

Essex County Council

Revenue Budget 2017/18

Capital Programme 2017/18

Appendix A



Essex County Council

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Executive Summary

Overview

The core function of Essex County Council (The Council) is to make a positive contribution to the people, businesses and communities of Essex by providing the most effective and efficient services to the residents of the county.

The budget for 2017/18 sets out how the Council will spend a gross budget (including schools) of **£1,824m** and a capital programme of **£263m**.

The Council's funding must meet the needs of this and future years across areas such as education improvement and school places, highways, and social care to vulnerable adults and children.

This budget proposes a still greater capital investment across areas such as education, independent living, housing supply and highways.

Financial context

The Council has a legal responsibility to operate within a balanced budget while maintaining appropriate reserves, and a moral responsibility to minimise the burden on its taxpayers. It follows that the Council must continuously and endlessly seek new efficiencies and ever higher measures of achievement.

The Council has an outstanding track record of delivering value to its tax-paying residents. The Council has delivered over **£597m** of savings in the last 7 years (**£293m** over the last four years) by driving out inefficiency, generating income and reducing costs, and the budget now presented is based on delivering a further **£106m** in 2017/18. This track record has enabled the Council not only to maintain services in new and improved ways at lower cost, but also to invest for the future so that Essex is a better place in which to live and work.

The challenge of balancing the budget is enhanced by the Government policy of reducing general subsidy to local councils and increasing the National Living Wage (NLW). The Council can expect higher inflation generally. It is seeing increased demand for its services and, while many of these can be planned for, the scale of growth in Adult Social Care has exceeded expectations. Whilst the Council will continue to innovate internally and to work with key stakeholders such as the National Health Service (NHS), it will be both responsible and necessary to fully utilise the 3% Social Care precept facility offered by government.

The Revenue Support Grant will be phased out completely by 2020 (a **£44m** reduction in 2017/18) so County Council income will be derived from remaining specific grants, council tax, business rates (where the exact formula for 100% retention across the country has yet to be established), fees and charges and other trading revenues. Its responsibility to taxpayers demands focus on the generation of discretionary revenues, where the Council employs commercial thinking in all that it does and encourages payment for services where there is a demand for them and an ability to pay. Progress across these fronts enables the Council to freeze general Council Tax in this budget after deployment of the 3% social care precept for the 5th time in 6 years.

The council tax for a band D property will be **£1,163.70; this is an increase of under 65p per household per week.**

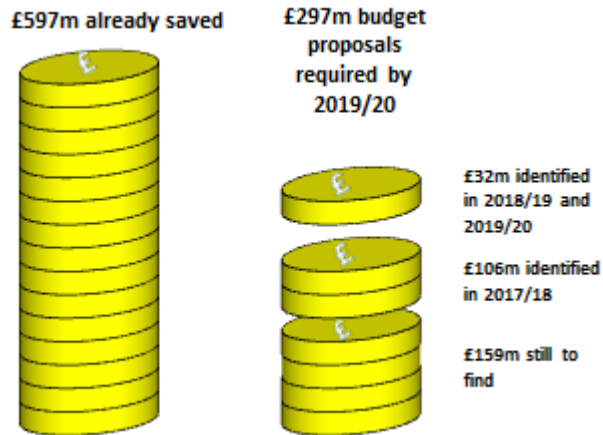
The revenue budget can be viewed at three levels. Including the budget for schools it totals **£1,824m**. Excluding schools the gross budget is **£1,244m**, which reduces to **£913m** when specific government grants, fees and charges and other income is taken into account. That **£913m** is funded by council tax (**£610m**), business rates (**£168m**), revenue support grant (**£74m**) and general government grants (**£61m**). It is calculated net of the revenue the Council generates, from activities such as trading revenues (**£18m**) and social care client contributions (**£81m**).

As previously explained the Council's responsibility is to ensure effective services not just for today, but for the future. Revenue budget stringency enables scope for greater capital expenditure, and this Council is committed to prudent gearing – that is, it will not create an interest burden from borrowing which precludes service provision in future years. Despite this, and thanks to the efficiencies being achieved elsewhere the Council is able to recommend a capital programme of **£263m**, an increase of **£39m** on that for 2016/17. Record levels of capital maintenance on highways will be maintained while there will be significant increases in education including the new Special Education Needs Network. The programme includes investment in independent living schemes for older and vulnerable adults, in generating greater supply of housing and in schemes to promote economic growth. The Council is determined to achieve the best service for residents in the most efficient way, this demands that it fully exploits the digital opportunity. The Council is developing a council wide digital strategy and has committed to spend **£7m** over the next 2 years specifically on adult social care.

Financial Strategy 2017/18 – 2019/20

This budget is underpinned by a financial strategy to ensure the financial sustainability of the Council and to deliver essential services to residents, whilst keeping council tax as low as possible. This will continue to be achieved by focussing on increasing income generation and delivery of its commercial strategy.

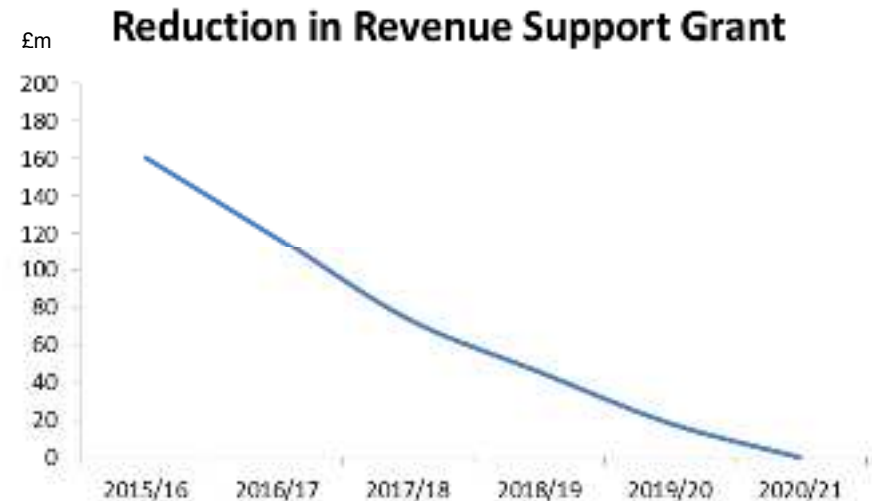
Over the last 7 years the Council has generated savings to taxpayers of over **£597m**, and is budgeted to find a further **£106m** of new savings by the end of 2017/18 (**12%** of net budget). The Council has an outstanding track record both in term of delivering savings, generating income and delivering value to its residents, with a constant focus on strategic outcomes and financial prudence.



The **£106m** of budget proposals relate to process and back office efficiencies, improved targeting of resources and preventative measures, including a more targeted approach of support to families and increased focus on supporting vulnerable people to live independently. There are also efficiencies from organisation redesign including **£1m** from senior leadership.

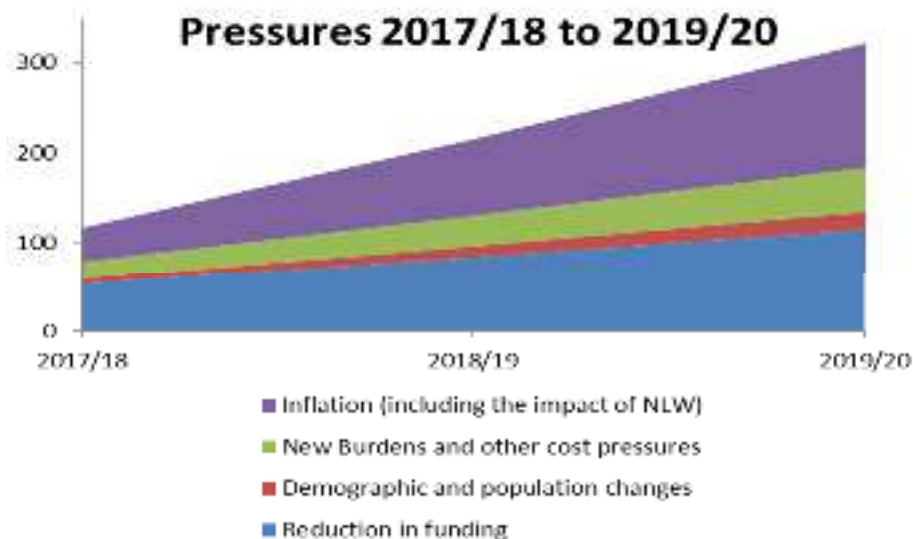
The Council has worked closely with the Districts to improve council tax collection rates, through local schemes and the implementation of a fraud campaign. This will see an expected growth in council tax in 2017/18 of **£4m** (before the precept).

In 2016/17, the Council accepted the offer from Central Government for a multi year settlement, in return for an efficiency plan. The settlement provides the Council with surety of government funding to 2019/20. Government funding reduces significantly over this period - with revenue support grant falling to zero by 2020/21. Today RSG represents 8% of its funding.



