

<b>Report title: 2020/21 Provisional Outturn Report</b>	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Councillor Christopher Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs	
<b>Date:</b> 22 June 2021	<b>For:</b> Decision
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<b>County Divisions affected:</b> All Essex	

## 1. Purpose of report

- 1.1 The purpose of this report is to present and provide commentary on the provisional outturn position for financial year 2020/21 prior to formal closure of the accounts. The report also explains the key movements since the third quarter financial overview report (presented to Cabinet on 19 January 2021) to the year-end position.

## 2. Recommendations

Approval is sought for the following in relation to the 2020/21 outturn position:

- 2.1 To rename the Service Improvement Reserve to the Ambition Fund Reserve
- 2.2 To rename the COVID-19 Recovery Reserve to the Renewal Fund Reserve
- 2.3 That the net under spend £11.482m is appropriated to the General Balance to support future years' budget planning
- 2.4 General Balance returns of £15.714m in relation to Adult Social Care COVID funding that is no longer required or has been recovered from Health (£15.385m), Slough libraries (£300,000) and Excess Deaths COVID funding no longer required (£29,000).
- 2.5 Withdrawal of £31.542m from the General Balance to earmarked reserves in respect of reassignment of COVID grant funding.
- 2.6 That under spends are allocated between portfolios as set out within the 'Transfers of under / over spends between Portfolios' column of Appendix A.
- 2.7 That the following amounts are appropriated to / from restricted and other revenue reserves:

## **Restricted Funds**

### **- Private Finance Initiative (PFI) Reserves**

- Building Schools for the Future - **£354,000** contribution (Appendix D 6iii)
- Clacton Secondary Schools - **£479,000** contribution (Appendix D 6iii)
- Debden School - **£835,000** contribution (Appendix D 6iii)
- A130 Road - **£219,000** contribution (Appendix D 3iii)

### **- Waste Reserve - £4.574m** contribution mainly relating to PFI credits received during the year (Appendix D 7iii & 17ii)

### **- Grants Equalisation Reserve - £501,000** contribution in relation to Public Health grant to be utilised in 2021/22 relating to under spends following the maximisation of grant funding (Appendix D 9v)

### **- Schools - £8.958m** net contribution to the Schools' reserve, following under spend against schools' budgets in 2020/21 (Appendix D 5i)

### **- Partnership Reserves**

- Essex Safeguarding Childrens Board Partnership Reserve - **£50,000** withdrawal (Appendix D 1iii)
- Adults Safeguarding Board Partnership Reserve - **£17,000** contribution (Appendix D 9v)
- Public Sector Reform Partnership Reserve - **£47,000** contribution (Appendix D 1iii)
- Youth Offending Teams Partnership Reserve - **£343,000** contribution (Appendix D 1iii)
- Public Law Partnership Reserve - **£19,000** contribution (Appendix D 12iii)

## **Capital funding**

### **- Capital funding - £2.841m** net contribution to transfer capital financing resources to revenue in respect of:

- Replenish the reserve to retain funding to support the capital programme - **£8.450m** contribution
- Essex Housing - **£7.746m** withdrawal for the technical adjustment relating to projects transferring to Essex Housing LLP. The Council will transfer the housing development sites to the LLP during 2021/22 at a price that reflects the market value of the sites and includes the pre-construction costs being treated as abortive by the Council. This is in line with the Cabinet decisions taken in December 2020
- To support Fleet purchase in 2021/22 - **£1.276m** contribution
- Highways expenditure which is capital in nature - **£500,000** contribution
- Capital works relating to the in-house Adults Residential Service - **£200,000** contribution
- Capital expenditure on networking and communications infrastructure - **£82,000** contribution

- Compensation claims for highways as a result of works carried out for Colchester Integrated Transport Package scheme - **£79,000** contribution

### Other reserves

- **Carry Forwards - £8.471m** contribution, in respect of revenue budget under spends that it is proposed are carried forward for use in 2021/22. The proposals for utilising this Reserve in 2021/22 are set out in **Appendix C** of this report
- **Adults Digital Programme - £877,000** contribution to continue with projects within the programme for use in 2021/22 (Appendix D 9v)
- **Adults Transformation - £3.5m** contribution to support the Adult Social Care medium term budget (Appendix D 9v)
- **Carbon Reduction Reserve - £192,000** contribution due to unspent project funding which is now required for use in 2021/22 (Appendix D 7iii)
- **Children's Transformation Reserve - £1.314m** contribution to replenish the reserve to support transformation capacity to deliver the Children's Transformation Programme (Appendix D 1iii)
- **Collection Fund Investment Risk Reserve - £42,000** contribution to support funding in 2021/22 (Appendix D 16ii)
- **Community Initiatives Reserve - £275,000** withdrawal to support expenditure incurred on community projects during 2x 20/21 (Appendix D 2iii)
- **COVID Equalisation Reserve - £12.638m** net contribution – withdrawals to and contributions from multiple portfolios to fund COVID pressures and return COVID funding where actual expenditure was lower than previously forecast, plus a contribution to transfer all remaining COVID emergency grant required for future commitments to this reserve; this will be applied to expected COVID related costs from 2021/22 (Appendix D 1iii, 2iii, 3iii, 6iii, 7iii, 9v, 14iii & Appendix M)
- **Emergency Reserve - £10.169m** contribution due to actual expenditure being lower than previously forecast relating to the pandemic and to replenish ECC funds originally used for COVID pressures and losses with emergency grant (Appendix D 3iii, 6iii & Appendix M)
- **Health and Safety Reserve - £681,000** contribution relating to unspent funds for planned projects now slipped to 2021/22 and also a contribution from the General Balance to replenish ECC funds originally used for COVID pressures and losses with emergency grant (Appendix D 6iii, 10iii & Appendix M)
- **Insurance Reserve - £1.238m** contribution in respect of recovery of income relating to Highways claims, to meet ECC budget pressures in 2021/22 as planned in February budget setting (Appendix D 13iii)
- **Quadrennial elections reserve - £668,000** withdrawal towards preparation work incurred for the May 2021 elections (Appendix D 10iii)
- **Renewal Fund Reserve - £21.518m** net contribution – a contribution of COVID emergency grant from the General Balance to support the creation of a £25m Renewal Fund within the reserve and to replenish ECC funds originally used for

COVID pressures and losses. Partially offset by withdrawals for COVID pressures and losses (Appendix D 4iii, 6iii, 11iii, 12iii & Appendix M)

- **Ambition Fund Reserve - £6.069m** net contribution due mainly to replenishment of the reserve using part of the funds received from UBB in respect of the costs order relating to a litigation between the authority and UBB Waste (Essex Ltd) and the ECL Dividend (Appendix D 1iii, 6iii, 8iii, 9v, 10iii, 14iii & 16ii)
- **Technology Solutions Reserve - £1.187m** contribution due to unspent funds for corporate systems reprofiled into 2021/22 (Appendix D 12iii)
- **Tendring PPP Reserve - £303,000** withdrawal of the remaining funds now the contract has been terminated (Appendix D 6iii)
- **Transformation Reserve - £2.445m**, net contribution due to unspent funds relating to slipped or paused projects to use in 2021/22 and also a contribution from the General Balance to replenish ECC funds originally used for COVID pressures and losses which can be funded from government emergency grant (Appendix 1iii, 2iii, 3iii, 4iii, 12iii, 15iii & Appendix M)

- 2.8 That the financing of capital payments in 2020/21 is approved on the basis set out within Appendix G to this report.
- 2.9 Capital payment budgets, and associated capital financing, of **£18.032m** are re-profiled into subsequent financial years, in respect of slippage in schemes (as shown in the 'Slippage' column of Appendix H).
- 2.10 Capital payment budgets, and associated capital financing, of **£4.347m** are brought forward in respect of schemes that have progressed ahead of schedule (as shown in the 'Advanced works' column of Appendix H).
- 2.11 Portfolios' 2020/21 capital payments budgets are reduced by **£16.016m** (as shown in the 'Reductions' column of Appendix H), with increases of **£11.845m** to other schemes (as shown in the 'Additions' column of Appendix H), to reflect achieved activity in 2020/21.

Approval is also sought for the following in relation to the 2021/22 budget:

- 2.12 To agree to delegate authority to the Executive Director for Finance and Technology (S151 officer), in consultation with the Cabinet Member for Finance, Resources and Corporate Affairs to release **£8.471m** from the Carry Forwards Reserve in 2021/22 for the purposes detailed in Appendix C of this report, as well as those previously approved in the Half Year report (FP/694/05/20) and Third Quarter report (FP/695/05/20).

