meeting held on 30 September 2021.	5 - 10
3	Questions from the Public A period of up to 15 minutes will be allowed for members of the public to ask questions or make representations on any item on the agenda for this meeting. Please note that members of the public wishing to ask a question must email democratic.services@essex.gov.uk by noon on the day before the meeting (Tuesday 7 December 2021) and that questions must relate to an item on the agenda for the meeting.	

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|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| 4 | 2021/22 Financial Overview as at the Half Year Stage and Budget Setting Process | 11 - 38 |
| 5 | Work Programme | 39 - 42 |
| 6 | Date of Next Meeting
To note that the next meeting will be held on Thursday 27 January 2022, in County Hall. | |
| 7 | Urgent Business
To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency. | |

Exempt Items

(During consideration of these items the meeting is not likely to be open to the press and public)

The following items of business have not been published on the grounds that they involve the likely disclosure of exempt information falling within Part I of Schedule 12A of the Local Government Act 1972. Members are asked to consider whether or not the press and public should be excluded during the consideration of these items. If so it will be necessary for the meeting to pass a formal resolution:

That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.

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| 8 | Urgent Exempt Business
To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency. |
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Agenda item 1

Committee: Corporate Policy and Scrutiny Committee

Enquiries to: Graham Hughes, Senior Democratic Services Officer

Membership, Apologies, Substitutions and Declarations of Interest

Recommendations:

To note

1. Membership as shown below
2. Apologies and substitutions
3. Declarations of interest to be made by Members in accordance with the Members' Code of Conduct

Membership (Quorum: 4)

Councillor C Pond	Chairman
Councillor T Cunningham	
Councillor J Fleming	
Councillor P Gadd	
Councillor M Garnett	
Councillor I Henderson	
Councillor S Kane	
Councillor D Land	
Councillor M Mackrory	Vice-Chairman
Councillor A McQuiggan	
Councillor C Siddall	
Councillor M Steptoe	Vice-Chairman
Councillor M Vance	
Councillor A Wiles	

Notes of an informal meeting of the members of the Corporate Policy and Scrutiny Committee, held virtually at 10.30am on Thursday, 30 September 2021 via Zoom.

Present:

County Councillors:

C Pond (Chairman)
T Cunningham
J Fleming
P Gadd
M Garnett
I Henderson
S Kane
D King (substitute)
D Land
A McQuiggan
C Siddall
M Steptoe (Vice Chairman)
M Vance
A Wiles

Graham Hughes, Senior Democratic Services Officer, was also present.

The Chairman opened the meeting confirming that the meeting was now to be held virtually via Zoom with members of the public still able to view the meeting live via a YouTube streaming.

1 Membership, Apologies, Substitutions and Declarations of Interest

The report on Membership, Apologies, Substitutions and Declarations was received and noted. Since the last meeting Councillor Wiles had replaced Councillor Barker as a member of the Committee.

Apologies for absence had been received from Councillor Mackrory (for whom Councillor King substituted).

2 Minutes

The minutes of the meeting held on 4 August 2021 were approved as a true record and signed by the Chairman.

3. Questions from the public

There were no questions from the public.

4. Ways of Working Programme update

The Committee considered report CPSC/09/2021 comprising an update on the Ways of Working Programme that had been transitioning Essex County Council's (ECC) current working model (primarily office based working) into a Hybrid one (a mixture of flexible working arrangements, based on business and customer need).

The following people from Essex County Council joined the meeting to introduce the item and respond to questions:

Councillor Chris Whitbread, Cabinet Member - Finance, Resources and Corporate Affairs.

Pam Parkes, Executive Director, People and Transformation.

During the introduction to the item and subsequent discussion, the following was acknowledged, highlighted and/or noted.

- (i) The Programme had been accelerated by the Covid-19 pandemic and seen more efficient use of technology.
- (ii) The intention was to have around 75% of the total workforce (approximately 5,800 staff) to have adopted and be working permanently in a hybrid way, with the support of new workspaces and technology, by Autumn 2022.
- (iii) The move to new ways of working aimed to also build a resilient and diverse workforce facilitated by supportive learning and development programmes. Specific training had been put in place for managers to help their staff determine the right balance between home and in office working.
- (iv) Targeted wellbeing activities for staff had contributed to a reduction in sickness absence. ECC had also seen a higher take up of the Covid vaccination compared to other staff in the sector.
- (v) The Programme had identified four broad work styles each with a different set of needs:
 - Fixed location - e.g library worker, receptionist,
 - Anywhere worker
 - Community based worker – e.g. social worker
 - Field based staff – e.g. Park Ranger
- (vi) Given the size of the organisation, the Programme would transition the workforce in two key stages – the first of which had commenced in September 2021. Tranche 1 was around 1200 employees who had been notified of their workstyles and new ways of working and were currently testing their interim workspaces – the majority of those had been assessed as

Anywhere Workers and were based at County Hall. Tranche Two was planned for November 2021-January 2022.

- (vii) New ways of working could deliver an approximate cost savings of £4 million in office incidentals. Extra allowances to staff to help support working from home had totalled around £350,000.
- (viii) There was also a further separate savings ambition of £4m as a result of the anticipated associated property transformation, although nothing had been committed to date on this yet. It would be further validated once the workplace strategy had been delivered.
- (ix) ECC were trying to reconfigure County Hall and were looking to create meetings hubs, collaborative spaces, work Pods, workstations and blended meeting rooms as the organisation moved towards more flexible workspaces.
- (x) During the pandemic ECC staff had had an allowance to purchase equipment to support working at home.
- (xi) In terms of insurance liability, the coverage and liability would depend on the nature of any incident at home – there was still some ongoing appraisal of the situation. Staff were still expected to observe health and safety safeguards whilst working at home and had been supported in establishing suitable workspaces at home wherever possible.
- (xii) Some staff still did not have suitable work environments at their home and ECC were still looking at that.
- (xiii) A few libraries would be upgraded so as to have suitable capacity and equipment to be a drop-down hub for ECC staff – pilots were currently being run.
- (xiv) Staff surveys had clearly indicated that most staff still wanted to retain some element of flexible working post lockdown and to be able to have the opportunity to work from home.
- (xv) Most of the negative feedback voiced by staff in the staff survey commented on increased utility bills and not feeling connected (both could be partly mitigated by the opportunity now to come into the office).
- (xvi) Staff employment contracts had not been amended to reflect home working. There was a preference to continue to state a work base in contracts as staff would still be expected to come into their formal place of work at various times. ECC had been guided on this by the approach adopted by other local authorities.

- (xvii) Young people benefited from mentoring by more experienced staff and had missed out on this during the pandemic when they had had to work from home. Employers also had a pastoral role. ECC had a young people's network which provided an opportunity to stay connected and young people were being encouraged to come back into the office now as well.
- (xviii) The lockdowns had made it difficult for new starters at ECC and more activities were being developed to help them understand the organisation and feel included.

Conclusion:

It was **agreed** that the following further information should be provided:

1. The cost of converting meeting rooms;
2. The advice provided to staff around home working (and in particular security);
3. A breakdown of numbers of staff in each of the four workstyles identified by ECC. It was highlighted and acknowledged that this would only be available around January 2022 and this timing may be the opportunity for a follow-up discussion to include how Tranche 2 had worked and latest staff feedback.
4. Copy of procedure notes on welfare issued to Heads of Department, and line managers and others.
5. Copy of notes/minutes of discussions with Trade Unions.
6. Further information on the hybrid meeting rooms including confirming
 - (i) The suitability of the microphones for the size of the rooms;
 - (ii) That the quality of a meeting would be no worse than would be experienced in person, particularly for the hard of hearing;
 - (iii) Availability of training for staff to use the new equipment;
 - (iv) The acceptance criteria for the commissioning of a room and the minimum remote equipment required;
 - (v) Arrangements for ensuring the security of the tools permitted in hybrid meetings and the use of end to end encryption.

7. Joint work being done with other local authorities on the experience of hybrid working in the public sector.

Pam Parkes was thanked for her attendance by the Chairman and left the meeting. Councillor Whitbread remained to support the next agenda item.