The funding position beyond 2019/20 is unknown due to the implementation of a new approach to business rates from 2020/21, which will allow the Council to retain more of the business rates raised locally, in exchange for additional responsibilities which are yet to be determined. This will be a significant change to the way the Council is funded, but will provide greater financial independence, and incentives to push for local growth and pioneer new models of public service delivery. Importantly it will also improve local accountability as locally raised tax becomes the core funding source.

As well as reductions in Central Government funding, the Council faces significant cost pressures over this period due to inflation (including NLW which rises to an additional **£96m** by 2020/21), demographics and new legislation such as the Apprenticeship Levy.



Medium Term Resource Strategy (MTRS)

Alongside the implementation of the Corporate Strategy work will continue during 2017/18 to identify options to close the funding gap beyond 2018. The Council is fully cognisant of the challenges that it faces, but is determined to transform how it operates to tackle this enormous financial shift. The Council operates a Transformation and Efficiency programme which is central to delivering the savings and generate the income required to reach a balanced budget position but also to deliver fundamental change in the way it works both internally and with partners. This will be driven by its new organisational principles and is a key part of the Council's Strategic Direction (see page 17).

The updated MTRS is set out below.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Net Cost of Services	935	913	950	1,020
Funding	(935)	(913)	(906)	(905)
Gap	-	-	44	115

The total savings still to find over the medium term period is **£159m**, which along with the savings already proposed, equates to total savings of **£297m**.

There will be an enhanced focus on commercialism. This is not about privatisation; it is about operating County Council services in ways that generate value for residents, and where residents are willing to pay a fair price where they can afford to do so. The capital programme will similarly have elements which result in greater revenues thus reducing the burden on taxpayers. Country parks are an outstanding example, where

investment in attractions has resulted in greater usage, higher satisfaction and reduced subsidies.

Capital

The capital programme presented is fully developed for 2017/18 and the 3 year programme represents the ongoing commitment of the existing and 2017/18 programme together with recurring maintenance activity.

The longer term capital programme aspirations are significant. The Council continues to develop the future programme of investment to ensure that it is affordable within the financial envelope available and it is for this reason that it only presents a detailed budget for 2017/18.

The overall vision for the capital programme is to have a diverse portfolio of activity, ensuring the continued creation of new and the quality of existing infrastructure, for the benefit of Essex residents and businesses. This must deliver value for money within an affordable financial envelope that generates income and growth, drives savings and is focused on creating better places to live and work. This is all underpinned by the needs of the people and businesses of Essex and the corporate outcomes and devolution aspirations.

The capital strategy to deliver this vision is:

- Building and maintaining a diverse capital programme which is agile and responds to residents' needs, such as providing new accommodation for older people and adults with disabilities and improving the County's flood defences.

- Ensuring activity is prioritised accordingly, with robust delivery plans in place, enabling delivery on time and at value, for example ensuring every child has a place at school and maintaining the road network.
- Ensuring external funding is leveraged, especially from development, which will maximise the financial envelope available for capital projects such as funding for road improvements (which reduce congestion and unlock housing and jobs growth) and building new schools.

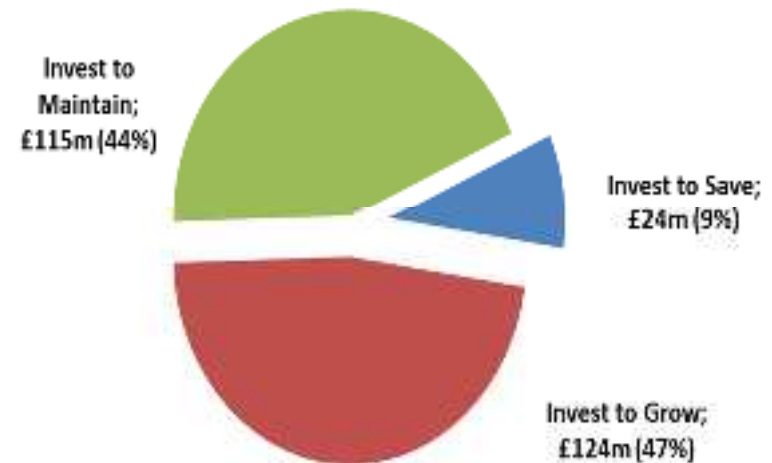
Over the last 3 years the Council has invested approximately **£222m** on improving the quality of roads and non-carriageways. As a result it has seen significant improvements in the condition of the principal road network which the Council now wish to extend into local roads and improvements to congestion in a number of key locations. Notable achievements over the last 3 years include the delivery of Park and Ride facilities, the Colchester Northern Approach Road, improvements to the A414 and significant interventions like the Sadlers Farm junction on the A13.

Continued investment is vital to achieving the Council's economic ambitions for the county. Over the next 3 years, it plans to focus more on the local road network condition together with the delivery of packages of improvement work in Chelmsford and on the A127 together with a broad range of other improvements. The Council will also develop the case for a new junction on the M11 to serve Harlow and making the A120 between Braintree and the A12 a dual carriageway. The Council continues to invest in its commitment to deliver a transport network in Essex that supports economic growth, reduces congestion and meets the future needs of its residents.

The Council has bid for funding from the Local Growth Fund and it awaits the announcement of the outcome of that process. The programme incorporates the bid on the basis that the match funding is secured. Should that funding be less than the Council has assumed it will consider the affordability of funding any shortfall given its commitment to supporting economic growth.

The Council's collaboration with Essex Schools will enable up to **£46m** investment expanding special school places over the next 3 years. This represents a step change in the provision and will help to reduce distances children need to travel, keeping them closer to their family and reducing associated costs. This is on top of the **£230m** the Council is planning to invest in mainstream education to create over 8,000 new places, ensuring all children in Essex receive the best possible education and pupils' individual needs are met. The Council's digital programme continues to develop and it expects to make a significant investment in the Digital Innovation, IT and Customer Services portfolio next year. Work is underway to develop a comprehensive strategy during the first half of 2017 which will include work in respect of the Adult Social Care portfolio, a reserve for which has been created.

ECC Capital Programme 2017/18 £263m



The total of the 2017/18 programme is **£263m**. This can be analysed as follows:

Invest to Grow totals **£124m** and includes areas where the Council is expanding its capacity, for example, economic growth schemes in infrastructure and highways, and creating new school places to meet additional demand from demographic changes and new housing developments.

Invest to Maintain totals **£115m** and includes areas where the Council is maintaining (but extending the life of) its current assets, for example highways capital maintenance.

Invest to Save/Generate Return totals **£24m** and includes areas where the Council is investing to generate a return or saving, for example accommodation for older people and people with disabilities, and the Essex Housing Programme.

2017/18 Overview

Gross expenditure to be incurred in the delivery of Council services in 2017/18 is **£1,824m**. After taking income and specific grants into account, the net costs of services amounts to **£913m**.

Budget Breakdown

	2016/17 £m	2017/18 £m
Gross Expenditure	1,773.7	1,823.6
<i>Deduct:</i>		
Income	(186.3)	(226.5)
Specific Government Grants (excluding DSG)	(113.4)	(138.5)
Specific Government Grants (DSG)	(539.2)	(545.9)
Subtotal: Net Cost of Services	934.8	912.7
<i>Deduct:</i>		
Council Tax Requirement	(570.2)	(597.1)
Revenue Support Grant	(117.9)	(73.9)
Non-Domestic Rates	(164.3)	(168.7)
Non-Domestic Rates Deficit *	2.4	0.8
General Government Grants	(54.0)	(60.7)
Withdrawal from General Balance	(19.4)	0.0
Council Tax Collection Fund Surplus *	(11.4)	(13.1)
Subtotal: Total Funding	(934.8)	(912.7)
Surplus/ (Deficit)/ Balanced budget	0.0	0.0

* Estimate of the variation of actual council tax and non-domestic rates revenue 2016/17 compared to that budgeted (technical adjustment)

A summary of the revenue budget and capital programme by portfolio is shown on pages 11 and 12.

Where Essex County Council money comes from

Breakdown of Total Net Funding

2016/17 - £935m

2017/18 - £913m



Income

Within the budget, income of **£227m** is expected in 2017/18, an increase of **£40m** when compared to 2016/17.

Breakdown of Income Streams

	2016/17	2017/18
	£m	£m
Fees and Charges	(119.8)	(124.8)
Contributions from Other Bodies	(21.7)	(63.8)
Interest Receivable	(0.7)	(0.5)
Rents and Lettings	(4.0)	(4.3)
Sales	(1.8)	(1.4)
Other Income:		
Appropriations Income *	(24.2)	(13.6)
Income Recharge	(7.4)	(9.6)
Other Recharges	(5.4)	(8.3)
Capital Grants	(0.1)	(0.1)
Dividends from Companies	(1.0)	0.0
External Income Other Accounts	(0.2)	(0.1)
TOTAL	(186.3)	(226.5)

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

The breakdown of income streams by portfolio is shown on the next page.