### 3. Executive Summary

#### 3.1 Introduction

- 3.1.1 It is important to note the exceptional impact on the financial management of the organisation during the 2020/21 pandemic, with significant additional net costs and extensive one-off government funding streams to anticipate, manage, monitor and report on transparently. Many of the funds received from government cover more than one financial year and this has a material impact on balances in closure, as we seek to forecast the continuing and associated costs of COVID-19 in 2021/22 and beyond. Essex County Council (ECC) is not alone in this experience and finance professionals work closely with other county councils across the country and report to the Ministry of Housing, Communities and Local Government (MHCLG) to ensure consistency of approach wherever possible. ECC will also continue to face considerable uncertainty as to underlying patterns of demand which will require careful monitoring.
- 3.1.2 Despite the exceptional circumstances the Council has emerged from 2020/21 in a resilient position although there remains considerable uncertainty around both demand pressures and government funding notably beyond 2021/22.
- 3.1.3 The report sets out an under spend on revenue of **£11.482m** (1.3%) against a budget of £913.610m. This position is after adjusting for proposals to carry forward under spends for use in 2021/22 and reserve movements. £3.39m of the under spend is a technical adjustment in relation to insurance, due to lower claims during the pandemic; this can only be forecast at year end given it is subject to an annual actuarial review. **This leaves £7.619m due to under spends on services.** A major driver of this is the £7.259m under spend in Health and Adult Social Care. This was due to volatility in demand, which was less than when the budget was set; this excludes specific COVID related costs which were fully funded by government. Examples of the under spend were in lower volumes of residential and nursing care. It is proposed that the £11.482m under spend is appropriated to the General Balance to support future years' budget planning (see 2.3).
- 3.1.4 The underlying volatility in expenditure and uncertainty in forecasting that has prevailed throughout 2020/21 due to the pandemic impact has been reported every quarter and, not unexpectedly, we have seen movements across most services in the provisional closure figures. We have seen an improvement of £12.088m on the position reported at the Third Quarter stage, which was a forecast underspend of £607,000. The reasons for this movement are set out in Appendix D.

- 3.1.5 The Council has experienced additional expenditure and lost income in relation to the pandemic of £148m for 2020/21, an increase against the original budget of 16%. These pressures are less than the total COVID funding received from government to date (circa £207m), however this is a result of timing of spend versus receipt of funding and is not an uncommitted surplus. Based on our latest intelligence all remaining funding is committed for use against continuing pressures and losses primarily during 2021/22.
- 3.1.6 There is an under spend on capital of £17.856m against the final approved budget of £214.891m –This is 92% delivery against the final approved budget, or 84% against original budget. This is broadly in line with our delivery record in 2019/20, before the pandemic where we achieved 93%.
- 3.1.7 BDO LLP, our external auditor for the 2020/21 financial year, are scheduled to carry out their audit of the Council's 2020/21 Statement of Accounts during the summer, and it is possible that changes may be made to the accounts during this period which may alter the position presented within this report. It is planned to report the results of the external audit to the Audit, Governance and Standards Committee on 27 September 2021, at which stage that Committee is expected to approve the 2020/21 Statement of Accounts for publication. The Statement of Accounts will then be published on the Council's website.

## 3.2 Overview - Revenue

3.2.3 Through careful financial planning and management, Essex County Council has delivered a moderate under spend of £11.482m (1.3%), of which £3.390m is due to a one-off year end adjustment relating to the actuarial valuation of the insurance provision. This position has been delivered during a year when there has been an exceptional impact on the financial management of the organisation as a result of the pandemic; with additional costs of circa £148m and around £207m of government support confirmed to date through multiple and complex grant streams - this has created a substantial impact on a £914m budget. The monies received from government cover more than one financial year and this has had a material impact on reserves balances at closure, as we need to set aside funding for COVID to meet costs in 2021/22 and beyond: as the cash flows of funding do not match the likely expenditure pattern; this is a pattern repeated across the sector.

3.2.4 The net under spend of £11.482m reflects:

- i. A net under spend by services of **£11.009m**. £3.390m relates to a technical adjustment for the insurance cost recovery account following receipt of the annual actuarial review. The remaining under spend is concentrated in the Health and Adult Social Care portfolio.
- ii. An online position for interest, capital financing and dividends.
- iii. A minor over achievement on funding of **£473,000**

- iv. Proposals to transfer **£88.232m** (net) to earmarked revenue reserves. Excluding transfers to Restricted Funds (£16.296m) which are funds not under the Council's control, and carry forward requests (£8.471m), a significant proportion of the residual balance relates to the timing of cash flows in relation to COVID related expenditure.

3.2.5 The focus is now shifting to how we as a council, as well as our local communities and economy, may fare as restrictions are eased. It is highly probable that there will continue to be volatility in the position throughout 2021/22, as we start to comprehend the fallout of this past year. There remains significant uncertainty around the level of pent-up demand in Adult and Children's Social Care and Home to School Transport, as well as residents' behaviour changes impacting on the volume of household waste. Therefore, the position will be closely monitored throughout the year ahead.

3.2.6 During 2020/21, the Council has made good progress towards delivering its strategic aims and priorities. More detail can be found in the Organisation Plan 2020/21: [Essex Organisation Plan 2020 to 2021.pdf](#)

3.2.7 3.2.5 Commentary on the provisional outturn position for each portfolio is provided in Appendix D of the report.

### **3.3 Trading activities**

3.3.1 The Council's activities that operate on a trading account basis have increased their revenue reserves during 2020/21 by **£513,000**, which was £430,000 higher than the financial target set for the year of £83,000. The favourable variance partly resulted from a surplus by Music Services, this was achieved despite the impact of the pandemic through re-imagining service delivery to offer online tuition.

3.3.2 Commentary on the provisional outturn position for each Trading Activity is provided in **Appendix F** of the report.

### **3.4 Capital**

3.4.1 Capital delivery of **91.7%** against latest budget has been achieved in 2020/21.

3.4.2 The original budget for the capital programme was **£234.786m**. During the year this has been revised to allow for revisions to project delivery plans. The final approved total capital programme budget amounted to **£214.891m**. Actual capital expenditure amounted to **£197.035m**, resulting in an under spend of **£17.856m**. Whilst this is an excellent outcome, we need to be cautious as there are risks ahead with inflation and supplies in the market which may make for a more volatile 2021/22.

3.4.3 During 2020/21, circa 400 schemes were undertaken. Our residents have benefited from and will continue to benefit from a wide range of new investment including;

- Circa. 1,700 new school places delivered across Essex through completed school expansions as well as a new primary school in Colchester providing 420 school places at a total project cost of £6.473m for Lakelands Primary.

- Significant packages of transport improvement work continue to progress such as a new junction at M11 J7A (£19.788m) and A127 Fairglen Interchange (£4.246m). Several schemes successfully completed such as the Harlow Enterprise Zone Edinburgh Way (£1.445m), Basildon Town Centre (£1.261m) and the Ipswich / Harwich Road Roundabout (£1.648m).
- Essex Highways had another busy year delivering essential work, vital to maintaining a safe network (£48.468m). Each improvement and maintenance scheme helps keep our residents safe, contributes to longer-term economic growth, and helps deliver our vision for Safer, Greener and Healthier travel
- 13 Essex capital build projects. We were successful in securing £26.5m for 13 Essex capital build projects through the Get Building Fund. The fund was designed to allow “shovel ready projects” to start on site as soon as possible and regenerate the economy. In 2020/21 £5.415m was spent on these projects with the remaining £21.085m to be spent in 2021/22.
- In 2020/21, the Flexible Use of Capital Receipts strategy approved by Full Council included qualifying expenditure from the Corporate Systems Project (CSP). The 2020/21 total spend for this project is £3.4m, which has been capitalised in accordance with the parameters set out within this strategy.

#### 3.4.4 Approval is sought to:

- Re-profile capital payment budgets of **£14.530m**, from 2020/21 into 2021/22, **£3.203m** from 2020/21 into 2022/23, and **£300,000** from 2020/21 into 2023/24 as a consequence of slippage in schemes;
- Bring capital payment budgets of **£4.347m** forward in respect of schemes that have progressed ahead of schedule; and
- Realign scheme and payment approvals to reflect actual activity in 2020/21– this results in payment approvals for some schemes being reduced by **£16.016m**, with increases of **£11.845m** to several other schemes.

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

### 3.5 Reserves and balances

3.5.1 The final approved budget for 2020/21 included provision for appropriations to or from various revenue reserves and restricted funds, and an assumed contribution to the General Balance. Proposals are presented throughout this report which further impact on the Council’s reserves and balances. Approval is sought for **£88.232m** (net) to be transferred to earmarked reserves mainly as a result of balancing government COVID grant funding streams applied in the year with timing of the related service demands and associated expenditure together with adjustments to



reinstate ECC reserve balances that had been used earlier in the year prior to grant notifications.

- **£16.296m** relates to restricted funds, particularly specific grants, which are funds held for medium to long term contractual commitments or on behalf of others and not available for alternative use by the Council
- **£8.471m** relates to carry forward of under spends into 2021/22 for specific purposes as set out in **Appendix C**
- Approximately **£3m** relates to the reprofiling of budget to match future cash flow (Adults Digital Programme; Carbon Reduction Reserve; Health and Safety Reserve and Technology Solutions Reserve)
- Approximately **£6m** relates to sums set aside to support the future years budget and mitigate service specific risk (Adults Transformation; Childrens Transformation; Collection Fund Investment Risk and Insurance Reserve)
- Approximately **£25m** relates to COVID related costs and is either funding for decisions being returned to reserves where commitments are now anticipated in 2021/22 (£14m) or where ECC reserves are being replenished by COVID emergency funding from government via the General Balance (£11m) (COVID Equalisation Reserve; Emergency Reserve and Transformation Reserve – see 3.5.4)
- Approximately **£28m** is for investment in COVID recovery and strategic priorities (Renewal Fund Reserve and Ambition Fund Reserve)

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

- 3.5.2 **Appendix K** shows the position on the restricted funds and revenue reserves, assuming the proposals contained within this report are accepted. These reserves represent funds set aside for specific policy purposes and contingencies and are necessary to ensure the Council's continued financial resilience to future financial challenges and known pressures. As referenced above the Council is expected to continue to experience COVID-related cost pressures for at least a year and the impacts beyond that are extremely difficult to forecast.
- 3.5.3 **Appendix L** summarises the position on the General Balance at 31st March 2021. Whilst the final outturn position is £4.346m lower than the budgeted balance, this merely reflects where the General Balance is no longer being used as the repository for COVID emergency grant and source of funding for COVID expenditure pressures (see 3.5.4 for more detail). At the year end, the General Balance has increased by £11.657m, the increase primarily being the net revenue under spend for 2020/21 (see 2.3). Given ongoing uncertainty about the impact of the pandemic, it is considered prudent that the level of General Balance is subject to a moderate increase. The closing balance is sufficient to fund **24** days of operating expenditure.
- 3.5.4 **Appendix M** summarises the movement of COVID emergency grant from the General Balance to other reserves to replenish where ECC general funds were used originally for COVID expenditure pressures and income losses and move unused grant to the COVID Equalisation reserve. This also reflects the transfer of COVID emergency grant to support the creation of the £25m Renewal Fund.