The meeting then adjourned 11.37am and reconvened at 11.45am.

6. Corporate Systems update

The Committee considered report CPSC/10/21 outlining the work undertaken by the Corporate Systems Programme to implement My Oracle, the new corporate information technology system to be used for managing Human Resources, Payroll and Finance transactions.

The following people from Essex County Council joined the meeting to introduce the item and respond to questions:

Councillor Chris Whitbread, Cabinet Member - Finance, Resources and Corporate Affairs.

Amanda Moore – Programme Director

During the introduction to the item and subsequent discussion, the following was acknowledged, highlighted and/or noted.

- (i) My Oracle would launch the following week;
- (ii) My Oracle was a licence-based product which provided increased flexibility, effectiveness (such as automated approvals of low value purchase orders), reduced complexity, and simpler user experience (suppliers can now self-serve more);
- (iii) There would be benefits to future ways of working but it should also be more transformative and impact on broader support services.

It was **agreed** that:

- (i) The Committee be kept updated on the roll-out.
- (ii) A summary report be provided to outline the pre-work undertaken before Oracle was selected and to indicate the level of security in place for such a cloud-based system.

6. Organisation Strategy – performance measures

The Committee considered and received report CPSC/11/21 comprising a note of a private workshop held on 23 September 2021 between Committee members and the Leader, Deputy Leader and senior officers which discussed the development of performance measures for the Organisation Strategy.

Further monitoring and scrutiny of the implementation of the strategy would be required. Whilst the Corporate Policy and Scrutiny Committee was likely to take the lead on future scrutiny work, it was noted that the Scrutiny Board would also oversee arrangements for future scrutiny as there would be issues either cutting across different scrutiny committees or within the remit of other committees.

Members highlighted some further issues on which the relevant scrutiny committee would need to be cognisant, including monitoring how the strategy and policies supported sustainable transport growth and what policies may be inhibiting that, monitoring the roll-out of LED replacement street lights, and drilling down into a local area analysis to monitor deprivation and poverty levels.

6. Work Programme

The Committee received report CPSC/12/21 comprising the current work programme of the Committee. Further additions would be made to the Work Programme to reflect agreed actions from the meeting requesting further updates on both the Ways of Working Programme and the Corporate Systems update (and specifically Oracle). In addition, the Chairman and Vice Chairman had agreed with the Cabinet Member - Finance, Resources and Corporate Affairs, to bring an item on the Corporate Investment Strategy/Corporate Economic Renewal Strategy to the January 2022 meeting.

7. Date of Next Meeting

It was noted that the next meeting was scheduled to be held on Thursday 21 October 2021.

There being no further business the meeting closed at 11.59am.

Chairman

Report title: 2021/22 Financial Overview as at the Half Year Stage and Budget Setting Process	
Report to: Corporate Policy and Scrutiny Committee	
Report author: Cllr Christopher Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs	
Date: 8 December 2021	For: Consideration
Enquiries to: Nicole Wood, Executive Director, Corporate Services nicole.wood@essex.gov.uk or Adrian Osborne, Head of Strategic Finance and Insight email adrian.osborne2@essex.gov.uk	
County Divisions affected: All Essex	

1. Purpose of report

- 1.1 This item is to consider the 2021/22 Half Year Financial report presented to Cabinet on 15th October, and an overview of the budget process for 2022/23, including how the budget is built, the Comprehensive Spending Review headlines, and the uncertainty driving the medium term.

2 Background

- 2.1 The Council presented its Half Year Financial position for 2021/22 to October Cabinet. At this stage of the year there is a forecast under spend of £3.9m (0.4%), against a net revenue budget of £1bn. For the Capital Programme there is an under spend £4.6m (1.5%) on the capital programme against a budget of £300.2m.
- 2.2 The process for setting the 2022/23 budget and the medium term resource strategy has been underway since the beginning of the financial year. The final budget for 2022/23 will be presented to Cabinet in January, followed by Full Council in February.

3 2021/22 Half Year Report

- 3.1 The continuing impact of Covid-19 and demand for services, plus the upcoming winter period managing both the pandemic and a possible resurgence of flu, are all factors that influence the underlying patterns of demand and require careful monitoring. These are likely to result in ongoing volatility of forecasting as we move through the year
- 3.2 There is a full year forecast revenue under spend of £3.9m (0.4% against a net budget of £1bn). The overall under spend position is driven by Adult Social Care and Health, where there are lower volumes compared to budget assumptions for both cash payments and nursing placements, partially offset by increasing volumes of residential and domiciliary care packages. In

addition, we have received windfall funding, which is unbudgeted, of £3.1m from Health to support hospital discharge, as the decision from government to continue this funding for 2021/22 was not taken until after the Council set its budget for 2021/22.

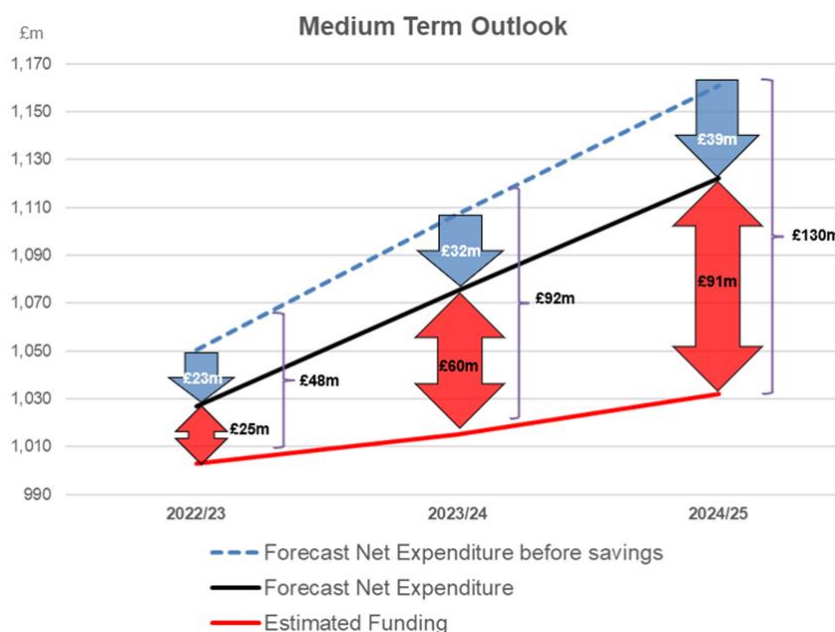
- 3.3 The Council has continued to be proactive in its response to COVID-19. Known costs are in the region of £100m for 2021/22, and we have sufficient funding for this. Should the current situation surrounding COVID deteriorate further, this funding position will be re-evaluated.
- 3.4 A further £1.4m of approvals were sought in the Half Year report from the COVID Equalisation Reserve to support COVID pressures and income losses. This brings total drawdowns for the year to £11.2m. This position continues to be monitored.
- 3.5 The 2021/22 savings programme is currently reported as 75% delivered, with £6.8m of the remaining savings plans considered at risk of non-delivery. Work continues to deliver plans, or where necessary identify mitigations where original plans cannot be delivered.
- 3.6 £4.1m of approvals were sought in the Half Year report to appropriate under spends to the Carry Forward Reserve to support the 2022/23 budget and specific risks. The opportunity to utilise under spends in the current financial year to support specific purposes in future years will continue to be investigated for the remainder of the financial year.
- 3.7 The report set out a request to create an “Everyone’s Essex” Reserve with £45m of funds to support delivery of the Everyone’s Essex strategy. This was created using £25m of the Renewal Fund Reserve and £10m of the Ambition Fund Reserve (both established in the 2020/21 Provisional Outturn report to Cabinet), and £10m from the Equalities Reserve (established in the First Quarter report to Cabinet). These reserves had been created previously to support delivery of the new strategic priorities of the organisation, so this new reserve now consolidates these.
- 3.8 The Capital Programme has a forecast under spend of £4.6m against a latest budget of £300.2m. After taking account of the budget change adjustments set out in the Half Year report, there is a residual variance of £315,000. The budget change adjustments are summarised as follows:
 - Slippage of £10.7m
 - Budget additions of £6.3m
 - Budget reductions of £5.7m
 - Advanced works of £5.3m

4 2022/23 Budget Setting and the Medium Term Resource Strategy

- 4.1 Budget setting for 2022/23 and a refresh of the medium term resource strategy is currently underway. Scenario planning has been undertaken

looking at the key assumptions that drive the budget, including Council Tax and Business Rates variables. These have been reviewed and assessed based on our confidence and latest information available.