The significant increase in contributions from other bodies reflects a change in accounting treatment of income from health partners relating to the Better Care Fund.

Over **55%** of income shown in the above table is derived from fees and charges; of this the majority is raised from means tested charges for adult social care.

Specific Government Grants

The budget also includes **£684m** of specific government grants, the most significant of which is the Dedicated Schools Grant (**£546m**), the majority of which is passed through to

schools, and Public Health grant (**£64m**) which is ring-fenced to public health activity.

Capital Programme

The Capital Programme for 2017/18 is **£263m**. The Council will deliver its biggest ever education programme, with in excess of 2,500 new primary and secondary school places being constructed. On top of this, the Council will embark on its five year **£85m** investment programme to provide 400 new special school places for children with special educational needs in Essex (**£46m** over the three years 2017/18 – 2019/20). It will significantly accelerate its plans to bring forward ambitious housing schemes and redevelop redundant Council property to provide much needed new homes across the county, supporting independent living schemes for older people and adults with disabilities. With over **£130m** being invested in maintaining and improving the highway network, it will ensure the county keeps moving.

The Council will deliver a range of schemes to enhance, maintain and deliver new assets. Schemes such as superfast broadband and investment in libraries to make them more community based. There will be a continuation of building new primary and secondary schools, at Beaulieu Park in Chelmsford, New Hall in Harlow and a significant school expansion programme in Colchester and Loughton and delivering new specialist teaching provision in Benfleet. There is also a package of highways maintenance and road congestion busting schemes countywide to support economic growth.

Revenue Budget Summary

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
382,048	392,403	402,264	Adult Social Care	523,758	(124,537)	(496)	398,725
117,394	115,723	116,512	Children and Families	126,937	(2,192)	(11,532)	113,212
13,877	13,415	17,047	Corporate and Communities	22,029	(6,310)	(25)	15,693
1,969	2,491	2,064	Digital Innovation, IT and Customer Services	2,400	(270)		2,130
6,454	5,610	6,690	Economic Growth, Infrastructure and Partnerships	5,466	(637)		4,830
51,667	45,895	48,496	Education and Lifelong Learning	668,181	(20,604)	(602,703)	44,874
75,666	78,067	78,085	Environment and Waste	83,397	(6,914)	(105)	76,378
22,304	25,084	24,248	Finance, Commercial, Traded Services, Housing and Planning	24,910	(5,506)	(408)	18,995
29,239	23,549	23,750	Health	92,325	(2,890)	(66,336)	23,099
86,308	76,633	78,355	Highways and Transport	99,157	(21,259)	(2,841)	75,056
4,327	6,825	8,578	Leader	6,750	(139)	0	6,611
21,263	63,642	41,423	Other Operating Costs	76,543	(14,213)		62,329
14,503	14,773	13,230	Corporate and Communities RSSS	14,706	(4,691)		10,015
23,865	18,066	19,915	Digital Innovation, IT and Customer Services RSSS	19,175	(1,926)		17,249
24,268	21,736	25,718	Finance, Commercial, Traded Services, Housing and Planning RSSS	28,267	(9,759)		18,507
1			Highways and Transport RSSS	(0)			(0)
37,233	30,913	29,607	Leader RSSS	29,607	(4,655)		24,953
912,386	934,826	935,982		1,823,608	(226,504)	(684,447)	912,656

Capital Programme Summary

2015/16 Actuals £000	2016/17 Latest Budget £000	Portfolio	2017/18 Budget £000	2018/19 Budget £000	2019/20 Budget £000	Three Year Total £000
2,191	4,900	Adult Social Care	4,592	975		5,567
464	241	Children and Families	550			550
391	240	Corporate and Communities	1,201	600	595	2,396
4,310	3,704	Digital Innovation, IT and Customer Services	1,983	122	122	2,227
10,331	10,844	Economic Growth, Infrastructure and Partnerships	11,532	19,339	5,456	36,327
66,253	51,365	Education and Lifelong Learning	89,093	131,622	79,969	300,684
9,209	6,396	Environment and Waste	6,350	4,100	4,500	14,950
2,905	3,381	Finance, Commercial, Traded Services, Housing and Planning	9,213	5,663	1,030	15,906
124,147	135,486	Highways and Transport	133,474	140,626	114,537	388,637
7,332	7,521	Leader	5,368	5,000	5,000	15,368
227,533	224,078	Capital programme	263,356	308,047	211,209	782,612
Financed by:						
2015/16 £000	2016/17 £000	Financing	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
128,200	98,483	Grants	104,168	89,930	78,680	272,778
12,640	15,000	Capital receipts	15,000	10,000	10,000	35,000
13,630	15,374	Contributions	16,835	12,011	4,043	32,889
14,806	8,704	Reserves	20,266	8,169	8,122	36,557
58,257	86,517	Borrowing	107,087	187,937	110,364	405,388
227,533	224,078	Total	263,356	308,047	211,209	782,612

Dedicated Schools Grant and other education funding

Schools' expenditure, predominantly funded through the Dedicated Schools Grant (DSG), lies largely outside of the Council's control. DSG is split into 3 notional blocks, being the Schools Block, High Needs Block and Early Years Block.

The estimated School Funding Settlement for 2017/18 is shown in the table. The final DSG allocation for 2017/18 will be determined after the January 2017 Pupil Census.

The estimated allocation has increased by **£30m**, of which **£9m** will be distributed to schools as part of their general funding. The remaining increase of **£21m** relates to increased hours for child care from 15 to 30 (**£18m**) and the balance will support special educational needs.

The Department for Education will undertake a wholesale review of DSG funding in 2017/18 including proposals for a National Funding Formula for schools.

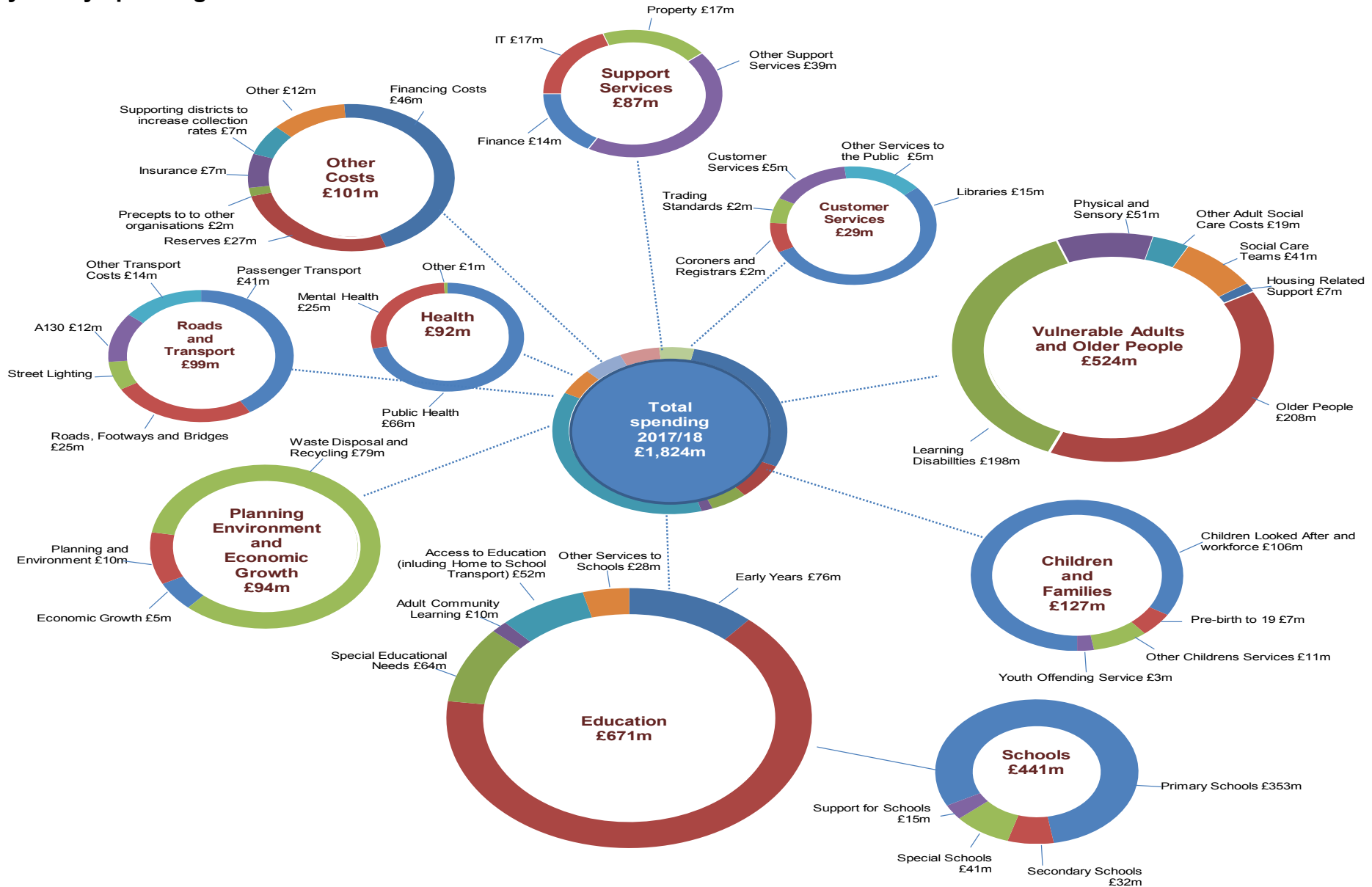
The Pupil Premium, which is a separate grant, delivers resources to schools on the basis of the number of 4 to 15 year olds who are currently or have been in the last six years entitled to a free school meal, or for looked after children or for pupils from a military background. The funding per pupil is **£1,320** for primary pupils entitled to a free school meal; **£935** for a secondary pupil entitled to a free school meal, **£1,900** for looked after children and **£300** for children from a military background. The rates per pupil remain the same as 2016/17.