### **3.6 Prudential indicators and treasury management**

- 3.6.1 Summaries of the Prudential Indicators and investment and borrowing levels are provided in **Appendix N** and **Appendix O** respectively.

## **4 Policy context and Outcomes Framework**

- 4.1 This report provides an assessment of the financial position of the Council at the end of the 2020/21 financial year, and as such, provides a financial representation of the corporate plan. The Organisation Plan and Budget for 2020/21 were approved in parallel in February 2020.

## **5 Financial Implications**

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

## **6 Legal Implications**

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

## **7 Equality and Diversity implications**

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

## **8 List of Appendices**

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

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

## **9 List of Background Papers**

Budgetary control reports

## Appendix A – Revenue Variance Plan

### VARIANCE PLAN

	Provisional Outturn Variance (Under) / Over spend  £000	Proposed mitigating actions					
		Transfers of under / over spends between portfolios	Under spends to be carried forward into 2021/22	Appropriations to/(from) other reserves	Unspent supplementary funding	Underlying under / (over) spends	Total of mitigating actions
		£000	£000	£000	£000	£000	£000
Children and Families	(1,691)	-	203	1,488		-	1,691
Customer, Communities, Culture and Corporate	(1,261)	357	540	271		93	1,261
Economic Development	7,285	(216)	-	(7,069)		-	(7,285)
Education and Skills							
Dedicated Schools Budget	(8,958)	-	-	8,958		-	8,958
Non Dedicated Schools Budget	(4,307)	(4)	-	4,625		(314)	4,307
Environment and Climate Change Action	(5,877)	(62)	320	5,500		119	5,877
Health and Adults Social Care	(31,887)	8	-	9,243	15,385	7,251	31,887
Performance, Business Planning and Partnerships	(345)	47	259	(3)	29	13	345
Infrastructure	(5,380)	52	312	4,672		344	5,380
Leader	(913)	136	1,157	(675)		295	913
Finance	(14,067)	49	177	13,450	300	91	14,067
Recharged Support Services							
Customer, Communities, Culture and Corporate							
Business Support	54	(11)	-	(54)		11	(54)
Customer Services	(296)	(519)	815	-		-	296
Democratic Services and Governance	(37)	-	-	-		37	37
Human Resources	147	(47)	125	(225)		-	(147)
Information Services	(1,904)	109	463	1,301		31	1,904
Legal Services	(662)	(13)	384	19		272	662
Property and Facilities Management Service	(634)	-	465	-		169	634
Assurance	(104)	93	-	-		11	104
Finance							
Capital Programme Implementation and Delivery	(178)	34	-	-		144	178
Car Provision Scheme	20	(20)	-	-		-	(20)
Finance	(606)	72	408			126	606
Insurance Cost Recovery Account	(4,006)	-	533	1,238		2,235	4,006
Procurement	(86)	-	86	-		-	86
Leader							
Communications and Customer Relations	(14)	48	46	(111)		31	14
Equality and Diversity	12	-	-	(16)		4	(12)
Performance, Business Planning and Partnerships							
Performance, Business Planning and Partnerships	(72)	(113)	185	-		-	72
Transformation Support Unit	(750)	-	132	572		46	750
Net cost of services (Portfolios)	(76,517)	-	6,610	43,184	15,714	11,009	76,517
Other operating costs - Interest, capital financing and dividends	(2,755)	-	1,861	894		-	2,755
General government grant	(4,645)	-	-	4,141		504	4,645
Financing	31	-	-	-		(31)	(31)
Net expenditure	(83,886)	-	8,471	48,219	15,714	11,482	83,886
Appropriations to / from restricted funds and other revenue reserves							
Carry Forwards reserve	8,471	-	(8,471)	-		-	(8,471)
Restricted funds	16,296	-	-	(16,296)		-	(16,296)
Capital financing	2,841	-	-	(2,841)		-	(2,841)
Transformation Reserve	2,445	-	-	(915)		(1,530)	(2,445)
Other reserves	58,179	-	-	(28,167)		(30,012)	(58,179)
General Balance	(4,346)	-	-	-	(15,714)	20,060	4,346
Net Total	-	-	-	-	-	-	-

## Appendix B – Revenue Outturn Summary

2019/20 Actual		2020/21						
		Original Budget	Final Budget	Provisional Outturn	Variance			
					Unadjusted variance	Proposed mitigations	Underlying variance	
£000		£000	£000	£000	£000	£000	£000	%
122,909	Children and Families	129,043	126,266	124,575	(1,691)	1,691	-	-
16,571	Customer, Communities, Culture and Corporate	18,317	9,031	7,770	(1,261)	1,168	(93)	(1.0%)
6,692	Economic Development	6,262	812	8,097	7,285	(7,285)	-	-
	Education and Skills							
451	Dedicated Schools Budget	(3,063)	(2,925)	(11,883)	(8,958)	8,958	-	-
89,140	Non Dedicated Schools Budget	81,394	84,598	80,291	(4,307)	4,621	314	0.4%
81,070	Environment and Climate Change Action	77,582	88,625	82,748	(5,877)	5,758	(119)	(0.1%)
407,305	Health and Adult Social Care	423,018	446,682	414,795	(31,887)	24,636	(7,251)	(1.6%)
48,058	Infrastructure	44,257	38,355	32,975	(5,380)	332	(5,048)	(13.2%)
1,740	Performance, Business Planning and Partnerships	1,902	2,669	2,324	(345)	5,036	4,691	175.8%
5,861	Leader	7,551	7,753	6,840	(913)	618	(295)	(3.8%)
15,438	Finance	17,461	13,468	(599)	(14,067)	13,976	(91)	(0.7%)
	Recharged Support Services							
	Customer, Communities, Culture and Corporate							
8,092	Business Support	8,123	9,173	9,227	54	(65)	(11)	(0.1%)
1,638	Customer Services	(2,357)	1,802	1,506	(296)	296	-	-
759	Democratic Services and Governance	691	810	773	(37)	-	(37)	(4.6%)
6,817	Human Resources	5,394	7,355	7,502	147	(147)	-	-
25,280	Information Services	22,514	25,975	24,071	(1,904)	1,873	(31)	(0.1%)
4,431	Legal Services	4,904	4,759	4,097	(662)	390	(272)	(5.7%)
14,393	Property and Facilities Management Service	14,908	15,627	14,993	(634)	465	(169)	(1.1%)
364	Assurance	442	446	342	(104)	93	(11)	(2.5%)
	Finance							
945	Capital Programme Implementation and Delivery	1,002	1,133	955	(178)	34	(144)	(12.7%)
(461)	Car Provision Scheme	-	56	76	20	(20)	-	-
10,293	Finance	8,930	10,422	9,816	(606)	480	(126)	(1.2%)
2,881	Insurance Cost Recovery Account	4,691	4,691	685	(4,006)	1,771	(2,235)	(47.6%)
3,870	Procurement	4,244	4,715	4,629	(86)	86	-	-
	Leader							
1,875	Communications and Customer Relations	1,830	1,974	1,960	(14)	(17)	(31)	(1.6%)
352	Equality and Diversity	462	801	813	12	(16)	(4)	(0.5%)
	Performance, Business Planning and Partnerships							
3,556	Performance, Business Planning & Partnerships	4,923	3,163	3,091	(72)	72	-	-
4,403	Transformation Support Unit	5,372	6,513	5,763	(750)	704	(46)	(0.7%)
884,723	Net cost of services (Portfolios)	889,797	914,749	838,232	(76,517)	65,508	(11,009)	(1.2%)
	Other operating costs							
43,335	Interest, capital financing and dividends	52,405	51,905	49,150	(2,755)	2,755	-	-
	Appropriations to/(from) revenue reserves							
(8,446)	Carry Forwards reserve	-	(2,002)	6,469	8,471	(8,471)	-	-
31,365	Restricted funds	(5,065)	(3,903)	12,393	16,296	(16,296)	-	-
(13,056)	Capital financing	4,074	2,154	4,995	2,841	(2,841)	-	-
12,210	Transformation Reserve	22,759	14,840	17,285	2,445	(915)	1,530	10.3%
23,278	Other revenue reserves	28,699	46,093	104,272	58,179	(28,167)	30,012	65.1%
973,409	Net expenditure	992,669	1,023,836	1,032,796	8,960	11,573	20,533	2.0%
(97,112)	General government grant	(79,059)	(126,229)	(130,874)	(4,645)	4,141	(504)	0.4%
(171)	General Balance - contribution / (withdrawal)	-	16,003	11,657	(4,346)	(15,714)	(20,060)	(125.4%)
876,126	Budget Requirement	913,610	913,610	913,579	(31)	-	(31)	-
	Financed by							
(18,300)	Revenue Support Grant	(18,598)	(18,598)	(18,598)	-	-	-	-
(177,793)	National non-domestic rates	(180,038)	(180,038)	(179,888)	150	-	150	(0.1%)
(671,315)	Council tax precept	(707,864)	(707,864)	(707,983)	(119)	-	(119)	-
(8,718)	Collection fund surpluses	(7,110)	(7,110)	(7,110)	-	-	-	-
(876,126)	Total Financing	(913,610)	(913,610)	(913,579)	31	-	31	-

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

Carry forward requests of **£8.471m** are proposed for use in 2021/22. Carry forwards are a normal part of financial management - in the main these relate to reprofiling of planned spend into the next financial year, especially in a volatile pandemic year. **£4.891m** relates to requests to repurpose under spends for an alternative purpose. A complete list of carry forward requests is provided below.