- 4.2 Based on the mid-range scenario produced, it confirmed our approach that the focus should continue on the £25m gap published in February 2021 for 2022/23



- 4.3 As part of the presentation to the Committee we will set out the process of how we build the budget and the key elements that make up the budget.
- 4.4 The Comprehensive Spending Review was announced on 27th October. For local government there were a number of announcements, although it did not provide any assurance on the continuation of certain grants from government that we are currently in receipt of. A new £4.8bn local government grant was announced over the 3 years of the Spending Review, although no details on allocations and terms and conditions were included. The Review also contained expectations on tax flexibilities, with a 2% basic precept limit, and an additional 1% adult social care precept, plus multiple changes to Business Rates. For all of these announcements we await full details in the Local Government Provisional Finance Settlement later in December.
- 4.5 There are a number of risks and challenges that we face in setting next year's budget. The increasing rate of inflation will impact contractual expenditure, including the latest surge in energy costs and food prices. Alongside this the recently announced reforms to Adult Social Care by government were welcomed, however there is still significant uncertainty on how these will be fully funded. The increase in national insurance announced as part of the reforms will have a direct impact on our workforce and supply chain. Based on the government announcements we expect the ECC direct employer NI increase to be funded by government, however the impact on the supply chain may have a potential knock-on impact of raising the cost of provision for all local authority services.

5 Next Steps

- 5.1 The budget setting process continues, with further refinement of budget assumptions and development of delivery plans to create a balanced budget. We await details of the Provisional Finance Settlement later in December. This will be followed by publication of budget papers for Cabinet in January.

6 List of Appendices

Appendix A – 2021/22 Financial Overview as at the Half Year Stage (FP/012/03/21)

Forward Plan Reference Number: FP/012/03/21

Report title: 2021/22 Financial Overview as at the Half Year Stage	
Report to: Cabinet	
Report author: Cllr Christopher Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs	
Date: 15 October 2021	For: Decision
Enquiries to: Nicole Wood, Executive Director, Corporate Services nicole.wood@essex.gov.uk or Adrian Osborne, Head of Strategic Finance and Insight email adrian.osborne2@essex.gov.uk	
County Divisions affected: All Essex	

1. Purpose of report

- 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 half year stage of the 2021/22 financial year. There is a forecast under spend of **£3.9m** (0.4%) against a net revenue budget of **£1bn**. Whilst there is a minor under spend forecast, the outlook remains turbulent, and it is difficult to predict the demand that will arise notably for social care over the winter. The overall under spend position is driven largely by a **£3.7m** under spend in Adult Social Care.
- 1.2 This is a favourable movement since the Quarter 1 report of **£9.1m**. **The reasons for this movement are set out in section 5.**
- 1.3 Considerable uncertainty remains regarding the continuing impact of Covid-19 and demand for services, plus the upcoming winter period managing both the pandemic and a possible resurgence of flu. These factors influence underlying patterns of demand, require careful monitoring and are likely to result in ongoing volatility of forecasting as we move through the year.
- 1.4 We have continued to receive further funding from Government since the previous quarter, for example Adult Social Care Infection Control and Rapid Testing. We estimate our known costs to be circa £100m for 2021/22, and the funding received from government to date is adequate to meet this.
- 1.5 There is an under spend of **£4.6m** (1.5%) on the capital programme against the current budget of **£300.2m**. After taking account of budget change requests in this report there will be a residual under spend of **£315,000** (0.1%).

2. Recommendations

Approval is sought for the following:

2.1 To draw down funds from reserves as follows:

- i. **£2m** from the Waste Reserve to the Waste Reduction and Recycling portfolio due to pressures which have increased tonnages costs (section 5.11.iii)
- ii. **£860,000** from the Covid Equalisation Reserve to the Adult Social Care and Health portfolio; **£634,000** to offset the over spend on the Essential Living Fund (ELF) and **£226,000** for residential and nursing care block bed contracts (section 5.1.vi)
- iii. **£219,000** from the Covid Equalisation Reserve to the Economic Renewal, Infrastructure and Planning portfolio relating to under recovery of income within International Trade (section 5.5.ii)
- iv. **£192,000** from the Covid Equalisation Reserve to the Children's Services and Early Years portfolio due to the pressure caused by increased applications to the Early Years inclusion panel (section 5.2.ii)
- v. **£167,000** from the Private Finance Initiatives (PFI) Equalisation Reserves to the Education Excellence, Skills and Training portfolio in relation to Debden PFI (**£139,000**) and Building Schools for the Future PFI (**£28,000**) (section 5.7.iv)
- vi. **£99,000** from the Community Initiatives Fund Reserve to the Community, Equality, Partnerships and Performance portfolio to fund eligible expenditure incurred within Community Partnerships (section 5.3.iii)
- vii. **£85,000** from the Reserve for Future Capital Funding to the Highways Maintenance and Sustainable Transport portfolio relating to expenditure incurred on benefits realisation studies for SELEP and DEFRA (section 5.9.ii)
- viii. **£80,000** from the Covid Equalisation Reserve to the Devolution, the Arts, Heritage and Culture portfolio relating to Gypsies and Travellers in respect of loss of income on rent and lettings (section 5.4.ii)
- ix. **£65,000** from the Bursary for Trainee Carers Reserve to the Education Excellence, Skills and Training portfolio to Adult Community Learning (ACL) in respect of the Nightingale Project (section 5.7.iv)
- x. **£24,000** from the Covid Equalisation Reserve to the Leader RSSS portfolio due to Communications and Marketing costs related to the pandemic (section 5.16.iii)

- xi. **£22,000** from the Covid Equalisation Reserve to the Community, Equality, Partnerships and Performance portfolio to cover the cost of terminating a transport contract for the Youth Service (NCS) (section 5.3.iii)
- xii. **£18,000** from the Commercial Investment in Essex Places Reserve to the Finance, Resources and Corporate Affairs RSSS portfolio relating to the final costs of sale of Schools Payroll (section 5.15.iii)
- xiii. **£13,000** from the Quadrennial Reserve to the Community, Equality, Partnerships and Performance portfolio relating to costs of the May 2021 elections (section 5.3.iii)

2.2 To appropriate funds to reserves as follows:

- i. **£2.5m** to the Adults Transformation Reserve from the Adult Social Care and Health portfolio appropriating the Social Care Grant settlement to the reserve until it is required (section 5.1.vi)
- ii. **£1.8m** to the Carry Forward Reserve from the Finance, Resources and Corporate Affairs RSSS portfolio to support the 2022/23 budget as detailed in section 5.15.iii
- iii. **£1.5m** to the Carry Forward Reserve from the Children's Services and Early Years portfolio to support the 2022/23 budget as detailed in section 5.2.ii
- iv. **£764,000** to the Covid Equalisation Reserve from the Community, Equality, Partnerships and Performance portfolio relating to funding which is no longer required due to an improved financial position within Essex Outdoors (section 5.3.iii)
- v. **£800,000** to the Carry Forward Reserve from Other Operating Costs to mitigate future interest rate risk (section 5.12.ii)
- vi. **£367,000** to the Collection Fund Risk Reserve from the Finance, Resources and Corporate Affairs portfolio to support council tax funding in future years (section 5.8.iii).
- vii. **£142,000** to the Private Finance Initiatives (PFI) Equalisation Reserves from the Education Excellence, Skills and Training portfolio in relation to Clacton secondary schools PFI (section 5.7.iv)
- viii. **£85,000** to the Carry Forward Reserve from the Community, Equality, Partnerships and Performance RSSS portfolio from Essex Legal Services to cover costs associated with an ongoing Trading standards case which has been delayed due to Covid related court delays (section 5.13.iii)