The Education Services Grant (ESG) ceases in September 2017 (meaning a reduction of **£5m**). A grant of **£28** per pupil will be paid from April to August. The ESG will be partially replaced by the new School Improvement Grant, which will commence in September 2017; however the full details of the grant have yet to be announced. The School and Early Years Finance (England) Regulations have been amended to allow local authorities with the approval of Schools Forum to deduct funding from maintained schools to fund statutory duties from September 2017.

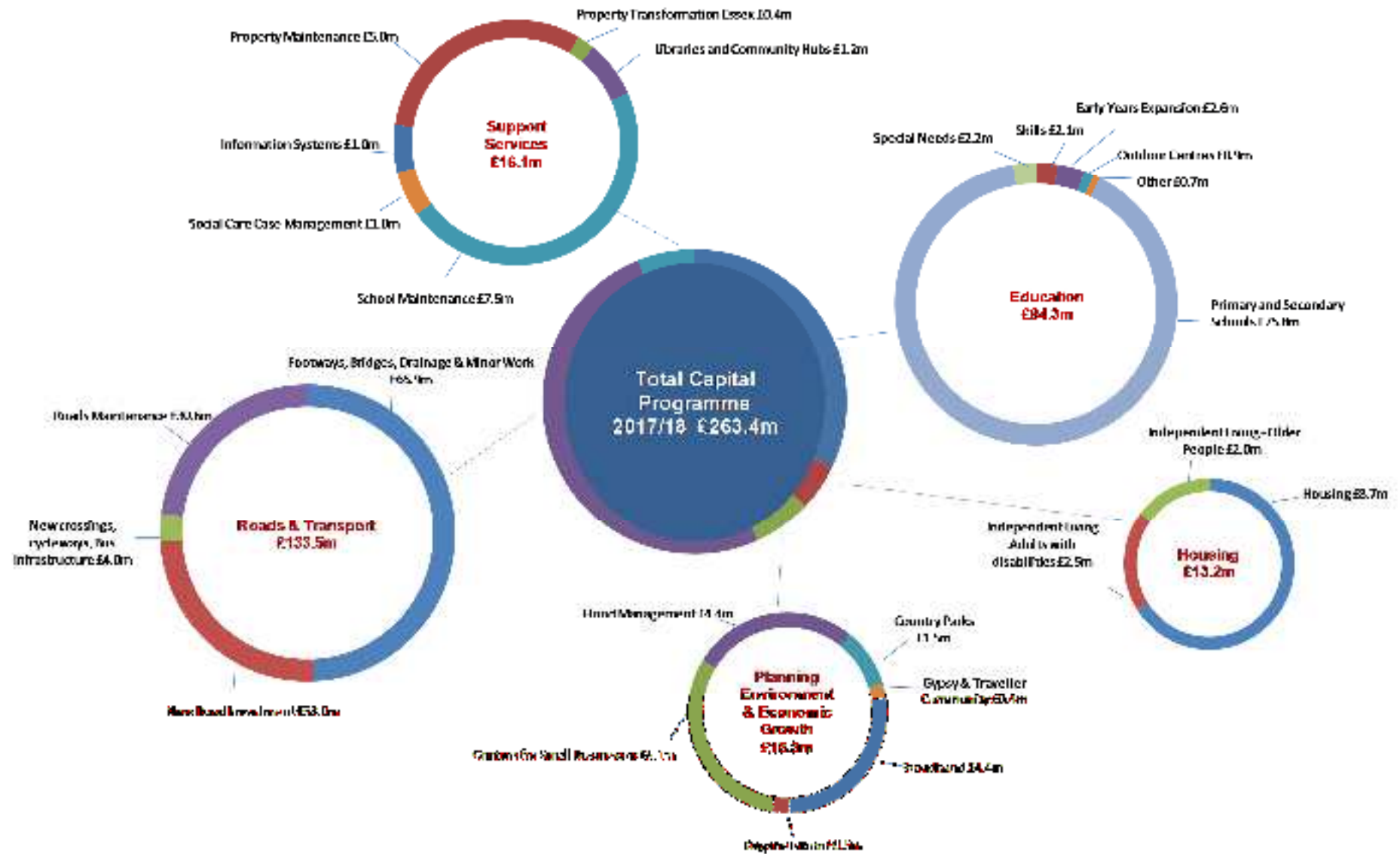
Year	Gross DSG £000	Academies Deductions £000	DSG remaining with the Council £000
2016-17(updated DSG)			
School's Block	803,200	*(460,560)	342,640
High Needs Block	126,000	*(12,510)	113,490
Early years Block	59,400	0	59,400
TOTAL	988,600	(473,070)	515,530
2017-18 (estimate)			
School's Block	819,500	*(468,129)	351,371
High Needs Block	130,400	*(12,946)	117,454
Early years Block	77,090	0	77,090
TOTAL	1,026,990	(481,075)	545,915

* the Academies deduction is based on the number of schools that have transferred to Academy status. Numbers change as more schools transfer.

Day to day spending



Capital investment programme



Council Tax Requirement

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

Statutory disclosure requirement to the £

	£
Net cost of Services	912,656,395
General Government Grants*	(60,693,598)
Budget requirement	851,962,797
Less funding available:	
RSG	73,875,659
NDR	168,652,126
NDR Surplus/(Deficit)	(822,688)
Council Tax Collection fund surplus	13,121,931
	254,827,028
Council tax requirement	597,135,769
Tax base	513,135
(Band D equivalent properties)	
Band D council tax	1,163.70

*General Government Grants includes £30m PFI grants, Transition Grant £7m, New Homes Bonus £7m, Adult Social Care Support Grant £6m.

The Band D council tax charge is **£1,163.70**. The provisional council tax charge by band is set out in the following table. This represents an increase of under **65p** per week and is due to the social care precept increase.

Provisional council tax charge by band

Council Tax Band	2016/17 £	2017/18 £
Band A	753.42	775.80
Band B	878.99	905.10
Band C	1,004.56	1,034.40
Band D	1,130.13	1,163.70
Band E	1,381.27	1,422.30
Band F	1,632.41	1,680.90
Band G	1,883.55	1,939.50
Band H	2,260.26	2,327.40

Strategic Direction

An Organisation Strategy will be developed to set out the areas of focus over the next four years and how the Council can best help achieve better outcomes for Essex and achieve the ambitions set out in the Vision for Essex. Work is underway to develop these.

Strategic aims and priorities

With limited resources, and clear legal responsibilities, it is important that the Council focuses effort where it can make the biggest contribution to residents and communities. A new Organisation Strategy will set out strategic aims that will guide and drive everything that we do over the next four years and the high level proposal is that these are:

Boosting economic growth in Essex by:

1. Improving education and skills, especially in deprived areas
2. Ensuring economic growth is inclusive
3. Improving Essex infrastructure

Ensuring care and support for people in need by:

1. Keeping vulnerable children safe and support them to fulfil their potential
2. Enabling vulnerable adults to live independently without dependency on social care
3. Promoting healthy lifestyles

Helping create great places to live, work and visit by:

1. Helping secure sufficient affordable housing to meet need

2. Helping secure sustainable development and protect the environment
3. Helping secure stronger and safer communities

Be a proactive, efficient and effective organisation by:

1. Limiting cost increases and drive growth in revenue streams
2. Working jointly with partners to shape demand
3. Increasing the digital accessibility of services

The Council will do this by building its organisational capacity and capability to deliver, through its new operating principles:

- **People - Our ambition is to be system leaders:** focused on public services working together to improve outcomes and value for money for residents
- **Partners - Our ambition is to become a collaborative organisation:** by default it will work with partners, residents and communities to jointly design the best solutions
- **Enabling: Our ambition to be an enabling and facilitating Council:** shaping the conditions for people, communities and businesses to achieve their goals
- **Processes - Our ambition is to become a digital leader:** embrace digital to transform how it works and ensure a fast, inclusive digital experience
- **Planning and Resources - Our ambition is to be financially self-sustaining:** drive efficiency and generate income to maximise investment in services

The Corporate, Service and Financial Planning framework will set out the specific actions to deliver the Strategy, encompassing the resource requirements and choices for service delivery.