Carry forward requests	Total £000
<b>Children and Families</b>	
Training for survivors of domestic abuse	153
To fund additional posts in Performance and Business Intelligence Team supporting Education	50
<b>Sub total</b>	<b>203</b>
<b>Customer, Communities, Culture and Corporate</b>	
Additional policy and strategy resources to improve delivery of organisational strategy	140
Coroners - assist clearance of inquest backlog	35
Book and e-stock for Library Service	171
Maintenance of library estate	61
To offset income shortfall pressure as a consequence of new ways of working	133
<b>Sub total</b>	<b>540</b>
<b>Environment and Climate Change Action</b>	
Remedial works at Hadleigh mountain bike trail	200
Purchase of country parks maintenance equipment	20
Reprofile of Befriending programme funding into 2021/22	100
<b>Sub total</b>	<b>320</b>
<b>Finance</b>	
Commercial property programme - to meet modelling costs and cover property void costs	177
<b>Sub total</b>	<b>177</b>
<b>Infrastructure</b>	
Safer, Greener and Healthier transport network	150
Dynamic Purchasing System - set up costs	100
STATs Portal - investment to enhance productivity	47
Braintree Local Highways Panel - cycleway feasibility study	15
<b>Sub total</b>	<b>312</b>

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

Carry forward requests	Total £000
<b>Leader</b>	
Brexit - Trading Standards role	338
Levelling up bids - supporting the ambition to use capital investment to unlock growth	235
Colchester / Tendring Borders - ECC's contribution towards the project	180
Covid economic response - South and West Essex	175
Strategy and coaching contractual commitment	101
Harlow Investment Fund	70
Reprofile of residual Locality Fund allocation	35
Reprofile of funding for Innovation Fund projects	23
<b>Sub total</b>	<b>1,157</b>
<b>Performance, Business Planning and Partnerships</b>	
Service Transformation- Enabling Digital Platforms and Intranet Discovery projects	259
<b>Sub total</b>	<b>259</b>
<b>Customer, Communities, Culture and Corporate (RSSS's)</b>	
To support pressures in 2021/22 including Libraries rental income, delivery of Registrations strategy and various Customer projects	815
Rowan House refit	285
Legal disbursement costs due to cases delayed from 2020/21	384
Stanwell House savings	180
Laptop replacement programme	167
O365 implementation	115
Reprofiled staff cost to support the rollout of Next Generation Networks rollout	79
People operations - to embed the new corporate occupational health service	65
Organisation Development and People Management - to support costs associated with the workforce strategy	60
Finance and Technology staffing pressures and contractual changes	52
To support delivery of Technology Services overtime savings in 2021/22	50
<b>Sub total</b>	<b>2,252</b>
<b>Finance (RSSS's)</b>	
Interim staff to support transformation project work across the authority inc climate change action, costs associated with ensuring the successful implementation of CSP and continued professional development of business partners	533
Finance and Technology staffing pressures and contractual changes	344
Reprofile of costs associated with the social value lead role in Procurement	86
Reprofile of training budgets across Finance and Technology into 2021/22	64
<b>Sub total</b>	<b>1,027</b>
<b>Leader (RSSS's)</b>	
To support temporary staffing in Communications to undertake campaign work	46
<b>Sub total</b>	<b>46</b>
<b>Performance, Business Planning and Partnerships RSSS</b>	
To support the cost of Delivery and Assurance project manager staff	132
To fund additional posts in Performance and Business Intelligence Team supporting Education	100
Data and Analytics - to mitigate pressures resulting from lost income	85
<b>Sub total</b>	<b>317</b>
<b>Operating Costs</b>	
Bridging corporate budget gap	733
Mitigation of risk of interest rate change	600
Finance and Technology staffing pressures and contractual changes	528
<b>Sub total</b>	<b>1,861</b>
<b>Net Total</b>	<b>8,471</b>

## Appendix D – Revenue Position – Detailed commentary

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

### 1. Children and Families: £1.691m (1.3%) under spend

- i. The provisional outturn of **£124.575m** was 1.3% lower than the final approved budget of **£126.266m**. After proposed adjustments the position is on line, consistent with the Third Quarter report.
- ii. The under spend, before adjustments, is as a result of lower children in care costs due to the reduced visibility of children and young people which led to reduced numbers of referrals and safeguarding interventions. This has led to suppressed entries to care, staff travel and direct payments, which are available for families to arrange care and support and additional income for asylum seekers leaving care, partly offset by the use of agency social workers.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2020/21:
  - Carry forward **£203,000** to the service, as set out in **Appendix C**
  - **£1.314m** contribution to the Childrens Transformation Reserve which is a resource set aside to create and maintain a sector leading service that has the interests of vulnerable families and children at its heart combined with a passion for delivering and sustaining optimum value for money for the tax payer
  - **£784,000** withdrawal from the COVID Equalisation Reserve to fund pressures on placements and staffing as a result of the pandemic
  - **£139,000** contribution to the COVID Equalisation Reserve relating to under spends against the Emergency Assistance grant for use in 2021/22
  - **£551,000** contribution to the Transformation Reserve in respect of the Multi-Disciplinary Team and Special Guardianship Orders Team, which reflect lower than predicted spend in year and for use in 2021/22
  - **£75,000** withdrawal from the Ambition Fund Reserve in respect of autism clinic costs incurred in year
  - **£64,000** withdrawal from the Transformation Reserve for the Divisional Based Intervention Team (DBIT), part of the Childrens Sustainability programme
  - **£343,000** to the Youth Offending Teams Partnership Reserve, where remand costs ended the year lower than expected
  - **£67,000** contribution to the Ambition Fund Reserve, in respect of Family Centre refurbishments project which has been delayed for use in 2021/22
  - **£47,000** to the Public Sector Reform Partnership Reserve which reflects lower than predicted spend in the year



- **£50,000** from the Essex Safeguarding Childrens Board Partnership Reserve to cover funding for an additional post.

## 2. Customer, Communities, Culture and Corporate: **£1.261m (14.0%) under spend**

- i. The provisional outturn of **£7.77m** is 14% lower than the final approved budget of **£9.031m**. After proposed adjustments there is a **£450,000** under spend (5%) which represents a favourable movement of **£343,000** since the position reported at third quarter.
- ii. The under spend is largely due to a number of staffing under spends across the portfolio, including **£171,000** within Heritage and Cultural Services as a result of a service re-design. In addition there was lower than anticipated expenditure within Customer Services and Member Enquiries (**£203,000**) due to the pandemic impacting on the ability to undertake independent mobility assessments within the Blue Badge service.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2020/21:
  - Carry forward **£540,000** for a range of services across the portfolio, as set out in **Appendix C**
  - **£497,000** contribution to the COVID Equalisation Reserve relating to previous draw downs for Essex Records Office, Libraries and Registration income losses which have now been funded by the Ministry of Housing, Communities and Local Government (MHCLG) Income Loss Guarantee scheme
  - **£275,000** withdrawal from the Community Initiatives Fund Reserve to cover revenue expenditure incurred since third quarter
  - **£109,000** contribution to the Transformation Reserve in relation to the Libraries Management system for use in 2021/22
  - **£97,000** withdrawal from the Transformation Reserve for Libraries Modernisation (£89,000) and Management of Excess Deaths (£8,000)
  - **£35,000** contribution to the COVID Equalisation Reserve relating to under spends against the Emergency Assistance grant for use in 2021/22
  - **£2,000** contribution to the Transformation Reserve relating to Customer Services unspent project funding

## 3. Deputy Leader and Infrastructure: **£5.38m (14%) under spend**

- i. The provisional outturn of **£32.975m**, is 14% lower than the final approved budget of **£38.355m**. After proposed adjustments to return to reserves ECC funds for decisions that were subsequently covered by sources of government funding of £4.985m, of which £1.895m relates to the receipt of MHCLG Income Loss Guarantee scheme and £667,000 to the COVID-19 Bus Services Support

grant, there is a **£396,000** under spend (1%) which represents a favourable movement of **£218,000** since the position reported at third quarter.