2.3 To approve the following adjustments:

- i. To create a new Everyone's Essex Reserve to set aside resources to support delivery of the Everyone's Essex strategy for levelling up the county and improving lives and opportunities for all our residents, and to transfer **£25m** from the Renewal Fund Reserve, **£10m** from the Equalities Fund Reserve and **£10m** from the Ambition Fund Reserve to this reserve.
- ii. Vire **£195,000** from the Community, Equality, Partnerships and Performance portfolio to Finance, Resources and Corporate Affairs RSSS portfolio to meet pressures relating to a restructure from Service Transformation to Organisation development and talent Management (sections 5.3.iii & 5.15.iii)
- iii. Vire **£33,000** from Community, Equality, Partnerships and Performance RSSS portfolio to Leader RSSS portfolio to part fund a fixed term position within the Partnerships and Equality team (sections 5.13.iii & 5.16.iii)
- iv. Vire **£26,000** within the Finance, Resources and Corporate Affairs RSSS portfolio from Finance to Human Resources in order to support business partnering training capacity across the functional area (section 5.15.iii)
- v. To amend the capital budget as shown in Appendices C (i) and C (ii) which allows for capital slippage of **£10.7m**, capital budget additions of **£6.3m**, capital budget reductions of **£5.7m** and advanced works of **£5.3m** (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 **£3.9m (0.4%** against a net budget of **£1bn)**. The overall under spend position is driven by Adult Social Care and Health:
 - i. Adult Social Care and Health **£3.7m** – lower volumes compared to budget assumptions for both cash payments and nursing placements, partially offset by increasing volumes of residential and domiciliary care packages. In addition, we have received windfall funding of £3.1m from Health to support hospital discharge which is unbudgeted, as the decision from government to continue this funding for 2021/22 was not taken until after the Council set its budget for 2021/22.
- 3.2 The Council has continued to be proactive in its response to COVID-19. Known costs are in the region of £100m for 2021/22, and we have sufficient funding for this. Should the current situation surrounding COVID deteriorate, this funding position will be re-evaluated.

- 3.3 In the Quarter 1 report **£10m** was approved to be drawn down from the Covid Equalisation Reserve to support COVID pressures and income losses. There are a further **£1.4m** of approvals sought in this report from the reserve, which includes **£634,000** to meet extra costs of Essential Living Fund (ELF), supporting some of the most financially vulnerable households. There is also an appropriation back to this reserve of **£764,000** relating to funding no longer required to compensate for lost income, due to an improved financial position within Essex Outdoors.
- 3.4 The Council faces a number of risks and challenges as we move into the second half of the financial year. The increasing rate of inflation will impact contractual expenditure, including the latest surge in energy costs and price of food increase. Alongside this the recently announced reforms to Adult Social Care by government were welcomed, however there is still significant uncertainty on how these will be fully funded. The increase in national insurance announced as part of the reforms will have a direct impact on our workforce and supply chain, with a potential knock-on impact of raising the cost of provision for all local authority services.
- 3.5 With the end of the Coronavirus Job Retention scheme on 30 September, we continue to be mindful of the risk that the 2022/23 Council Tax base could be negatively impacted by unemployment, 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.
- 3.6 The position reported in section 5 is after proposed adjustments in this report, set out in sections 2.1 to 2.3.

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 **£295.6m**, before adjustments proposed within this report. This represents an under spend of **£4.6m** against the latest budget of **£300.2m**. After taking account of budget change requests in this report, there is a residual over spend of **£315,000**. More detail is set out in Section 7.
- 4.2 The **£4.6m** under spend in the Capital Programme position relates to the following requests in this report:
- Slippage: £10.7m
 - Additions: £6.3m
 - Reductions: £5.7m
 - Advanced Works: £5.3m
- 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 – £3.7m (0.8%) under spend

- i. Adult Social Care continues to respond to the significant impact of the COVID 19 pandemic. In particular, the consequences of paused work and backlog on teams; of reviews and assessments; changing demographics projections; and volatility of demand for services. The care market also manages the impact with both resident population and staff recruitment and retention being a factor. These elements continue to create a challenge in being able to accurately predict future demand and the impact on the financial forecasts.
- ii. Public Health is forecast to spend in line with budget. There are £8.6m of activities fully funded by additional 'Contain Management Outbreak' funding and 'Track and Trace' funding received from Government. At this early stage it is anticipated that all such funding will be fully spent. This will continue to be monitored throughout the course of the year.
- iii. The Adult Social Care forecast is based on volume and price assumptions being in line with budgeted assumptions. The current forecast reflects savings delivery of £12.8m. The service is actively pursuing the delivery of savings not reflected in the forecast (£1.9m Red and £3.9m Amber), and as these savings come to fruition, and all other assumptions remain in line with budget, the under spend will possibly increase.
- iv. There remain significant risks around the impact of COVID-19 on the cost of and demand for Adult Social Care services. Any placements made on the Hospital Discharge pathway over and above the normal placement trend are claimable from Health funding; the current guidance states that any cost associated with placements is capped at 6 weeks for placements made from 1st April to 30th June reducing to 4 weeks for placements made from 1st July to 30th September. At this stage Discharge to Assess processes are expected to continue beyond the end of September, though the formal guidance is still awaited.
- v. Within the overall forecast position there are a number of under and over spends across the different types of care provision where the actual current demand for services is either greater or less than the predictions made when setting the budget. The Hospital Discharge Pathway funding guidance was issued after the current year budget was agreed and therefore the monies recovered from this source are driving some of the under spend.

vi. Approval is sought in this report for the following:

- **£2.5m** to the Adults Transformation Reserve appropriating the Social Care Grant settlement to the reserve until it is required
- **£634,000** from the Covid Equalisation Reserve to offset the over spend on Essential Living Fund
- **£226,000** from the Covid Equalisation Reserve for residential and nursing care block beds contracts

5.2 Children's Services and Early Years:

- **Non DSG - £133,000 (0.1%) under spend**
- **DSG - £372,000 (92.8%) under spend**

- The portfolio reports an under spend of **£133,000**, after carry forward requests of £1.5m to support the 2022/23 budget. The underlying position reflects a £1.3m under spend due to a lower than budgeted client count for children with disabilities who are in care; the forecast is 27 placements, compared to a budgeted 42. In addition, it has been possible to utilise £250,000 of the new Domestic Abuse grant from central government, following the new statutory duties passed to the local authority in March 2021.
- Approval is sought in this report for the following:
 - **£192,000** from the Covid Equalisation Reserve due to the pressure caused by COVID-19 from the Early Years inclusion panel.
 - **£1.5m** to the Carry Forward Reserve to support delivery of one-off savings in the Children & Families 2022/23 budget

5.3 Community, Equality, Partnerships and Performance - £44,000 (0.2%) over spend

- The portfolio reports an over spend of **£44,000** which is attributable to a **£304,000** over spend within Libraries, due to an under achievement on income as the popularity of income generating activities has not yet recovered from the impact of the pandemic. This is offset in part by under spends relating to Registrations, **£187,000**, where volumes of ceremonies are higher than usual, Emergency Planning, **£38,000**, and the Youth Service, **£40,000**.
- This is an adverse movement of **£72,000** since Quarter 1. Libraries income has not recovered as quickly as anticipated post pandemic, causing an adverse movement of **£298,000**. However, Registrations have seen an increase in ceremony bookings and have moved favourably by **£190,000** and the Youth Service is now holding a Team Manager vacancy **£40,000**.
- Approval is sought in this report for the following:

- **£764,000** to the Covid Equalisation Reserve which is no longer required due to an improved financial position within Essex Outdoors
- Vire **£195,000** to Finance, Resources and Corporate Affairs RSSS portfolio to meet pressures relating to a restructure from Service Transformation to Organisation development and talent Management
- **£99,000** from the Community Initiatives Fund Reserve to offset eligible expenditure incurred within Community Partnerships
- **£22,000** from the Covid Equalisation Reserve due to the cost of terminating a Youth Service (NCS) transport contract because activity ceased in the summer of 2020 due to the pandemic
- **£13,000** from the Quadrennial Reserve relating to costs of the May 2021 elections

5.4 Devolution, the Arts, Heritage and Culture - £8,000 (0.2%) over spend

- There is an immaterial over spend forecast within this portfolio. The favourable movement of £28,000 since Quarter 1 reflects an income compensation claim to the MHCLG Income Guarantee scheme in relation to Country Parks.
- Approval is sought in this report for the following:
 - **£80,000** from the Covid Equalisation Reserve to Gypsies and Travellers in respect to rent and lettings income losses as a result of COVID.