Adult Social Care

Revenue Budget: £399m

Capital Budget: £5m

Key Facts:

- 16,700 care packages delivered to vulnerable adults each year
- 5,300 residential placements
- 190,000 hours of home care per week

The Adult Social Care budget for 2017/18 is **£399m**. Included within the budget figure is the assumption that the Portfolio will continue to receive the same level of Better Care Funding (**£34m**) as in 2016/17, with further guidance for 2017/18 still awaited.

The vision for Adult Social Care is to help people help themselves to live independently, enabling them to take decisions over their lives. Social care services are statutorily defined under the Health and Social Care Act with the Council's first duty to provide advice and support to people and families so that vulnerable people can be safe and in control.

The service continues to deliver strong outcomes for its customers: increasing investment in helping vulnerable adults learn or re-learn the skills they need for daily living which may have been lost through deterioration in health – this is known as Reablement.

There has been a significant fall in the number of working age adults admitted to residential care and who have moved into the community via the Increasing Independence strategy. There has been the successful introduction of the 'Good Lives' approach, which changed existing working practices to those that enable and support individuals to achieve better outcomes through their increased independence.

£340m (85%) of the budget is used in the provision of care and support packages for vulnerable adults. This can be in the form of residential care, care in the individuals own home, in the community or via a cash payment. Services are provided to those assessed as having eligible care needs and **£35m** is spent on the provision of the assessment and care management service.

With the Older People population expected to grow by 21% over the next ten years **£5m** has been added to the budget for 2017/18 to cover anticipated demographic pressures. The care market is also under significant pressure from the increasing population and cost increases. There is a need to maximise savings through working closely with health partners and care providers to develop services which focus on early intervention and reablement to reduce the need for long term care.

The Housing Related Support budget for 2017/18 of **£6m** will support prevention services for a wide range of customer groups from over the age of 16.

In 2017/18, savings and new income sources of **£55m** will be delivered through a systemic approach to meeting need sustainably within a transparent decision-making framework that can be understood by people using its support and allows

the Council to demonstrate that it has discharged its statutory duty to meet need, including:

- Increasing Independence strategy for Working Age Adults is expected to deliver **£12m** through enabling people to move away from life-long dependency on services towards an independent life accessing everyday life activities.
- The Older People's programme targets **£4m** through a joint commissioning approach with Health to increase planned contact and avoid emergency access to social care and health services. This reablement allows people to regain independence reducing their ongoing care needs.
- Continued roll out of the Good Lives programme **£2m** delivering the Care Act 2014 principles of reduce, prevent and delay, fundamentally changing social work practice to support better outcomes for service users.
- Community Equipment Retail Pathway will save **£1m** moving the Council away from delivering a managed service for simple items of equipment, and instead enable residents to make their own equipment choices in high street shops.
- Maximising income opportunities **£5m**, achieved through better alignment of the Council's practices to those set out in Statute and charging for services which were previously free of charge.
- The delivery of investment in accommodation solutions enables service users to live independently for longer in

their own home reducing the need for more costly residential care placements, leading to a saving of **£1m**.

Nationally, there has been a reduction in Housing Related Support services. In Essex, the Council has prioritised those groups in highest need (young people at risk; homelessness) and sought to draw in additional funding from other sources. By doing this, the Council will reduce its spend by **£5m** but ensure that remaining services are better targeted.

The Council will be investing **£5m** of capital during 2017/18 in the development of accommodation to meet the needs of its most vulnerable residents. The Council's priority is to ensure that its residents remain independent for as long as possible within accommodation that is fit for purpose and thereby improve the lives of residents. Without this intervention its residents may have no alternative other than to enter residential care which is at significant cost to both the resident and the Council.

Revenue Budget Summary

Adult Social Care

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
			Access Assessment and Care Management				
7,634	4,713	8,468	Countywide Teams	5,776	(4)		5,772
5,381	7,038	6,705	Mid Teams	7,542	(90)		7,452
5,088	6,050	6,515	North East Teams	13,291	(5,976)		7,315
6,672	8,578	7,247	South Teams	9,000	(415)		8,585
3,642	5,197	4,874	West Teams	5,518	(90)		5,428
			Care and Support				
172,271	177,549	183,177	Learning Disabilities	198,036	(9,048)		188,988
106,405	111,354	107,551	Older People	208,418	(104,883)		103,535
43,493	45,487	46,350	Physical and Sensory Impairment	50,587	(3,393)		47,194
			Corporate and Democratic Core				
224	211	211	Corporate and Democratic Core	213			213
			Housing Related Support				
14,184	12,158	12,115	Programme Costs	6,181			6,181
			Other Social Care				
54	0	0	Essex Vulnerable Adults	287	(287)		(0)
2,124	2,060	2,185	Third Sector Funding	2,543	(100)	(350)	2,092
			Service Management Costs				
13,618	12,009	15,671	Service Management Costs	16,359	(251)	(146)	15,961
			Social Fund				
1,195		1,195	Social Fund				
			Support to Carers				
63			Carers Strategy	8			8
382,048	392,403	402,264	Net Cost of Services	523,758	(124,537)	(496)	398,725

Capital Programme Summary

Adult Social Care

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Blocks	
2,001	1,362	Independent Living - Adults with Disabilities	2,510
53	373	Changing Places	100
	3,165	Independent Living - Older People	1,982
137		Schemes completing in 2016/17 or earlier	
2,191	4,900	Total Blocks	4,592
2,191	4,900	Total Adult Social Care	4,592

Children and Families

Revenue Budget: £113m

Capital Budget: £550,000

The Children and Families budget for 2017/18 is £113m; this represents a net decrease on the 2016/17 budget of £3m. The Looked after Children Strategy has successfully reduced the number of children in care to a stable level which remains a significant achievement as Essex continues to buck the national trend and remains one of the lowest rates of children in care per 10,000 population ratio in England.

The focus remains on supporting families through relationship based social work in ways that keep them safe. Social work continues to promote the development and wellbeing of children and young people and when necessary to protect them from neglect and abuse. There is continued focus to invest in innovative and effective early help solutions that has also enabled the service to be recognised as ‘good’ across all judgements by Ofsted.

The Council has continued to introduce new services as part of the Strategy with its new Therapeutic Fostering Scheme which provides excellent quality stable placements for the most complex young people, plus ‘Reconnecting Families’ is a very new service offer that supports the reconnection of looked after children to their families.

Key Facts:

- Ofsted rating of “good” for: Children who need help and protection, Children looked after and achieving permanence, leadership, management and governance
- Providing 12 Family Hubs and 25 Family Delivery Hubs

However, Essex’s children in care population is set to potentially increase due to the unprecedented international demands around Unaccompanied Asylum Seeking Children (UASC). Through the National Transfer Scheme (which enables the safe transfer of unaccompanied children from one UK local authority), Essex could see its UASC care population grow to over 200. Government funding is available to support the Council but may not cover the full costs of care depending on complexity of need.

Activities of the portfolio include supporting at any one time around 8,000 open cases of children and young people; over 400 social workers providing frontline needs based fieldwork support to all children and young people referred to the Council.

The Council also invests with partners to support the reduction of domestic violence, £2m will be spent and will deliver programmes to develop service offers that provide support and assistance to victims and help them and their families improve their lives.

In 2017/18, savings of **£5m** will be delivered, including:

- **£3m** on Early Years and Childcare via the Pre-birth to19 contract, which is an amalgamation of several different contracts, including Family Partnerships, Healthy Schools and Children's Centres, into a single, 10 year procurement
- **£750,000** Remodelling of service provision
- **£500,000** Collaborative supplier engagement, contract reviews and negotiation of external purchasing for fostering and residential care placements
- **£250,000** Creation of the Essex Social Care Academy that will generate income through the provision of social care expertise to other local authorities.

In 2017/18, **£300,000** capital is allocated for adaptation projects to enable adopters, special guardians and foster carers to meet the needs of vulnerable children by keeping sibling groups together. This includes caring for children with complex health needs in a family context. Additionally **£250,000** capital is allocated for small capital grants for children with disabilities.