- ii. The residual under spend is as a result of a reduction of **£220,000** in the bad debt provision for Park and Ride, with the remaining **£176,000** being due to a combination of reductions in cost as a result of in-year staffing vacancies and an over recovery of Essex Highways permit and regulation income.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2020/21:
  - **£1.895m** contribution to the COVID Equalisation Reserve following receipt of MHCLG Income Loss Guarantee scheme funding
  - **£1.855m** contribution to the Reserve for Future Capital Funding to fund Essex Highways replacement fleet required to deliver services, Highways embankment improvements and Part 1 compensation claims expected in 2021/22
  - **£667,000** contribution to the Emergency Reserve relating to the return of funding for Park and Ride following receipt of COVID-19 Bus Services Support Grant (CBSSG)
  - Carry Forward **£312,000** to the Highways service, as set out in **Appendix C**
  - **£219,000** contribution to the A130 PFI Reserve due to lower than anticipated costs during the year
  - **£36,000** contribution to the Transformation Reserve for use in 2021/22 relating to the Superfast Essex Phase 4 'Last Phase' delivery programme.

#### **4. Economic Development: £7.285m (897%) over spend**

- i. The provisional outturn of **£8.097m** is 897% higher than the final approved budget of **£812,000**. After proposed adjustments, there is a **£216,000** over spend (26.6%) which represents a favourable movement of **£129,000** since the position reported at third quarter.
- ii. The over spend results from treating the accumulated capital expenditure on Essex Housing projects as abortive, because the Council will no longer see these schemes through to completion itself. The developments will instead be completed by the Essex Housing Development LLP. The Council will transfer the housing development sites to the LLP during 2021/22 at a price that reflects the market value of the sites and includes the pre-construction costs being treated as abortive by the Council. This is in line with the Cabinet decisions taken in December 2020. The Council's reserves will therefore be replenished via the sale 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.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2020/21:

- **£7.746m** withdrawal from the Reserve for Future Capital Funding relating to projects transferring to Essex Housing LLP. The Council will transfer the housing development sites to the LLP during 2021/22 at a price that reflects the market value of the sites and includes the pre-construction costs being treated as abortive by the Council. This is in line with the Cabinet decisions taken in December 2020.
- **£696,000** contribution to the Renewal Fund Reserve relating to funding drawn down in year towards economic recovery which is now required in 2021/22
- **£19,000** withdrawal from the Transformation Reserve due to Essex Housing related project expenditure incurred in the final quarter of 2020/21

**5. Education and Skills Dedicated Schools Grant (DSG): £8.958m under spend**

- The under spend relates to the movement in school balances, which have increased due to schools under spending in year. **£8.958m** has been appropriated to the Schools reserve to offset this under spend.
- The Dedicated Schools Grant is under spent by **£1.708m**, primarily within the early years block, due to take up of free entitlement funding being less than budgeted for. The under spend may be subject to Department for Education (DfE) clawback and, as any adjustments to 2020/21 funding will be made in the summer, will be carried forward to 2021/22.
- This is the first year that the Dedicated Schools Grant will be in surplus subject to the finalisation of the Early Years block. It should be noted that whilst in overall surplus, the High Needs Block remains in deficit due to increased volume and price but is forecast to be balanced by 2022/23.

**6. Education and Skills Non-Dedicated Schools Grant: £4.307m (5.1%) under spend**

- The provisional outturn of **£80.291m** is 5.1% lower than the final approved budget of **£84.598m**. After proposed adjustments, there is a **£318,000** over spend which represents a favourable movement of **£850,000** since the position reported at third quarter, mainly due to Home to School Transport where demand has been suppressed by the coronavirus.
- The over spend is largely due to the Youth Service (£559,000), due to an overly ambitious income budget set within the National Citizenship Service (NCS) which supports volunteering and project work for young people. Following a review of the contract by the Trust, it is now no longer financially viable to operate the scheme. This pressure has been addressed in the 2021/22 budget.
- Approval is sought to the following actions as a consequence of the provisional outturn position for 2020/21:

- **£2.564m** contribution to the Emergency Reserve to support challenges, such as potential pent up demand that is not budgeted for; this will take the balance on the Emergency Reserve to £12.564m.
- **£650,000** contribution to the Emergency Reserve relating to previous draw down for Adult Community Learning income losses now funded by the MHCLG Income Loss Guarantee scheme
- **£303,000** withdrawal from the Tendring PPP Reserve, **£835,000** contribution of unspent PFI credits to the Debden Park PFI Reserve, **£479,000** contribution to the Clacton Secondary Schools PFI Reserve and **£354,000** contribution to the Building Schools for the Future PFI Reserve
- **£248,000** contribution to the Health and Safety Reserve relating to unspent funding in year at the King Edmund school
- **£141,000** withdrawal from the Renewal Fund Reserve for income lost during the pandemic and not covered by the MHCLG Income Loss Guarantee scheme
- **£41,000** withdrawal from the Ambition Fund Reserve for Youth Strategy Groups
- **£20,000** withdrawal from the COVID Equalisation Reserve to support additional recruitment needs in 2020/21 supporting the COVID response, specifically a recruitment consultant to boost Education recruitment activities

## 7. Environment and Climate Change Action: **£5.877m (6.6%) under spend**

- The provisional outturn of **£82.748m** is 6.6% lower than the final approved budget of **£88.625m**. After proposed adjustments to return to reserves ECC funds for decisions that were subsequently covered by government funding of £5.820m which is predominantly due to the MHCLG Income Loss Guarantee scheme, there is a **£57,000** under spend (0%) an immaterial movement since third quarter.
- The underlying under spend is due to the utilisation of grant funding to deliver activity, coupled with the recharges of staff time to projects, that would have otherwise been funded by ECC. This is a one-off opportunity within this financial year.
- Approval is sought to the following actions as a consequence of the provisional outturn position for 2020/21:
  - **£4.875m** contribution to the COVID Equalisation Reserve returning funds originally drawn down for income losses within Outdoor Education of £2.592m and Leisure of £2.284m but subsequently covered by the MHCLG Income Loss Guarantee scheme funding
  - Carry Forward **£320,000** to Country Parks, as set out in **Appendix C**
  - **£433,000** contribution to the Waste Reserve towards price/volume pressures in future years as a result of an under spend within Integrated Waste Management

- **£192,000** contribution to the Carbon Reduction Reserve relating to project funding required in 2021/22.

## 8. Finance: **£14.067m (104.4%) under spend**

- The provisional outturn of (**£599,000**), is 104.4% lower than the final approved budget of **£13.468m**. After proposed adjustments, there is a **£140,000** under spend (1%) which represents a favourable movement of **£108,000** since the position reported at third quarter.
- The under spend is due to £13.45m received from UBB in respect of the costs order relating to a litigation between the authority and UBB Waste (Essex Ltd).
- Approval is sought to the following actions as a consequence of the provisional outturn position for 2020/21:
  - **£8.45m** contribution to the Reserve for Future Capital Funding to ensure that the reserve is not depleted and to retain the funding to support the capital programme
  - **£5m** contribution to the Ambition Fund Reserve to provide additional funding for future new investment priorities
  - Carry forward **£177,000** to Commercial Property, as set out in **Appendix C**.

## 9. Health and Adult Social Care: - **£7.259m (1.6%) adjusted under spend**

- After proposed adjustments, there is a **£7.259m** under spend (1.6%) which represents a favourable movement of **£7.242m** since the position reported at third quarter.
- Public Health spend was in line with the amended budget which reflected the additional grants received during the year, such as Contain Outbreak Management funding, Lateral Flow testing and Test and Trace, to provide vital services to residents across Essex through the pandemic.
- Throughout 2020/21 there were significant challenges around forecasting the financial implications associated with COVID-19 on the cost and demand for Adult Social Care services in both the 2020/21 financial year and future years. There were also additional tranches of funding received from central government for specific purposes where it was impossible to predict what would be required.
- Within the overall position reported for Adult Social Care, there are a number of offsetting under and over spends which are driven by changes in expected levels of demand for services compared to when the budget was set. The under spends have been in the areas of residential and nursing care (**£3.2m**), cash payments (**£5.8m**), and increased income from Health and non residential service users (**£6.5m**) offset by over spends in reablement services **£6.6m**.

The (**£7.2m**) favourable movement since the third quarter is driven by reduced Residential and Nursing Care volumes and an underutilisation by providers of the funding set aside to underwrite vacant bed capacity (**£3.9m**), as well as increased Non-Residential Income as there has been an increase in the number of clients paying a contribution towards their care, (**£3m**), along with a decrease in the sundry bad debt provision of (**£721,000**)

- v. Approval is sought to the following actions as a consequence of the provisional outturn position for 2020/21:
- **£3.718m** contribution to the COVID Equalisation Reserve to support the COVID Resilience Fund
  - **£3.5m** contribution to the Adults Transformation Reserve to build resilience for the Health and Adult Social Care budget in the medium term as there continues to be immense uncertainty about the impact / legacy of COVID-19
  - **£877,000** contribution to the Adults Digital Reserve to support expenditure within the Digital Programme that has been rephased into 2021/22
  - **£501,000** contribution to the Grants Equalisation Reserve to be utilised in 2021/22 to reflect the rephasing of expenditure into 2021/22
  - **£136,000** contribution to the COVID Equalisation Reserve for use in 2021/22 relating to under spends following the maximisation of COVID specific grants
  - **£294,000** contribution to the Ambition Reserve due to slippage of Mental Health projects for use in 2021/22
  - **£200,000** contribution to the Reserve for Future Capital Funding to support a Capital refurbishment project in 2021/22
  - **£17,000** contribution to the Adults Safeguarding Board Partnership Reserve.
  - **£15.385m** contribution to the General Balance for COVID funding that is no longer required or that has been recovered from Health

#### 10. Leader – £913,000 (11.8%) under spend

- i. The provisional outturn of **£6.84m** is **11.8%** lower than the final approved budget of **£7.753m**. After proposed adjustments, there is a **£431,000** under spend (5.6%) which represents a favourable movement of **£393,000** since the position reported at third quarter.
- ii. The under spend relates to; Garden Communities, **£270,000**, due to a review of spending plans and contribution to North Essex Advisory Board, Members Support, **£93,000**, because of some activities being limited due to the pandemic, Localities Fund, **£54,000**, because original estimates of project costs by third parties were higher than what was finally claimed and some were unable to progress because of safety restrictions still in place.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2020/21:

- Carry forward **£1.157m** to a range of services across the portfolio as set out in **Appendix C**
- **£668,000** withdrawal from the Quadrennial Elections Reserve for preparation costs for the May 2021 elections
- **£12,000** withdrawal from the Ambition Fund Reserve for the Essex 2020 project
- **£5,000** contribution to the Health and Safety Reserve returning funding for use in 2021/22 relating to the implementation of measures required in main ECC office locations to reduce the risk of COVID-19 to staff.