5.5 Economic Renewal, Infrastructure and Planning - £84,000 (0.7%) over spend

- The over spend forecast within the portfolio and the adverse movement of £67,000 since Quarter 1 are due to a retrospective pay increases within Economic Regeneration and a saving which will be relinked to and delivered from the Sustainable Transport and Highways Maintenance portfolio.
- Approval is sought in this report for the following:
 - **£219,000** from the Covid Equalisation Reserve to International Trade in respect to under recovery of income as a direct result of COVID-19

5.6 Education Excellence, Life Long Learning and Employability (DSG) - £1.5m under spend

- The High Needs Block (HNB) increased by **£18.2m** for 2021-22. The HNB is forecasting a **£4.0m** under spend, however it is forecasting to remain **£1.9m** in deficit.
- This is an adverse movement of **£599,000** since Quarter 1 due to:
 - A continued increase in demand for Education, Health and Care Plans (EHCP) in mainstream schools and academies (**£494,000**)

- An additional 34 places being commissioned at three special schools/academies from September 2021 (**£448,000**)
 - A reduction in new starters for Independent Schools (**£386,000**).
- iii. The Central School Services Block (CSSB) is forecasting a £2.8m over spend, of which £2.1m relates to the funding accumulated in the CSSB surplus balance for the revenue contribution to the reserve for future capital financing to provide additional SEND provision in special schools and pupil referral units. The funding has been transferred to the reserve for future capital financing in 2021/22 which has created the over spend. The remaining £700,000 relates to the continued reduction in funding and the lack of economies of scale preventing expenditure reducing as quickly as needed. A review is underway to make the CSSB sustainable from 2022/23. The over spend will be offset against other DSG Blocks and the resulting forecast surplus across all 4 blocks will be transferred to the DSG Control Account at year-end.
- iv. The Schools Block is forecasting a **£267,000** under spend due to the pandemic slowing down the provision of additional school places.

5.7 Education Excellence, Life Long Learning and Employability- £212,000 (0.9%) over spend

- i. The forecast over spend is due to the need to provide additional support for the Special Educational Needs and Disabilities (SEND) Operations teams who are struggling to meet their statutory duties.
- ii. This is an adverse movement of **£188,000** since Quarter 1 due to the forecast non-delivery of the vacancy factor.
- iii. Whilst Adult Community Learning (ACL) is forecasting an online position, losses relating to 1st April to 30th June 2021 will be claimed from MHCLG Income Guarantee scheme (**£228,000**). Thereafter those that are identified as being as a result of COVID will be funded from a draw from reserve - those that are not attributable to COVID will need to be mitigated by the service.
- iv. Approval is sought in this report for:
- **£167,000** from the Private Finance Initiatives (PFI) Equalisation Reserves in relation to Debden PFI (**£139,000**) and Building Schools for the Future PFI (**£28,000**)
 - **£142,000** to the Private Finance Initiatives (PFI) Equalisation Reserves in relation to Clacton secondary schools PFI
 - **£65,000** 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 - £8,000 (0.1%) under spend

- i. The portfolio is reported as broadly online, with a small **£8,000** forecast under spend. This is a favourable movement from Quarter 1 of **£11,000**.

- ii. The underlying position and movement are due to small under spends across a number of centralised service codes that are linked to forecasts across the entire authority.
- iii. Approval is sought in this report for the following:
 - **£367,000** to the Collection Fund Risk Reserve from the Finance, Resources and Corporate Affairs portfolio to support council tax funding deficits in future years.

5.9 Highways Maintenance and Sustainable Transport - £149,000 (0.1%) under spend

- i. The forecast under spend of **£149,000** is mainly as a result of in-year staffing vacancies across policy lines within the portfolio which are forecast to be filled later in the financial year. This has resulted in a favourable movement of **£137,000** since Quarter 1 report.
- ii. Approval is sought in this report for the following:
 - **£85,000** from the Reserve for Future Capital Funding relating to expenditure incurred on benefits realisation studies for SELEP and DEFRA

5.10 Leader - £24,000 (0.9%) under spend

- i. The portfolio reports a forecast under spend of **£24,000** that is attributable to Corporate Policy staffing under spends. This is a favourable movement of **£17,000** since Quarter 1 because of delayed recruitment for Senior Strategy Advisers and a small reduction in FTE.

5.11 Waste Reduction and Recycling - £72,000 (0.1%) over spend

- i. 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 find a mitigation in the current financial year.
- ii. The favourable movement of **£1.4m** is predominantly as a result of the request to appropriate funding from the Waste Reserve (see section 5.11.iii). This is partially offset by the higher volumes of green waste and recycling tonnages.
- iii. Approval is sought in this report for:
 - **£2m** from the Waste Reserve to Integrated Waste Management to cover additional costs incurred as a result of non-delivery of savings within the baseline budget, coupled with increased tonnage of green waste and recycling credits. This is due to higher volumes of green waste and recycling tonnages which is thought to be driven by the weather conditions conducive to green waste production and the

continued high levels of residents working from home resulting in increased household waste production.

5.12 Other Operating Costs – £3,000 over spend

- i. The forecast is reported as on line with a small **£3,000** over spend and movement from Quarter 1. It is currently too early to forecast a different economic impact than budgeted on interest rates and capital borrowing, therefore Other Operating Costs is currently forecast as online. There are however opportunities included in this report for this area.
- ii. Approval is sought in this report for the following:
 - **£800,000** to the Carry Forward Reserve to offset interest rate risk

5.13 Community, Equality, Partnerships and Performance Recharged Strategic Support Services - £63,000 (0.3%) under spend

- i. The forecast under spend of **£63,000** is driven by a number of vacancies across the portfolio of **£112,000**. This is partly offset by an over spend of **£63,000** in Assurance income where there is an under achievement of Health and Safety and Insurance income from schools because of increased competition in the market.
- ii. This is an adverse movement of **£48,000** since the Quarter 1 which is attributable to the Assurance income pressure.
- iii. Approval is sought in this report for the following:
 - **£85,000** to the Carry Forward Reserve from Essex Legal Services to cover costs associated with an ongoing Trading standards case where the trial has been delayed.
 - Vire **£33,000** to Leader RSSS portfolio Communications and Marketing team to part fund a fixed term position focussing on Community Cohesion and Faith within the Partnerships and Equality team.

5.14 Economic Renewal, Infrastructure and Planning Recharged Strategic Support Services - £2,000 (0.2%) under spend

- i. The small forecast under spend is due to a staffing under spend.

5.15 Finance, Resources and Corporate Affairs Recharged Strategic Support Services - £1,000 (>0.1%) under spend

- i. The forecast is reported as on line with a small **£1,000** under spend.
- ii. There has been an adverse movement of **£158,000** since Quarter 1. This movement is due to requesting under spends be carried forward to support the 2022/23 budget.
- iii. Approval is sought in this report for the following:

- **£1.8m** to the Carry Forward Reserve to support the following in 2022/23:
 - £600,000 One off saving in Insurance Cost Recovery Account
 - £500,000 One off saving within Corporate Services
 - £100,000 Income pressures in Transactional Services
 - £150,000 Support work for the Corporate Systems Programme
 - £400,000 Device Strategy saving mitigation
 - £50,000 Interim staffing
- Vire **£195,000** from the Community, Equality, Partnerships and Performance portfolio to meet pressures relating to a restructure from Service Transformation to Organisation development and talent Management
- Vire **£26,000**, within the portfolio, from Finance to Human Resources in order to support business partnering capacity across the functional area
- **£18,000** from the Commercial Investment in Essex Places Reserve relating to the final costs of sale of Schools Payroll.