Revenue Budget Summary

Children and Families

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
			Childrens Services				
40,348	39,677	39,462	Childrens Fieldwork	44,286	(828)	(2,857)	40,601
56,036	57,186	57,451	Children Looked After	58,150	(200)	(848)	57,102
5,308	3,676	4,444	Childrens Service Management	3,509	(250)	(595)	2,664
63	82	82	Clacton Joint Service Centres	168	(75)		93
230	230	230	Corporate and Democratic Core	232			232
9,673	9,546	9,491	Early Years and Childcare	6,597			6,597
			Other Childrens Services				
435	119	157	i Domestic Violence	238	(0)		238
209	210	210	Essex Local Childrens Safeguarding Board	386	(173)		214
3,292	3,510	3,403	Other Social Care	10,136	(204)	(6,094)	3,838
1,801	1,489	1,583	Youth Offending Service	3,234	(463)	(1,138)	1,634
117,394	115,723	116,512	Net Cost of Services	126,937	(2,192)	(11,532)	113,212

- i For 2017/18 £1.5m of Domestic Violence spend is reported within the Health portfolio as it is funded through Public Health grant

Capital Programme Summary

Children and Families

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Blocks	
158	241	Adaptations Children with Disabilities	300 250
306		Schemes completing in 2016/17 or earlier	
464	241	Total Blocks	550
464	241	Total Children and Families	550

Corporate Services and Communities

Revenue Budget: £26m

Capital Budget: £1m

The portfolio includes the Council's Face to Face Services which comprises Libraries, Coroner's Courts and Registrars. Other services include Trading Standards, Emergency Planning and Communities. The budget also includes some of the Council's support services such as Business Support, the Car Provision Scheme and Human Resources. These support services are overheads attributable to the whole organisation and are allocated out on a recharge basis.

The combined 2017/18 revenue budget covers **£16m** in the main portfolio and **£10m** for recharged strategic support services. The combined budget includes assumed delivery of **£5m** of savings.

Essex Legal Services (ELS), which operates as a separate Trading Account, is aligned to this portfolio; the total income expected to be generated from ELS in 2017/18 is **£9m** which is budgeted to give rise to a surplus of **£2m**. Trading Activity budgets are shown in more detail on page 62.

The largest budget for this portfolio (**£10m**) is the Libraries and Information Service budget. The service is part way through a significant transformation programme with

Key Facts:

- 259,000 active library members, with 9m annual visitors across 74 libraries and 10 mobile libraries
- Over 20,000 complaints were dealt with by Trading Standards

£500,000 saved in 2016/17 and a further **£1m** to be saved in 2017/18, through the start of the implementation of Community Hubs and a review of fees and charges. The Community Hubs programme will see additional co-location of services rolling out across library sites as part of a multi year transformation programme that follows the bringing together of library and registration services in 2016/17.

The budget for Business Support is **£9m**, which incorporates personal support to senior managers and members; staff who plan and book meetings, events and courses, direct call handling, financial processes and data input. In recent years this service has been subject to a transformation project which has achieved **£5m** of savings through efficiencies; further savings of **£1m** are proposed in 2017/18, through continued process efficiency.

Trading Standards has a budget of **£2m** and is responsible for the delivery of a huge range of activities which are all designed to ensure legitimate business activity, create a level playing field for businesses and protect consumers. The service works closely with other Trading Standards services within the Eastern Region (under the East of England Trading Standards Authority partnership) and nationally sharing intelligence and working in partnership on cross border

issues, and also with other public sector bodies in Essex. The service uses an intelligence led approach to swiftly and effectively tackle rogue traders and businesses that cause most detriment to consumers. It protects the economic interests of Essex residents (particularly the more vulnerable members of the community) and ensures that they are equipped to make good buying decisions. Savings of **£400,000** are to be made in the service in 2017/18 by reprioritisation of activity and operational efficiencies.

The portfolio is also responsible for managing the County's Coroners Service (**£3m**) and the Registration Service, which provides services for the registration of births, deaths and marriages and provides for a range of services including marriages and civil partnerships, naming and citizenship ceremonies.

There are two elements of the capital programme for this portfolio in the 2017/18 financial year. The Libraries Community Hubs programme referred to above, and works on the Radio Frequency Rollout Programme in the Libraries service, which enables self-serve borrowing of library stock.

Revenue Budget Summary

Corporate and Communities

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
894	675	983	Communities	690			690
1,378	2,507	2,507	Coroners' Courts	3,422	(747)		2,675
608	543	575	Emergency Planning	575			575
			Libraries and Information Service				
	34	34	Libraries Service Management				
8,366	7,071	9,885	Library Operational Services	11,219	(2,118)		9,101
1,687	1,872	1,860	Library Resources	1,957			1,957
(1,014)	(1,281)	(698)	Registrars	2,165	(3,140)		(974)
			Support Services				
(1)			Commercial Services	25		(25)	0
1,914	1,921	1,901	Trading Standards	1,975	(306)		1,669
45	75		Vehicle Lease Management				
13,877	13,415	17,047		22,029	(6,310)	(25)	15,693
9,012	10,103	8,521	Business Support	8,630			8,630
0	(25)	50	Car Provision Scheme	2,814	(2,761)		53
5,491	4,695	4,659	Human Resources	3,261	(1,930)		1,332
14,503	14,773	13,230		14,706	(4,691)		10,015
28,380	28,188	30,277	Net Cost of Services	36,734	(11,001)	(25)	25,708

Capital Programme Summary

Corporate and Communities

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Named schemes	
		Libraries Community Hubs	805
27	100	Radio Frequency Identification Rollout in Libraries	396
364	140	Schemes completing in 2016/17 or earlier	
391	240	Total Named Schemes	1,201
391	240	Total Corporate and Communities	1,201

Digital Innovation, IT and Customer Services

Revenue Budget: £19m

Capital Budget: £2m

The combined 2017/18 revenue budget covers **£2m** in the main portfolio and **£17m** for recharged strategic support services which are overheads attributable to the whole organisation and are allocated out on a recharge basis. The combined budget includes assumed delivery of **£1m** of savings.

Digital is already transforming the way we live, work and spend our leisure time. The Council's digital strategy will ensure Essex continues to utilise the latest technologies throughout the organisation and continues to invest in initiatives which will enable the design and creation of "smart" places, provide new ways to develop its skills and facilitate more intelligent transport.

The Council is also focused on prevention and early intervention strategies to promote independence, enabling people to live in their own homes and communities for as long as possible. As part of this approach, the Council will explore digital home care technologies to support vulnerable people, and so reduce reliance on more intensive solutions.

Key Facts:

- 700,000 annual customer interactions through the Customer Services Centre.
- 3.3m visits to the Essex County Council website, viewing 8.7m pages in the last year

The budget for Information Services of **£15m** is the largest part of the budget and covers the Council's telephony and computer hardware, software and infrastructure costs. This incorporates **£1m** of further savings from the completion of the new social care case management system and the reduction in use of photocopiers and printers as part of the Council's drive to use less paper in its offices.

Customer Services and Member Enquiries budgets (**£4m**) make up the remainder of the portfolio's budget. These areas are responsible for managing and supporting the different avenues by which residents and customers can contact the Council.

The capital investment for 2017/18 of **£2m** relates to three work streams:

- Information Services Delivery Programme which ensures devices are fit for purpose, that data centres are more resilient and has provided the technology to enable information sharing and collaboration
- Completion of the Social Care Case Management project
- Capital elements of the Council's network infrastructure and telephony contract.

Revenue Budget Summary

Digital Innovation, IT and Customer Services

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
1,969	2,491	2,064	Customer Services and Member Enquiries	2,400	(270)		2,130
1,969	2,491	2,064		2,400	(270)	-	2,130
1,812	2,068	2,158	Customer Services	2,072	(69)		2,003
22,053	15,998	17,757	Information Services	17,103	(1,857)		15,246
23,865	18,066	19,915		19,175	(1,926)		17,249
25,834	20,557	21,979	Net Cost of Services	21,575	(2,197)	-	19,379

Capital Programme Summary

Digital Innovation, IT and Customer Services

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Named schemes	
2,620	2,194	IS Delivery Programme / Digital Foundations	809
222	242	Next Generation Networks	202
1,200	1,268	Social Care Case Management	972
268		Schemes completing in 2016/17 or earlier	
4,310	3,704	Total Named Schemes	1,983
4,310	3,704	Total Digital Innovation, IT and Customer Services	1,983

Economic Growth, Infrastructure and Partnerships

Revenue Budget: £5m

Capital Budget: £12m

Economic Growth, Infrastructure and Partnerships aims to deliver transformational growth through increasing access to work, job creation, stimulating export routes and opportunities, supporting business growth and ensuring Essex is an attractive location for investment.

Building on the delivery in 2016 of the Growth and Infrastructure Framework, a pan-Essex picture of the infrastructure Essex needs to grow between now and 2036, The Council will be working with its partners in 2017 to take a more 'place' focussed view of what the opportunities and risks are in the Essex economy, as defined by the businesses and communities of Essex themselves. This will include a refreshed inward investment offer as well as a focus on the things that make Essex an attractive place to live, work and play.

The 2017/18 revenue budget is **£5m**, a reduction of **£1m** on the 2016/17 budget. The budget reduction will be achieved by re-prioritising activity.

Key Facts:

- Invest Essex created or secured 1,532 jobs in Essex in 2015/16
- Placed 1,945 NEET 16-19 year olds into employment, education or training in 2015/16.
- Essex Apprenticeship Programme supported 3,386 Apprenticeships for young people.
- Council funded projects have enabled over 77,000 properties to receive superfast broadband

The capital investment for 2017/18 of **£12m** focuses primarily on schemes that will enhance economic growth and the prosperity of businesses and residents, creating jobs and supporting skills development. It provides the infrastructure to support large scale commercial development.