**11. Performance, Business Planning and Partnerships – £345,000 (12.9%) under spend**

- The provisional outturn of **£2.324m** is 12.9% lower than the final approved budget of **£2.669m**. After proposed adjustments, there is a **£60,000** under spend (2.2%) which represents a favourable movement of **£50,000** since the position reported at third quarter.
- The underlying under spend and the movement from third quarter relates to delays on projects such as Website Accessibility Phase 2, Digital Strategy, Digital Accessibility and Intranet Discovery with the majority of spend now taking place in 2021/22.
- Approval is sought to the following actions as a consequence of the provisional outturn position for 2020/21:
  - Carry forward **£259,000** to Service Design for work to be undertaken on enabling digital platforms and intranet discovery projects, as set out in **Appendix C**
  - **£3,000** withdrawal from the Renewal Fund Reserve due to additional work within Service Design due to the pandemic.

**12. Customer, Communities, Culture and Corporate Recharged Support Services: £3.436m (5.2%) under spend**

- The provisional outturn of **£62.511m** is 5.2% lower than the final approved budget of **£65.947m**. After proposed adjustments, there is a **£143,000** under spend (<1%) which represents an adverse movement of **£25,000** since the position reported at third quarter.
- The under spend is driven by a Corporate Systems Programme under spend, lower consumption of utilities on the Core estate and income from staff recharges and other local authorities relating to Legal.
- Approval is sought to the following actions as a consequence of the provisional outturn position for 2020/21:
  - Carry forward **£2.252m** to a range of services across the portfolio service, as set out in **Appendix C**

- **£1.187m** contribution to the Technology Solutions Reserve relating to return of funding drawn down in year now required for use in 2021/22 in respect of the Corporate Systems project (**£967,000**) and Social Care Platform project (**£220,000**)
- **£259,000** withdrawal from the Transformation Reserve relating to redundancies costs associated with the new Occupational Health contract (**£143,000**), Business Services additional workload (**£54,000**), the New Ways of Working project (**£48,000**) and resourcing for a dedicated recruitment consultant for Delivery and Assurance (**£14,000**)
- **£84,000** contribution to the Transformation Reserve to be used in 2021/22 for Technology Services projects (**£32,000**) and the Workforce Strategy project (**£52,000**)
- **£82,000** contribution to the Reserve for Future Capital Funding to support capital expenditure on the networking and communications contract (DUCL) within Technology Services
- **£72,000** withdrawal from the Renewal Fund Reserve for Entry Level Employment staffing (**£41,000**) and additional work due to the pandemic (**£31,000**) both within Human Resources
- **£19,000** contribution to the Public Law Partnership Reserve

### 13. Finance Recharged Support Services **£4.856m (23.1%) under spend**

- The provisional outturn of **£16.161m** is 23.1% lower than the final approved budget of **£21.017m**. After proposed adjustments, there is a **£2.591m** under spend (12.3%) which represents a favourable movement of **£3.079m** since the position reported at third quarter.
- Within the position there is an under spend of **£4.006m** relating to the Insurance Cost Recovery Account, partly due to recommendations in the annual Actuarial report (£3.390m) in relation to the level of provision the authority should hold as a result of a reduction in the number of Employers Liability and Public Liability claims. Also received in year was **£1.238m** in relation to recovery of a historic income claim relating to Highways claims. Offsetting this is a pressure caused by under-recovery of income in relation to Schools Insurance where legislation has now changed, and as such, ECC are insuring a smaller than planned number of schools.
- Approval is sought to the following actions as a consequence of the provisional outturn position for 2020/21:
  - Carry forward **£1.027m** to the offset pressures in the following services: Procurement (£370,000), Finance (£349,000) and Technology Services (£308,000), as set out in **Appendix C**
  - **£1.238m** contribution to the Insurance Reserve in respect of recovery of income relating to Highways claims.



**14. Leader Recharged Support Services - £2,000 (<1%) under spend**

- i. The provisional outturn of **£2.773m** is less than 1% lower than the final approved budget of **£2.775m**. After proposed adjustments, there is a **£83,000** under spend (3%) which represents a favourable movement of **£110,000** since the position reported at third quarter.
- ii. The under spend is driven by Communications and Marketing where COVID related spend was funded from COVID reserves
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2020/21:
  - Carry forward **£46,000** to support temporary staffing within Communications to undertake campaign work including promotion of the new Organisational Plan and budget and domestic abuse support, as set out in **Appendix C**
  - **£111,000** withdrawal from the COVID Equalisation Reserve to cover media campaign costs relating to the pandemic such as advertising for surge testing and “Stop the Spread” campaign within Communications and Marketing
  - **£16,000** withdrawal from the Ambition Fund Reserve relating to the Just About Managing project to cover the costs associated with the Working Families Initiative including summer child care activity packs

**15. Performance, Business Planning and Partnerships Recharged Support Services: £822,000 (8.5%) under spend**

- i. The provisional outturn of **£8.854m** is 8.5% lower than the final approved budget of **£9.676m**. After proposed adjustments, there is a **£67,000** over spend (<1%) which represents an adverse movement of **£75,000** since the position reported at third quarter.
- ii. The under spend is driven by Local Government Reform funding no longer required and project management costs funded by COVID specific grants.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2020/21:
  - Carry forward **£317,000** for a variety of services across the portfolio, as set out in **Appendix C**
  - **£572,000** contribution to the Transformation Reserve relating to Local Government reform (**£468,000**) and Project management costs (**£104,000**) for use in 2021/22.

**16. Other Operating Costs (interest, financing and dividends) - £2.755m under spend**

- i. The underlying position comprises under spends on interest payable and on revenue provision for the repayment of debt. The under spend on interest payable arose because it did not prove necessary to secure any new external

loans during the year. The under spend on revenue provision for the repayment of debt (referred to as Minimum Revenue Provision or MRP) resulted from financing less of the 2019/20 Capital Programme from borrowing than was anticipated when the 2020/21 budget was set. Additionally, in year, non-budgeted dividends were received.

- ii. Approval is sought to the following action as a consequence of the provisional outturn position for 2020/21:
  - Carry forward **£1.861m** to the following services: Central and other Operating Costs (£600,000); Technology Services (£165,000); Finance (£210,000); Procurement (£153,000) and support for the Corporate Finance Review (£733,000), as set out in **Appendix C**
  - **£852,000** contribution to the Ambition Fund Reserve relating to the Essex Cares Dividend
  - **£42,000** contribution to the Collection Fund Risk Reserve

**17. Other Operating Costs (General Government Grants) - £4.645m (3.7%) increase of funding budget**

- i. The higher than budgeted general government grant funding is predominantly due to Waste PFI credits received this financial year
- ii. Approval is sought to the following action as a consequence of the provisional outturn position for 2020/21:
  - **£4.141m** contribution to the Waste Reserve in respect of PFI credits received during the financial year

## Appendix E – Trading Activities

### Trading Activities Summary

2019/20 Actual		Original Budget £000	Final Budget £000	2020/21 Provisional Outturn £000	Variance £000	Variance %	Rag status
(15,708)	Income	(7,518)	(7,384)	(7,054)	330	(4.5%)	●
15,034	Expenditure	7,004	7,412	6,701	(711)	(9.6%)	●
-	Financing Items	-	-	-	-	-	■
(674)	(Surplus)/Deficit	(514)	28	(353)	(381)	(1360.7%)	●
497	Appropriations	430	(111)	(160)	(49)	44.1%	●
(177)	Net (increase) / decrease in revenue reserves	(84)	(83)	(513)	(430)	518.1%	●
	Analysis of net (increase) / decrease in Trading Activities reserves						
53	Music Services	-	-	(113)	(113)	-	■
(230)	Place Services	(84)	(83)	(400)	(317)	381.9%	●
(177)	Net (increase) / decrease in revenue reserves	(84)	(83)	(513)	(430)	518.1%	●
2019/20					2020/21		
Closing					Opening	Closing	
Balance					Balance	Balance	
£000					£000	£000	
(828)	Total Reserves Balance				(828)	(1,341)	

## Appendix F – Trading Activities – Detailed commentary

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

### 1. Music Services

- i. The trading activity increased its accumulated revenue reserves in 2020/21 by **£113,000** (compared to a 'break even' financial target) due to a reduction in the bad debt provision and the cancellation of activities planned in March.

### 2. Place Services

- i. The trading activity increased its accumulated revenue reserves in 2020/21 by **£400,000** (which was **£317,000** more than budgeted). This is driven by:
  - Additional income of **£252,000** with an increase in planning application numbers and Legacy Grazing sales
  - Reductions in cost of **£65,000** due to a change in the delivery model for training.