5.16 Leader Recharged Support Services - £24,000 (1.2%) over spend

- i. The portfolio reports a forecast over spend of **£24,000** due to a Communications and Customer Relations staffing pressure.
- ii. This is a favourable movement of **£48,000** since the Quarter 1 due to funding for a temporary post required to support delivery on key communications workstreams, including community cohesion and faith, which has been funded from outside the portfolio.
- iii. Approval is sought in this report for the following:
 - **£24,000** from the Covid Equalisation Reserve relating to the Communications and Marketing team for pandemic related media campaigns
 - Vire **£33,000** from Community, Equality, Partnerships and Performance RSSS portfolio to the Communications and Marketing team to part fund a fixed term position focussing on Community Cohesion and Faith within the Partnerships and Equality team

6. Trading Activities

- 6.1 Trading activities as a whole are reporting a surplus of **£305,000** against the budgeted surplus of **£300,000**.
- 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 **£5,000**; this amount is planned to be appropriated to reserves and therefore the service forecasts an online outturn position.

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 **£4.6m** (1.5%) is forecast against the latest capital budget of **£300.2m**. After taking account of budget change requests in this report there is a residual over spend of **£315,000**.

7.2 Approval is sought for:

- i. Slippage of **£10.7m**
- ii. Budget additions of **£6.3m**
- iii. Budget reductions of **£5.7m**
- iv. Advanced works of **£5.3m**

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 – £1,000 under spend

- i. There is an immaterial £1,000 variance to budget

7.5 Children's Service and Early Years – £7,000 under spend

- i. There is an immaterial £7,000 variance to budget

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

- i. There is no variance to budget

7.7 Devolution, Art, Heritage and Culture – on line

- i. There is no variance to budget

7.8 Economic Renewal, Infrastructure and Planning - £742,000 under spend

- i. Approval is sought to reprofile **£4.6m** into future years - this relates to two areas, Chelmsford North Eastern Bypass (£3.9m) following revised budget profiling and delays due to the requirement for Flood Mitigation measures to be included within the planning submission, and Army & Navy project (£722,000) following revised budget profiling after the funding bid submission to DfT.

- ii. Approval is sought for net reductions of **£1.3m** from the programme, which largely relates to reprioritisation of Advance Scheme Design funds across the rest of the capital programme.
- iii. Approval is sought to advance **£5.2m** from future years into 2021/22 largely in relation to the M11 Junction 7A and Gilden Way upgrading scheme due to increases in cost as a result of poor weather and COVID provisions.

7.9 Education Excellence, Skills and Training- £5.2m under spend

- i. Approval is sought to reprofile **£5.8m** into future years due to slippage, including Harlow Primary (£2.6m) as this project is not yet progressing due to land transfer issues resulting in construction being paused until the issue is resolved. Special Schools slippage relates to a number of projects including; Cedar Hall and Castledon School slipping to align to the budget profile in the final months of the calendar year (£820,000), slippage for Chipping Hill PRU (£116,000) and Paxman PRU (£634,000) to reflect expected spend profiles, and Fairview PRU (£495,000) caused by planning issues.
- ii. Approval is sought to add a net **£158,000** to the programme mostly driven by Tendring Primary for a modular addition to Holland Park primary school.
- iii. Approval is sought to advance **£92,000** relating to works across Uttlesford and Special School schemes that will be brought forward to 2021/22.

7.10 Finance, Resources and Corporate Affairs – £635,000 under spend

- i. Approval is sought to reduce **£635,000** from the programme mainly relating to ERO Heating Upgrade (£523,000) as ECC funding is no longer needed due to a successful SALIX grant bid.

7.11 Highways Maintenance and Sustainable Transport - £2.3m over spend

- i. Approval is sought to add **£2.6m** into the programme driven mainly by Local Highways Panels (£2.4m) which is the 2021/22 allocation of capital funding for the Local Highways Panels (LHP) 3-year delivery programme, as announced at February Council.
- ii. Approval is sought to reprofile **£350,000** into 2022/23 relating to Local Highway Panels to realign spend across the approved 3 year period.

7.12 Leader - £298,000 under spend

- i. Approval is sought to reduce £298,000 from the programme relating to ECC Estate Energy Storage as it has been superseded by a large decarbonisation project which is underway that is grant funded.

7.13 **Controlled Elsewhere – on line**

- i. There is no variance to budget

7.14 **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, which itself is a representation of the organisation plan. The budget and organisation plan were approved in parallel in February 2021.

9. **Reserves**

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

9.2 Approvals totalling **£4.1m** are sought in this report to appropriate to the Carry Forward Reserve to support the 2022/23 budget and specific risks. The breakdown of what this relates to specifically can be found in section 5.2.ii, 5.12.iii and 5.15.iii.

9.3 Approval is sought to create a new Everyone's Essex Reserve. **Purpose:** To set aside funding to support delivery of the Everyone's Essex strategy for levelling up the county and improving lives and opportunities for all our residents. £25m of the balance within the Renewal Fund Reserve, £10m of the balance within the Equalities Reserve and £10m of the balance in the Ambition Fund Reserve will be transferred in to the Everyone's Essex Reserve (section 2.3.i)

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

Revenue

Portfolio	Latest Budget £000	Q2 Forecast Variance £000	% of Latest Budget	Q1 Forecast Variance	Movement £000	Direction of Travel
Adult Social Care and Health	455,688	(3,712)	(0.8%)	4,246	(7,958)	↑
Children's Services and Early Years	139,253	(133)	(0.1%)	(31)	(102)	↑
Children's Services and Early Years DSG	(401)	(372)	(92.8%)	(30)	(342)	↑
Community, Equality, Partnerships and Performance	27,956	44	0.2%	(28)	72	↓
Devolution, the Arts, Heritage and Culture	4,490	8	0.2%	26	(18)	↑
Economic Renewal, Infrastructure and Planning	11,885	83	0.7%	16	66	↓
Education Excellence, Life Long Learning and Employability DSG	(2,568)	(1,508)	(58.7%)	(2,107)	599	↓
Education Excellence, Life Long Learning and Employability NON DSG	22,675	212	0.9%	25	188	↓
Finance, Resources and Corporate Affairs	11,127	(8)	(0.1%)	3	(11)	↑
Highways Maintenance and Sustainable Transport	112,956	(149)	(0.1%)	(11)	(137)	↑
Leader	2,793	(24)	(0.9%)	(7)	(17)	↑
Waste Reduction and Recycling	79,935	72	0.1%	1,457	(1,385)	↑
Other Operating Costs	57,303	3	0.0%	0	3	↓
Community, Equality, Partnerships and Performance RSSS	19,769	(63)	(0.3%)	(111)	48	↓
Economic Renewal, Infrastructure and Planning RSSS	1,067	(2)	(0.2%)	(6)	4	↓
Finance, Resources and Corporate Affairs RSSS	92,079	(1)	(0.0%)	(159)	158	↓
Leader RSSS	1,913	24	1.2%	71	(48)	↑
Total	1,037,921	(5,527)	(0.5%)	3,354	(8,881)	
DSG Offset	(2,969)	(1,880)		(2,137)	257	
Total Excluding DSG	1,040,890	(3,647)	(0.4%)	5,491	(9,138)	
Funding		(209)		(209)	-	
Revised Total	1,040,890	(3,856)	(0.4%)	5,283	(9,138)	

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
Traded Services	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Place Services	(1,113)	(3,192)	2,892	(300)	(3,309)	3,009	(300)	(300)	-	0	(1,113)
Music Services Traded	(228)	(3,889)	3,889	-	(3,940)	3,935	(5)	(5)	-	-	(228)
Total	(1,341)	(7,081)	6,781	(300)	(7,249)	6,944	(305)	(305)	-	0	(1,341)

Appendix C (i)