The main projects are:

- BDUK Superfast Broadband Phase 1 project has completed ahead of schedule, under budget and over target (target homes passed 76,676, actual homes passed 77,385), achieving 87% superfast broadband coverage across the county. Together with the Phase 2 project which is already in progress will take superfast broadband coverage in the county to at least 97% by the end of 2020/21
- Two Innovation Centres, Harlow MedTech and the University of Essex Innovation Centre in Colchester,

which are aimed at supporting small and medium size businesses to grow and develop, providing flexible space and access to technology.

- Further education colleges that will deliver skill centres focussed on the teaching of science, technology, engineering and maths.

All these projects support the Council's key economic growth sectors and provide a strong platform for sustainable economic growth across the county.

The Council has delivered the following key achievements:

- Invest Essex has created or safeguarded over 5,700 jobs since 2011/12 and delivered 118 inward investment projects
- The Essex Apprenticeships Programme has delivered a pipeline of over 3,000 job ready young people to Small and Medium Enterprises (SME's). The Council's own "incentives model" contributed to an 83% increase in apprenticeship starts between 2009 and 2015, and has been rolled out at a national level
- Record low numbers of NEET (Not in Education, Employment or Training) young people have been achieved and the Council will have helped to place a further 1,900 young people into employment, education or training this year by the end of March 2017.
- Co-invested **£2m** in a state of the art Advanced Manufacturing and Engineering Centre at Harlow College, opening in January 2017. A minimum of 640 learners will

be attending courses at the centre during the 2017/18 academic year.

- Co-invested **£1m** in Braintree, helping to create a new STEM (Science, Technology, Engineering and Mathematics) Innovation Centre supporting Colchester Institute's drive to meet regional skills priorities in growth sectors, opening in April 2017.

Revenue Budget Summary

Economic Growth, Infrastructure and Partnerships

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
3,117	2,820	3,100	Economic Regeneration	2,694	(398)		2,295
225	206	206	International Trade	308	(93)		216
446	399	646	Inward Investment	253	(0)		253
2,450	2,122	2,635	Skills	2,013	(5)		2,008
216	63	103	Tourism	199	(141)		59
6,454	5,610	6,690	Net Cost of Services	5,466	(637)	-	4,830

Capital Programme Summary

Economic Growth, Infrastructure and Partnerships

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Named schemes	
	400	Basildon Craylands	450
125	375	Braintree schemes	250
		Further Education Colleges' technical training facilities	2,100
5,950	4,007	BDUK Superfast Broadband Rollout	4,382
250	1,750	University of Essex Innovation Centre	2,000
	500	Harlow Medtech	2,000
		Harwich Innovation Centre	350
4,006	3,812	Schemes completing in 2016/17 or earlier	
10,331	10,844	Total Named Schemes	11,532
10,331	10,844	Total Economic Growth, Infrastructure and Partnerships	11,532

Education and Lifelong Learning

Revenue Budget: £45m

Capital Budget: £89m

This budget includes the funding for schools which is predominantly funded by the Dedicated Schools Grant (DSG) and amounts to **£546m**. A further **£3m** is funded predominantly by the ESG (Education Services Grant), and a DSG contribution of **£3m** to central costs (including the Pupil Premium). The remaining balance of **£45m** is funded by the Council's own funding sources.

The main use of the budget funded by Council sources are the costs of providing home to school transport for approximately 15,000 of the 190,000 pupils in Essex Schools totalling **£23m**; overseeing the assessment and monitoring the quality of provision for children and young people with a special educational need **£5m**; and **£5m** for a variety of school improvement services aimed at ensuring there are sufficient school places and that standards are raised in schools across the county.

However these large areas of expenditure mask a series of high profile activities that are also delivered. These include the provision of Princes Trust courses, National Citizen Service programmes within Youth Services and Adult Community Learning where the Council is one of the largest providers of adult learning in Essex, supporting in the region of 22,000 people annually.

Key Facts:

- 90% of schools judged to be good or outstanding.
- Essex is above the national average for the percentage of pupils achieving the new expected standard in the KS2 Sats tests. Combined reading, writing and maths 56% (nationally 53%).
- 65% of pupils have achieved A*- C GCSEs in both English and maths, compared to 61% last year.

The DSG of **£546m** in 2017/18 is a ring-fenced grant from the Department for Education, of which the majority is passed through to schools and the remainder kept by the Council to fund education support services to all schools across Essex. The 2017/18 DSG budget was presented and approved at Schools Forum in January.

The Education Services Grant (ESG) is a grant provided by government to help fund local Council services to schools. The general rate element of the grant ceases in September 2017. This will be partially replaced by the new School Improvement Grant, which will commence in September 2017; however the full details of the grant have yet to be announced. For the remainder of the general rate reduction, the Schools and Early Years Finance (England) Regulations have been amended to allow the Council to request Schools Forum to top slice school funding to fund the remaining services that were funded from the ESG general rate.

Over the next year **£8m** of savings are currently planned to be delivered across Education and Lifelong Learning, some of which are outlined below:

- Education Services Grant **£4m** due to the cessation of the general rate element from September 2017, but this may be funded by DSG subject to Schools Forum approval
- Transforming Education Services is expected to deliver **£2m** focussing of the delivery of services to schools.
- The integration of transport services across the Council is expected to deliver **£1m** savings within Home to School Transport.

The 2017/18 capital allocation of **£89m** is expected to deliver new early years, primary and secondary school places throughout Essex and ensure schools are fit for purpose and safe for children, with over 2,500 school places due to be delivered in 2017/18. The Essex schools admission round for 2016 resulted in more than 93% of parents being offered their first or second preference of secondary school. Further schemes will seek to improve and expand the number of Special School Education places in response to parental consultation, which will create a diversity of provision which meets a full range of family preferences as well as to increase the availability of early years childcare.

There are free school applications contained within the programme which if approved will either secure Education

Funding Agency (EFA) funding or be delivered by EFA which will reduce the financing requirement to the Council capital programme.

Revenue Budget Summary

Education and Lifelong Learning

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
Education and Life Learning DSG							
(483,875)	(483,526)	(460,315)	Dedicated Schools Grant			(468,825)	(468,825)
44	(0)		Early Years Contingency	2,810			2,810
60,812	63,728	58,291	Education for Under Fives	73,530	(1)		73,529
75		(5)	Ethnic Minorities and Bi-Lingual Learners				
2,961	2,961	2,900	i Prudential Borrowing	2,900			2,900
(26,591)		(10,135)	ii Pupil Premium Grant			(24,996)	(24,996)
452,532	411,628	409,005	Schools Budget	441,189	(1,101)	(11,211)	428,878
201	1,770	1,770	Service Management	1,770			1,770
53,201	55,849	53,961	Special Educational Needs	58,120	(160)	0	57,960
(57,002)	(55,473)	(55,282)	Under Fives DSG			(77,090)	(77,090)
Education and Life Learning Non DSG							
32,450	28,653	31,258	iii Access To Education	39,422	(11,852)		27,570
(27)	(697)	(687)	Adult Community Learning	9,946	(2,395)	(7,896)	(345)
2,383	2,200	2,558	Education for Under Fives	2,296	(88)		2,208
3,891	6,205	3,689	Improving School Standards	6,601	(1,769)	(3,377)	1,455
792	1,317	1,731	iv Services to Children	5,873	(2,254)	(1,923)	1,696
			Special Educational Needs and Additional Educational				
6,970	5,335	5,516	Needs Service	6,143	(240)	(1,134)	4,769
10,197	12,601	10,868	Special Educational Needs School Transport	12,734	(218)		12,516
(10,948)	(11,128)	(10,585)	Education Services Grant Funding			(6,232)	(6,232)
682	664	664	Sports Development	633			633
3,001	3,808	3,408	Strategic Management	4,193	(525)		3,668
(81)		(115)	Young Person Learner Agency (YPLA) Funding	19		(19)	0
51,667	45,895	48,496	Net Cost of Services	668,181	(20,604)	(602,703)	44,874

i Borrowing costs for some capital projects in schools

ii In 2015/16 included Funding for Pupil's from deprived backgrounds (reported in the Schools budget from 2016/17)

iii Budget for Home to school transport, planning and admissions

iv Includes Youth Services

Capital Programme Summary

Education and Lifelong Learning Portfolio

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Named schemes	
16	335	Beaulieu Park Primary	4,495
		Essex Outdoors	947
833	9,937	Glenwood Relocation	5,625
572	277	Harlow New Hall Farm School	4,294
		Smiths Farm Primary School	11
13,093	126	Schemes completing in 2016/17 or earlier	
14,514	10,675	Total Named Schemes	15,372
		Blocks	
37,532	21,809	Basic Need	56,865
8,092	9,377	Capitalised Maintenance Programme	7,500
1,358	604	Early Years Expansion	2,614
		Relocatable Replacement	800
	472	Schools Feasibility	400
6	69	Special Education Needs/Pupil Referral Unit - ECC	1,900
1,604	242	Special Schools	310
858	1,765	Temporary Accommodation	1,500
628	4,162	Schemes completing in 2016/17 or earlier	
50,078	38,500	Total Blocks	71,889
		School Balances (outside ECC control)	
1,661	1,851	Devolved Formula Capital	1,832
	339	School Cash Balances	
1,661	2,190	Total school balances (outside ECC control)	1,832
66,253	51,365	Total Education and Lifelong Learning	89,093

Environment and Waste

Revenue Budget: £76m
Capital Budget: £6m

Environment and Waste covers a range of highly visible services and functions including critical infrastructure and leisure services, such as Country Parks.