## Appendix G – Capital payments and financing summary

	Original Approval	Final Approval	Actual	Variance
	£000	£000	£000	£000
Children and Families	1,040	545	454	(91)
Customer, Communities, Culture and Corporate	5,564	5,416	8,962	3,546
Deputy Leader and Infrastructure	134,736	129,429	122,423	(7,006)
Economic Development	20,960	20,640	9,310	(11,330)
Education and Skills				
Local Authority Controlled	58,163	41,351	39,602	(1,749)
Schools Controlled	1,061	1,523	969	(554)
Environment and Climate Change	4,479	3,807	2,353	(1,454)
Health & Adult Social Care	421	208	198	(10)
Leader	8,362	11,972	12,764	792
<b>Total payments to be financed</b>	<b>234,786</b>	<b>214,891</b>	<b>197,035</b>	<b>(17,856)</b>
<b>Financed by</b>				
Unsupported borrowing	102,557	86,781	67,837	(18,944)
Grants and contributions	111,407	118,529	125,821	7,292
Capital receipts	14,580	9,581	3,377	(6,204)
Reserve for future capital funding	6,242	-	-	-
<b>Total financing</b>	<b>234,786</b>	<b>214,891</b>	<b>197,035</b>	<b>(17,856)</b>

## Appendix H – Capital Variance Plan (Summary)

	2020/21				2020/21	2021/22
	Slippage	Additions	Reductions	Advanced Works	Changes	Changes
	£000	£000	£000	£000	£000	£000
Children and Families	(83)	-	(8)	-	(91)	83
Customer, Communities, Culture and Corporate	(44)	3,722	(230)	98	3,546	(54)
Deputy Leader and Infrastructure	(8,570)	4,940	(3,799)	423	(7,006)	8,147
Economic Development	(4,129)	2,722	(10,971)	1,048	(11,330)	3,081
Education and Skills						-
Local Authority Controlled	(2,994)	70	(752)	1,927	(1,749)	1,067
Schools Controlled	(617)	72	(9)	-	(554)	617
Environment and Climate Change	(1,243)	34	(245)	-	(1,454)	1,243
Health & Adult Social Care	(208)	200	(2)	-	(10)	208
Leader	(144)	85	-	851	792	(707)
<b>Total payments to be financed</b>	<b>(18,032)</b>	<b>11,845</b>	<b>(16,016)</b>	<b>4,347</b>	<b>(17,856)</b>	<b>13,685</b>
<b>Financed by</b>						
Unsupported borrowing					(18,944)	
Grants and contributions					7,292	
Capital receipts					(6,204)	
Reserve for future capital funding					-	
<b>Total financing</b>					<b>(17,856)</b>	

## Appendix I – Capital Position – Detailed commentary

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

### 1. Children and Families - £91,000 (16.6%) under spend

- i. The provisional outturn of **£454,000** was **£91,000** less than the final approved budget of **£545,000**. This is largely attributable to the Adaptations programme, which is requesting slippage for three schemes not yet completed.
- ii. Approval is sought to reprofile **£83,000** into future years, and reductions to the programme of **£8,000**.

### 2. Customer, Communities, Culture and Corporate - £3.546m (65.5%) over spend

- i. The provisional outturn of **£8.962m** was **£3.546m** above the final approved budget of **£5.416m**. The main reason for the over spend is in relation to the technical accounting adjustment for the implementation of the Flexible Use of Capital Receipts strategy, where £3.377m of capital receipts were used to fund revenue expenditure in relation to the Corporate Systems Project.
- ii. Approval is sought to reprofile **£44,000** into future years, additions to the programme of **£3.722m**, reductions to the programme of **£230,000** and to advance **£98,000**.

### 3. Deputy Leader and Infrastructure - £7.006m (5.4%) under spend

- i. The provisional outturn of **£122.423m** was **£7.006m** less than the final approved budget of **£129.429m**. The main reasons for the under spend are set out below:
- ii. **Major Schemes - £2.5m under spend** due to the following factors
  - Slippage of £775,000 into 2021/22 relating to delays in scheduling of works around the Colchester ITP roundabout due to the pandemic and the repairs that are required to the railway bridge that have been identified during the works. These are now to be completed by summer 2021.
  - Slippage of £750,000 relating to Fairglens Interchange scheme, previously flagged as a risk. Tenders have been assessed and contractors provisionally appointed however, work cannot commence until land issues are resolved
  - Slippage (£521,000) within Advance Scheme Design due to delays in agreeing which schemes to proceed with for Active Travel and design work delays in LCWIP (Local cycling and walking infrastructure programme) schemes. These will now be progressed in 2021/22.
  - Slippage of £462,000 within Basildon ITP resulting in delays from getting legal funding agreements set up for the bus station works to be commenced.

- An addition of £379,000 to Colchester ITP, being requested from Bridges (within Highways Maintenance capital programme) to allow for the works identified during the Colchester ITP roundabout mentioned above.
  - Additions of £134,000 in relation to Chelmsford Growth Area for the Tindal Square project which have been incurred ahead of funding being received from Chelmsford City Council. Funding will be claimed, in full, on a retrospective basis once costs are known.
- iii. **Highways Maintenance - £103,000 over spend** owing to the following:
- Slippage into 2021/22 of £113,000 within Bridges due to delays in two projects originally commencing in March
  - Additions of £500,000 within Road Maintenance that will be funded in full by DfT grant received earlier in the financial year
  - Reduction of £300,000 within Bridges in support of the works identified to the railway bridge as part of the Colchester ITP project (major schemes)
- iv. **BDUK Superfast Broadband - £4.6m under spend** as a result of conversations with suppliers funding has been rephased to match the anticipated delivery timetable, meaning the milestone trigger points will not be met in order to allow the milestone payments to be made in this financial year. These are now expected to be made in 2021/22.
- v. Approval will be sought to reprofile **£8.57m** into future years, additions to the programme of **£4.94m**, reductions to the programme of **£3.799m** and to advance **£423,000**.

#### 4. **Economic Development - £11.33m (54.9%) under spend**

- i. The provisional outturn of **£9.31m** was **£11.33m** less than the final approved budget of **£20.64m**. The under spend is mainly due to the following:
- £3.712m slippage due to delays in signing funding agreements for a number of projects including Swan Modular Housing, Colchester Northern Gateway, Essex Pedal Power and Nexus Harlow. The funding will be phased into 2021/22 to enable the projects to be delivered in full.
  - £560,000 addition for Flight Path where LGF funding bid has been approved and awarded and the scheme has commenced.
  - Essex County Hospital addition of £2.1m relating to early land purchase
  - A reduction following the technical adjustment relating to projects transferring to Essex Housing LLP. The Council will transfer the housing development sites to the LLP during 2021/22 at a price that reflects the market value of the sites and includes the pre-construction costs being treated as abortive by the Council. This is in line with the Cabinet decisions taken in December 2020. These costs were previously part of the capital programme, but given the asset transfer need to transfer to revenue. There is also a reduction of £700,000 on the Essex County Hospital and St Peters College schemes due to lower than anticipated demolition costs, and further reductions on Rocheway (£565,000) where the contractors are reporting lost construction time due to adverse weather conditions and COVID-19 restrictions.



- £967,000 Braintree H120 Enterprise advanced works where contracts have been agreed. This is a GBF scheme where the grant funding needs to be fully spent and all works completed by March 2022.
- ii. Approval is sought to reprofile **£4.129m** into future years, additions to the programme of **£2.722m**, reductions to the programme of **£10.971m** and advanced works of **£1.048m**.

## 5. Education and Skills - £1.749m (4.2%) under spend

- i. The provisional outturn of **£39.602m** was **£1.749m** less than the final approved budget of **£41.351m**. The under spend is driven by the following:
  - Slippage of **£2.994m** related to Local Authority Controlled items consisting of Tendring Secondary £471,000 slippage due to the modular units required for Clacton County High and Colne Community School not being delivered to site until after the year-end. Slippage for Castle Point Basic Need (£418,000) due to unforeseen need to increase funding on some projects as per initial scoping now required in 2021/22. Finally slippage for Harlowbury Primary School (£335,000), where the legal site transfer and a deed of variation are required, before construction can begin. **£752,000** reduction due to Clacton County High following a revised scope of works.
  - This is offset by **£1.927m** advanced works mainly relating to Special Schools due to Wickford PRU (£1m) and Paxman PRU (£218,000) as the contractor's forecasts indicated that spend on site would be ahead of the current budget profile.
- ii. Approval is sought to reprofile **£2.994m** into future years, additions to the programme of **£70,000**, reductions to the programme of **£752,000** and to advance **£1.927m**

## 6. Environment and Climate Change Action - £1.454m (38.2%) under spend

- i. The provisional outturn of **£2.353m** was **£1.454m** less than the final approved budget of **£3.807m**. With the under spend relating to the following:
  - Slippage of £776,000 for Green Homes Grant where there has been an extension given to June 2021 to deliver the project.
  - Slipping funding of £113,000 for Estate Energy Storage into next year due to delays with the Decarbonisation Grant upon which this project is dependant.
  - £177,000 slippage for Country Parks Maintenance where delays in obtaining the Environment Agency license has pushed completion of the Thorndon sewage system back by 8 to 10 weeks, taking it into 2021/22.
  - Reduction of £168,000 in relation to Flood where the contractor has confirmed that they have had an efficiency on one of the schemes to be delivered this year.
- ii. Approval is sought to reprofile **£1.243m** into future years, additions to the programme of **£34,000** and reductions to the programme of **£245,000**

**7. Health and Adult Social Care - £10,000 (4.8%) under spend**

- i. The provisional outturn of £198,000 is broadly online with the budget of £208,000.
- ii. Approval is sought for additions to the programme of £200,000 to improve the facility at Bridgemarsh, to reprofile £208,000 into future years, and for reductions to the programme of £2,000

**8. Leader - £792,000 (6.6%) over spend**

- i. The provisional outturn of **£12.764m** was **£792,000** more than the final approved budget of **£11.972m**. The over spend is driven by the advance works of Colchester Rapid Transit System relating mainly to the groundwork investigation and design works in relation to a petrol station being brought forward.
- ii. Approval is sought to reprofile £144,000 into future years, additions to the programme of £85,000 and to advance £851,000

**9. Schools Controlled – £554,000 (36.4%) under spend**

Approval is sought to re-profile **£617,000** into future years and net addition to the scheme of **£63,000** in relation to the Schools Devolved Formula Capital grant and schools cash balances, which the authority holds on behalf of Essex Schools and have no control over the spend, for transactions that do not meet the capitalisation criteria.