Capital

	Year to date			Budget Movement			Full Year	
	Budget	Actuals	Variance	Original Budget	In year approved changes	Revised Budget	Outturn	Variance
	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care and Health	89	0	(89)	1,160	208	1,368	1,367	(1)
Children's Services and Early Years	1,301	557	(744)	2,235	468	2,703	2,696	(7)
Deputy Leader & Community, Equality, Partnerships	354	172	(182)	500	54	554	554	0
Devolution, Art, Heritage and Culture	139	74	(65)	70	177	247	247	(0)
Economic Renewal, Infrastructure and Planning	40,827	26,803	(14,024)	136,622	(1,738)	134,884	134,143	(742)
Education Excellence, Skills and Training	26,129	19,949	(6,181)	62,374	1,909	64,284	59,058	(5,226)
Finance, Resources and Corporate Affairs	3,838	1,498	(2,340)	5,813	3,834	9,647	9,012	(635)
Highways Maintenance and Sustainable Transport	33,369	33,912	543	80,903	4,144	85,047	87,302	2,255
Leader	521	585	64	662	810	1,472	1,183	(289)
ECC Capital Programme	106,567	83,590	(22,977)	290,341	9,865	300,206	295,601	(4,605)
Total School Balances	-	-	-	-	-	-	-	-
Total Capital Programme	106,567	83,590	(22,977)	290,341	9,865	300,206	295,601	(4,605)

Financed by:

	Budget Movement			Full Year	
	Original Budget	In year approved changes	Revised Budget	Outturn	Variance
	£000	£000	£000	£000	£000
ECC Capital Programme	£000	£000	£000	£000	£000
Grants	151,504	12,413	163,917	158,778	(5,139)
Reserves	2,900	4,100	7,000	7,000	-
Developer & Other contributions	16,028	1,299	17,327	17,527	200
Capital receipts	5,000	(3,700)	1,300	1,300	-
Unsupported borrowing	114,543	(4,547)	109,996	110,330	334
ECC Capital Programme	289,975	9,565	299,540	294,935	(4,605)
Grants	366	300	666	666	-
School Balances	366	300	666	666	-
Total ECC & Schools Capital Funding	290,341	9,865	300,206	295,601	(4,605)

Appendix C(ii)

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	-	-	-	-	(1)	(1)
Children's Services and Early Years	501	191	(191)	(33)	468	-	25	(25)	-	(7)	(7)
Deputy Leader & Community, Equality, Partnerships	54	-	-	-	54	-	-	-	-	0	0
Devolution, Art, Heritage and Culture	177	-	-	-	177	-	-	-	-	(0)	(0)
Economic Renewal, Infrastructure and Planning	1,698	11,247	(12,779)	(1,904)	(1,738)	(4,611)	2,748	(4,052)	5,180	(7)	(742)
Education Excellence, Skills and Training	(241)	13,377	(9,391)	(1,836)	1,909	(5,756)	893	(735)	92	281	(5,226)
Finance, Resources and Corporate Affairs	44	4,507	(523)	(194)	3,834	-	(0)	(635)	-	(0)	(635)
Highways Maintenance and Sustainable Transport	(147)	76,255	(73,470)	1,506	4,144	(350)	2,604	-	-	0	2,255
Leader	997	-	(187)	-	810	-	-	(298)	-	9	(289)
Waste Reduction and Recycling	-	-	-	-	-	-	-	-	-	-	-
Archived Codes	-	-	-	-	-	-	-	-	-	40	40
ECC Capital Programme	3,090	105,777	(96,541)	(2,461)	9,865	(10,718)	6,270	(5,745)	5,272	315	(4,605)
Schools Cash Balance	-	-	-	-	-	-	-	-	-	-	-
Devolved Formula Capital	-	-	-	-	-	-	-	-	-	-	-
Total Capital Programme	3,090	105,777	(96,541)	(2,461)	9,865	(10,718)	6,270	(5,745)	5,272	315	(4,605)

Portfolio & Scheme	Slippage	Additions	Reductions	Advanced Works	2021/22 Changes
	£000	£000	£000	£000	Requested
EARLY YEARS	-	25	(25)	-	-
CHILDREN SERVICES & EARLY YEARS	-	25	(25)	-	-
CHELMSFORD NORTH EASTERN BYPASS	(3,890)	-	-	-	(3,890)
ADVANCED SCHEME DESIGN	-	888	(1,897)	99	(910)
M11 JUNCTION 7A AND GILDEN WAY UPGRADING	-	-	-	5,000	5,000
A120 PREFERRED ROUTE	-	36	-	-	36
ARMY AND NAVY RAB, CHELMSFORD	(722)	-	-	-	(722)
CHELMSFORD GROWTH AREA	-	321	-	-	321
OTHER HIGHWAYS MAJOR SCHEMES	-	-	-	81	81
COLCHESTER NORTHERN GATEWAY	-	-	(650)	-	(650)
ESSEX PEDAL POWER (TENDRING)	-	-	(6)	-	(6)
EH LLP LOAN FRIARY	-	-	(331)	-	(331)
EH LLP LOAN ROCHEWAY	-	71	-	-	71
EH LLP LOAN SHERNBROKE	-	1	-	-	1
EH LLP LOAN ST PETERS	-	-	(4)	-	(4)
EH LLP LOAN PURFORD	-	25	-	-	25
EH LLP LOAN HARLOWBURY	-	1	-	-	1
EH LLP LOAN HARGRAVE	-	-	(13)	-	(13)
HARLOW LIBRARY GBF	-	1,405	(1,150)	-	255
Economic Renewal, Infrastructure and Planning	(4,612)	2,748	(4,051)	5,180	(735)
SCHOOLS CAPITALISED BUILDING MAINTENANCE	-	88	-	-	88
BASILDON PRIMARY BASIC NEED	(200)	-	-	-	(200)
HARLOW PRIMARY BASIC NEED	(2,596)	-	-	-	(2,596)
EPPING FOREST PRIMARY BASIC NEED	(35)	-	-	-	(35)
COLCHESTER PRIMARY BASIC NEED	(683)	-	-	-	(683)
ROCHFORD PRIMARY BASIC NEED	-	132	(132)	-	-
CASTLE POINT BASIC NEED	-	-	(100)	-	(100)
MALDON PRIMARY BASIC NEED	(15)	-	-	-	(15)
TENDRING PRIMARY BASIC NEED	-	123	-	-	123
UTTLESFORD PRIMARY BASIC NEED	(38)	-	(68)	68	(38)
BRENTWOOD PRIMARY BASIC NEED	(125)	-	-	-	(125)
SPECIAL SCHOOLS	(2,065)	240	(293)	24	(2,094)
TEMPORARY ACCOMMODATION	-	311	(143)	-	168
Education Excellence, Skills and Training	(5,757)	894	(736)	92	(5,507)
SOCIAL CARE CASE MANAGEMENT	-	-	(112)	-	(112)
ERO HEATING UPGRADE	-	-	(523)	-	(523)
Finance, Resources and Corporate Affairs	-	-	(635)	-	(635)
LOCAL HIGHWAYS PANELS	(350)	2,400	-	-	2,050
SECTION 106	-	204	-	-	204
Highways Maintenance and Sustainable Transport	(350)	2,604	-	-	2,254
ECC ESTATE ENERGY STORAGE	-	-	(298)	-	(298)
Leader	-	-	(298)	-	(298)
ECC Capital Programme	(10,719)	6,271	(5,745)	5,272	(4,921)
Total Capital Programme	(10,719)	6,271	(5,745)	5,272	(4,921)

Reserves

	2021/22 movements				Estimated Closing balance £000
	Balance at 1 April 2020 £000	(Contributions)/ Withdrawals agreed £000	Adjustments proposed in quarterly report £000	Future commitments £000	
Long Term Contractual Commitment					
PFI Reserves					
A130 PFI	(36,448)	9,255		-	(27,193)
Building Schools for the Future PFI	(823)	(314)	28	(159)	(1,268)
Debden School PFI	(964)	265	139	(513)	(1,073)
Clacton Secondary Schools' PFI	(740)	389	(142)	(104)	(597)
Waste Reserve	(116,850)	4,573	2,047	1,279	(108,951)
Grant Equalisation Reserve	(50,409)	7,593		31,011	(11,805)
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)
Adults Risk	-	(10,089)		-	(10,089)
Adults Transformation	(3,500)	-	(2,500)	-	(6,000)
Ambition Fund	(16,578)	2,789	10,000	3,707	(82)
Bursary for Trainee Carers	(500)	-	65	-	(435)
Capital Receipts Pump Priming	(4,204)	-		500	(3,704)
Carbon Reduction	(1,096)	114		-	(982)
Carry Forward	(21,273)	21,233	(4,185)	40	(4,185)
Childrens Transformation	(1,314)	(5,406)		(5,474)	(12,194)
Collection Fund Risk	(4,029)	(2,132)	(367)	-	(6,528)
Commercial Investment in Essex Places	(12,583)	(1,094)	18	-	(13,659)
Community Initiatives Fund	(401)	(356)	99	251	(407)
Covid Equalisation	(37,496)	(18,276)	633	48,835	(6,304)
EES Pension Risk	(4,000)	-		-	(4,000)
Emergency	(12,564)	(4,000)		4,000	(12,564)
Emergency Planning	(300)	-		-	(300)
Essex Climate Change Commission	(5,000)	300		2,500	(2,200)
Essex Crime and Police	(73)	-		-	(73)
Equalities Fund	-	(10,261)	10,000	-	(261)
Everyone's Essex (set up requested in this report)	-	-	(45,000)		(45,000)
Future Capital Funding	(9,847)	(3,074)	85	2,836	(10,000)
Health and Safety	(2,812)	(1,790)		211	(4,391)
Insurance	(7,498)	1,238		-	(6,260)
Newton	(122)	-		-	(122)
Property Fund	(977)	(326)		-	(1,303)
Quadrennial Elections	(925)	(472)	13	1,384	0
Renewal Fund	(27,900)	650	25,000	-	(2,250)
Social Distancing & Hygiene	(900)	-		-	(900)
Technology Solutions	(8,749)	806		4,478	(3,465)
Transformation	(54,686)	4,868		10,792	(39,026)

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	8,585
Temporary	21,145	-	(13,095)	(13,095)	8,050	-
Total External Borrowing (A)	620,985	-	(27,111)	(27,111)	593,874	8,585
Investments						
Long Term	10,000	-	-	-	10,000	(103)
Temporary	569,800	42,300	-	42,300	612,100	(161)
Total External Investments (B)	579,800	42,300	-	42,300	622,100	(264)
Net indebtedness (A-B)	41,185	(42,300)	(27,111)	(69,411)	(28,226)	8,321
Borrowing						
Average long term borrowing over period to date (£000)						584,422
Opening pool rate at 1 April 2021						3.38%
Weighted average rate of interest on new loans secured to date						N/A
Average pool rate for year						3.50%
Investments						
Average daily cash balance over period to date (£000)						625,906
Average interest earned over period						0.18%
Benchmark rate - average 7 day LIBID rate						-0.87%

Appendix F

Prudential Indicators - Summary

		Approved Indicator	Provisional Outturn
Affordability			
Incremental impact on Council Tax of 2021/22 and earlier years' 'starts'	£	£103.43	£101.32
Ratio of financing costs to net revenue streams (excl. gen. govnt. grant)	%	9.7%	6.3%
Ratio of financing costs to net revenue streams (incl. gen. govnt. grants)	%	8.8%	5.4%
Prudence			
Net borrowing and Capital Financing Requirement		Net borrowing is below the medium term forecast of the CFR	
Capital Expenditure			
Capital expenditure	£m	290	197
Capital Financing Requirement (excluding credit arrangements)	£m	1,081	1,064
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	596
Treasury Management			
Interest rate exposures			
Upper limit for exposure to fixed rates			
Net exposure	£m	1,030	320
Debt		100.0%	100.0%
Investments		100.0%	97.7%
Upper limit for exposure to variable rates			
Net exposure	£m	309	174
Debt		30.0%	1.5%
Investments		100.0%	28.4%
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.

Work Programme

Reference Number: CPSC/16/21

Report title: Work Programme	
Report to: Corporate Policy and Scrutiny Committee	
Report author: Graham Hughes, Senior Democratic Services Officer	
Date: 8 December 2021	For: Discussion and identifying any follow-up scrutiny actions
Enquiries to: Graham Hughes, Senior Democratic Services Officer at graham.hughes@essex.gov.uk.	
County Divisions affected: Not applicable	

1. Introduction

- 1.1 The work programme is a standard agenda item. The work programme for the Committee continues to be developed and the current position is outlined below.

2. Action required

- 2.1 The Committee is asked to consider this report and issues under consideration in the Appendix and any further development or amendments.

3. Background

3.1 Developing a work programme

Issues identified both in induction sessions in the summer and the two subsequent formal meetings continue to be incorporated into the work programme by the Chairman and Vice Chairmen.

- 3.2 The Scrutiny Board has just agreed a new standardised template for scrutiny committee work programmes and this new format is reflected in the updated Work Programme in the Appendix.

- 3.3 Scrutiny Board are in the process of developing overarching scrutiny themes to reflect its priorities. These are likely to support the Essex County Council Corporate aims and objectives reflected in [Everyone's Essex: our plan for levelling up the county 2021 to 2025: Summary - Essex County Council](#) . Future iterations of the Work programme will indicate the relevant theme under which a scrutiny topic sits.

4. Update and Next Steps

See Appendix.

5. Appendix –

- Current Work Programme.

Corporate Policy and Scrutiny - Work Programme

Provisional Date	Topic Title	Lead Contact	Purpose and Target Outcomes	Relevance to Scrutiny Theme *	Cross-Committee Work Identified (where applicable)
8 December 2021	Finance update	Cabinet Member Finance, Resources and Corporate Affairs/ Director Finance	Impact of pandemic and to understand the challenges on budget process including the assumptions being made for next years' budget. Seek assurance that meeting targets as part of medium- term financial strategy.		
Early 2022	Commercial property/ investment portfolio update	Cabinet Member Finance, Resources and Corporate Affairs/ Head of Finance Commercial Insight	Review approach and performance. Role for Essex Homes, jobs in Essex, and investment in Essex.		
Early 2022	Corporate systems update	Cabinet Member Finance, Resources and Corporate Affairs/ Programme Director	Review implementation and issues that have been identified and ambitions for technology transformation and facilitating change.		

Early 2022	Data analytics and artificial intelligence	Head of Profession: Analytics & Data Science	Understanding the collection and use of data analytics and artificial intelligence, including practical examples of where used to solve problems.		
Awaiting the publication of Government White Paper	Update on devolution/localism /reform agenda	Leader and the Cabinet Member Devolution, Art, Heritage and Culture	Review functions and devolved powers and the extent of local collaborative work.		
Early 2022	Essex Archive Services	Cabinet Member Devolution, Art, Heritage and Culture	Influence future approach on the delivery of services including use of digitalisation.		
24 February 2022 - TBC	Ways of Working and Facilities update	Cabinet Member Finance, Resources and Corporate Affairs/ Executive Director, People and Transformation	How has Tranche 2 worked and what is the latest staff feedback.		Extend invite to Chairmen of other scrutiny committees
TBC	Organisation Strategy	Head of Performance and Business Intelligence	Challenge ongoing performance against objectives and aspirations.		To co-ordinate with other Scrutiny Chairmen

Continued overleaf

**Further issues under consideration but not scoped or currently being scheduled
(themes and issues highlighted during induction discussions with Cabinet Members)**

Climate Commission - A further update on the implementation of Climate Commission recommendations to be presented in due course with further clarity on the targets actually being set. This may also be led by Place Services and economic Growth Scrutiny Committee. This may be incorporated into a future Organisational Strategy session.

Essex Housing - ECC's strategies and plans, including environmental considerations.

Essex Outdoors - Increasing usage and making it more commercial. Cross portfolio work. Could be led by another scrutiny committee.

Faith covenant - Role of ECC and the wider Equalities agenda

Levelling Up agenda – all member briefing held on 29 November 2021. Scrutiny committees may decide to scope follow-up lines of enquiry.

Planning process review - How Essex system works. Place and Economic Growth Policy and Scrutiny Committee may lead but may be cross-committee aspects.

Procurement - Percentage of procurement with Essex businesses, social value contracts, autonomy of service areas