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

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

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

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

## Appendix K – Restricted use and other revenue reserves

EARMARKED RESERVES							
	Balance at 1 April 2020  £000	2020/21 movements		Balance at 31 March 2021  £000	2021/22 estimated movements		
		Contributions to reserves  £000	Withdrawals from reserves  £000		Budgeted approp to/(from) reserves  £000	(Withdrawals) / Contributions  £000	Est. Balance at 31 March 2022  £000
Restricted use							
Grants equalisation reserve	49,853	39,845	(39,289)	50,409	-	(31,011)	19,398
COVID equalisation reserve	-	38,505	(1,009)	37,496	28,808	(60,000)	6,304
PFI equalisation reserves					-		-
A130 PFI	39,278	1,822	(4,652)	36,448	(9,255)		27,193
Clacton secondary schools' PFI	532	479	(271)	740	-	104	844
Debden PFI	630	835	(501)	964	-	513	1,477
Building Schools for the Future PFI	233	590	-	823	-	159	982
Waste reserve	112,276	4,574	-	116,850	(6,344)	(1,792)	108,714
Schools					-		-
General	34,642	11,378	(2,419)	43,601	-	-	43,601
DSG Deficit Reserve	(5,359)	5,359	-	-	-	-	-
Partnerships	1,458	426	(120)	1,764	-	-	1,764
Trading activities	828	513	-	1,341	(304)	304	1,341
Total restricted use	234,371	104,326	(48,261)	290,436	12,905	(91,723)	211,618
Future capital funding	1,905	7,942	-	9,847	3,074	(3,074)	9,847
Other revenue reserves							
Adults Digital programme	2,869	877	(2,458)	1,288	-	(1,288)	-
Adults Risk reserve	-	-	-	-	10,089	-	10,089
Adults Transformation	-	3,500	-	3,500	-	-	3,500
Ambition Fund	3,971	13,819	(1,212)	16,578	2,700	(9,200)	10,078
Capital receipts pump priming	3,204	1,000	-	4,204	-	-	4,204
Carry Forwards Reserve	14,804	19,933	(13,464)	21,273	(3,260)	(18,013)	-
Childrens Transformation	-	1,314	-	1,314	-	-	1,314
Collection Fund investment risk reserve	1,412	2,617	-	4,029	12,418	-	16,447
Commercial Investment In Essex Places reserve	12,583	-	-	12,583	-	-	12,583
EES Pension Deficit reserve	4,000	-	-	4,000	-	-	4,000
Essex Climate Change Commission reserve	250	5,000	(250)	5,000	-	-	5,000
Emergency Reserve	-	33,069	(20,505)	12,564	4,000	(4,000)	12,564
Health and Safety Reserve	3,100	681	(969)	2,812	2,038	(371)	4,479
Insurance	7,411	1,238	(1,151)	7,498	-	-	7,498
Quadrennial Elections reserve	1,093	500	(668)	925	500	(1,425)	-
Renewal Fund	2,900	26,018	(1,018)	27,900	-	-	27,900
Technology Solutions	3,785	9,129	(4,165)	8,749	10,000	(13,940)	4,809
Transformation	37,401	25,705	(8,420)	54,686	5,480	(18,000)	42,166
Other reserves	3,958	1,226	(815)	4,369	600	-	4,969
Total other revenue reserves	102,741	145,626	(55,095)	193,272	44,565	(66,237)	175,969
Total	339,017	257,894	(103,356)	493,555	60,544	(161,034)	397,434

## Appendix L – General Balance

GENERAL BALANCE	
General Balance	£000
Actual Balance 31 March 2020	56,439
2020/21 Original Budget withdrawal	-
<b>Opening Balance 1 April 2020</b>	<b>56,439</b>
<b>Subsequent movements</b>	
Approved contributions	73,571
Approved withdrawals	(57,568)
<b>Budgeted balance at 31st March 2021</b>	<b>72,442</b>
<b>Movements as a consequence of the Revenue Outturn Position</b>	
<b>Contributions</b>	
Underlying under spend	11,482
Return of unspent supplementary funding	15,714
<b>Withdrawals</b>	
Redirect Covid Funding to earmarked revenue reserves	(31,542)
<b>Actual balance at 31 March 2021</b>	<b>68,096</b>

## Appendix M - Reassignment of COVID Emergency Grant

Value to replenish ECC Funds / Transfer COVID emergency grant to COVID Equalisation Reserve £000	
COVID Equalisation	2,258
Emergency	6,288
Health and Safety	428
Renewal Fund	21,038
Transformation	1,530
<b>Value of COVID emergency grant to transfer from the General Balance</b>	<b>(31,542)</b>

## Appendix N – Prudential Indicators

Prudential Indicators - Summary			
		Approved Indicator	Provisional Outturn
Affordability			
Incremental impact on Council Tax of 2020/21 and earlier years' 'starts'	£	£93.03	£100.78
Ratio of financing costs to net revenue streams (excl. gen. govnt. grant )	%	9.4%	8.4%
Ratio of financing costs to net revenue streams (incl. gen. govnt. grants )	%	8.7%	7.4%
Prudence			
Net borrowing and Capital Financing Requirement		Net borrowing is below the medium term forecast of the CFR	
Capital Expenditure			
Capital expenditure	£m	235	197
Capital Financing Requirement (excluding credit arrangements )	£m	1,040	990
External Debt			
Authorised limit (borrowing only )	£m	930	N/A
Operational boundary (borrowing only )	£m	810	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	930	454
Debt		100.0%	99.9%
Investments		100.0%	80.0%
Upper limit for exposure to variable rates			
Net exposure	£m	279	241
Debt		30.0%	4.6%
Investments		100.0%	58.0%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40.0%	3.0%
12 months & within 24 months	%	40.0%	2.3%
24 months & within 5 years	%	40.0%	6.0%
5 years & within 10 years	%	40.0%	15.3%
10 years & within 25 years	%	78.0%	32.0%
25 years & within 40 years	%	40.0%	29.1%
40 years & within 50 years	%	20.0%	0.0%
50 years & above	%	20.0%	12.5%
Total sums invested for more than 364 days			
Authorised limit	£m	50	N/A
Actual sums invested (maximum position during year )	£m	N/A	10
Summary			
All Treasury Management activities have been undertaken in accordance with approved policies and procedures.			
External debt is within prudent and sustainable limits.			
Credit arrangements have been undertaken within approved indicators.			
Maturity Structure of borrowing: maturity dates for market loans are based on the next review date, not the final maturity date.			



## Appendix O – Treasury Management Summary

TREASURY MANAGEMENT SUMMARY - 2020/21						
	Actual Balance 1 April  £000	Movements			Balance at 31 March  £000	Interest payable / (earned) to date £000
		Raised  £000	Repaid  £000	Net movement  £000		
<b>Borrowing</b>						
Long Term	616,709	1,495	(18,364)	(16,869)	599,840	20,951
Temporary	1,977	19,168	-	19,168	21,145	-
<b>Total External Borrowing (A)</b>	<b>618,686</b>	<b>20,663</b>	<b>(18,364)</b>	<b>2,299</b>	<b>620,985</b>	<b>20,951</b>
<b>Investments</b>						
Long Term	10,000	-	-	-	10,000	(454)
Temporary	402,800	167,000	-	167,000	569,800	(638)
<b>Total External Investments (B)</b>	<b>412,800</b>	<b>167,000</b>	<b>-</b>	<b>167,000</b>	<b>579,800</b>	<b>(1,092)</b>
<b>Net indebtedness (A-B)</b>	<b>205,886</b>	<b>(146,337)</b>	<b>(18,364)</b>	<b>(164,701)</b>	<b>41,185</b>	<b>19,859</b>

  

<b>Borrowing</b>	
Average long term borrowing over period to date (£000)	<b>599,350</b>
Opening pool rate at 1 April 2020	<b>3.38%</b>
Weighted average rate of interest on new loans secured to date	<b>N/A</b>
Average pool rate for year	<b>3.47%</b>
<b>Investments</b>	
Average daily cash balance over period to date (£000)	<b>584,647</b>
Average interest earned over period	<b>0.22%</b>
Benchmark rate - average 7 day LIBID rate	<b>-0.07%</b>