The budget of **£82m** in 2017/18 comprises **£76m** of revenue and **£6m** of capital. The 2017/18 revenue budget is **£76m**, a **£2m** decrease compared to 2016/17, primarily due to various waste minimisation initiatives and new attractions delivered across the suite of green assets.

The Council has statutory responsibilities as the Waste Disposal Authority. The volume of waste is a key pressure for the Council, as housing growth across the County and continued economic recovery are driving up waste volumes, which in turn puts a growth pressure of **£700,000** on the budget.

The following key achievements have been delivered:

- Delivered all statutory duties as the Waste Disposal Authority
- Essex Waste Partnership, which consists of the Waste Disposal Authority and 12 Waste Collection Authorities, achieved a recycling rate of 51.39%

Key Facts:

- 660,000 tonnes of waste predicted to be disposed in 2017/18
- Circa 600,000 visitors to Country Parks forecast for 2016/17, 850,000 predicted in 2017/18
- 50,000 properties in Essex are at risk of surface water flooding
- Investment in the Flood Alleviation programme will help 2300 properties in total with 443 properties protected so far

- Procured bio waste treatment facilities securing price and capacity for the next four years
- The Council began generating more of its own energy through renewable sources with the installation of solar photovoltaic panels on three of the Council's buildings
- Property Level Protection grant, which awards funding to Essex residents to install flood defences within their properties, scheme was oversubscribed leading to the scheme being extended into 2017/18.

It is the Council's ambition to reach a figure of 60% of household recycling and composting by 2020 by actively promoting waste minimisation and management processes such as re-use and recycling as published in the Joint Municipal Waste Strategy (JMWS) on the Council's website.

The Waste Service will continue to work with partners on influencing public behaviour in order to reduce overall

volumes of waste by educating and influencing communities on waste minimisation.

The capital investment for 2017/18 of **£6m** focuses primarily on schemes that will enhance the public use of green space and flood prevention. The Flood Management programme aims to minimise the harm caused by flooding and reduce the level of flood risk to properties over the 5 year programme. The programme to date has reduced the flood risk to 443 properties so far for the expenditure of **£5m**. Examples of work include a several flood attenuation schemes in Maldon, Hockley, Danbury, and Runwell and an innovative “Leaky Dam” project in Thaxted.

Investment into Country Parks infrastructure aims to achieve an increase in footfall and length of stays at the parks. **£2m** is being invested in 2017/18 providing new attractions such as a new aerial runway at Great Notley, a new adventure play zone at Belhus Country Park as well as enhancing visitor facilities such as catering. This will generate increased income in future years.

Revenue Budget Summary

Environment and Waste

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
937	1,119	1,292	Development Management	1,464	(70)		1,394
365	286	60	Historic Environment				
			Leisure				
85	86	85	i Contributions To Other Bodies	85			85
163	(422)	(247)	Country Parks	2,316	(2,633)	(105)	(422)
(13)	(162)	(40)	Cressing Temple Marsh Farm	147	(174)		(27)
(4)	(160)	(284)	Management and Support Services	(321)			(321)
184	178	178	Rural Issues	178			178
313	379	262	Sustainable Development	341	(10)		330
213	65	90	Travellers	641	(587)		53
			Waste Management				
11,628	11,503	11,503	Civic Amenity Service	12,102			12,102
2,622	2,914	2,914	Courtauld Road Waste Treatment	3,256			3,256
107	113	113	Exceptional Waste	116			116
366	373	393	Landfill Aftercare	429	(128)		301
22,081	23,528	23,528	Recycling Initiatives	23,810			23,810
243	252	252	Tipping Away Payments	179			179
(1,806)	(2,276)	(2,276)	Trade Waste Income		(2,311)		(2,311)
36,060	39,311	39,311	Waste Disposal	36,941	(1,000)		35,941
4	1,144	1,144	Waste Management and Support Services	1,183			1,183
2,118	(163)	(194)	Waste Strategy	531			531
75,666	78,067	78,085	Net Cost of Services	83,397	(6,914)	(105)	76,378

i Contributions to external bodies including Woodland Trust

Capital Programme Summary

Environment and Waste

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Named schemes	
140	19	Travellers	400
636	223	Country Parks	1,550
5,782	2,105	Schemes completing in 2016/17 or earlier	
6,558	2,347	Total Named Schemes	1,950
		Blocks	
1,460	3,165	Flood Management	4,400
1,191	884	Schemes completing in 2016/17 or earlier	
2,651	4,049	Total Blocks	4,400
9,209	6,396	Total Environment and Waste	6,350

Finance, Commercial, Traded Services, Housing and Planning

Revenue Budget: £38m

Capital Budget: £9m

The budget for this portfolio in 2017/18 totals **£38m** and covers **£19m** in the main portfolio which includes housing, heritage, culture and arts, outdoor education, environmental and spatial planning, plus **£19m** for recharged strategic support services which are overheads attributable to the whole organisation and are allocated out on a recharge basis.

In addition all Traded Activities, except Essex Legal Services, are aligned to this portfolio; the total income expected to be generated from these activities is **£33m** which is budgeted to give rise to a surplus of **£6m** in 2017/18. Trading Activity budgets are shown in more detail on page 62.

Central Services to the Public includes the corporate contribution to the Pension Fund, the cost of the Apprenticeship Levy (which is a government initiative applied to large employers that targets new apprenticeships) plus the budget for the Council Tax Sharing Scheme. This scheme is an innovative partnership with Districts to maximise council tax income; the **£7m** budgeted cost is expected to bring a benefit from improved council tax to the Council of **£34m** in each year, as a result of increased collection rates and the

Key Facts:

- £6m surplus expected from Trading Activities aligned to this portfolio in 2017/18
- Over 485,000 payment transactions processed per annum

implementation of a fraud campaign encompassing the use of new data matching technology.

Place related services in this portfolio account for **£3m** of the budget and include Planning Development and Control, Heritage and Cultural Services (which includes the Essex Records Office and a grant making programme to arts organisations/artists) and Outdoor Education, which is budgeted to generate a net income of **£600,000** in 2017/18.

£2m of the budget is for precepts that the Council is required to pay to the Environment Agency to support flood defence arrangements and to the Kent and Essex Sea Fisheries to manage, regulate, develop and protect the fisheries around the county's coastline. These are statutory services and the amounts are calculated based on the Essex council tax base.

The **£300,000** budget for Traded Strategy is for the Business Incubator, which supports Council services that wish to realise their trading potential.

£13m of the budget within this portfolio is to deliver the Council's financial responsibilities including Internal and External Audit, Financial Services, Debt Collection, Invoice Payments, Payroll, Treasury Management, Risk Management, Procurement, Commercial Services and Health and Safety. In

2017/18 work will commence to assess and improve the support service functions to ensure they continue to meet the needs of the changing organisation.

The overall budget for this portfolio has decreased by **£9m** compared to the original 2016/17 budget (**£6m** on the main portfolio and **£3m** on recharged strategic support services). The movement on the main portfolio is mainly due to the removal of **£6m** of National Living Wage budgets, as the relevant costs are now reflected in the Adult Social Care portfolio. The movement on the recharged strategic support services budgets is mainly due to **£3m** of additional Support Service Project savings held in this portfolio (once the delivery profile of the programme has been confirmed it is likely these will be allocated across support service budgets in other portfolios too).

The Insurance Cost Recovery Account (**£5m**) is used to meet the cost of insurance premiums and the self-insurance scheme that the council operates.

The Capital Programme implementation team supports the delivery of the Council's ambitious capital programme (**£1m**).

The capital investment within this portfolio for 2017/18 of **£9m** is primarily for the Essex Housing Strategy. Essex Housing works with partners to increase the supply of general and specialist accommodation in Essex, with the aim of maximising the number of vulnerable people who are able to live independently for longer, as well as increasing the volume of housing available which is affordable and meets the needs of the Essex population.

The Essex Housing Growth Strategy function is working to increase the pace of housebuilding across Essex to meet

projected need, to accelerate the pace of and value derived from the sale of public sector land, and to deliver the numbers of Independent Living units required by Essex County Council over the next five years. Within this, Essex Housing is actively working on 9 developments on public sector land. In addition feasibility work has been undertaken or is currently underway on a further 18 publically owned sites across the county. The 9 live developments will deliver an estimated 368 units including 180 for independent living for older people and 35 units of specialist provision for people with learning disabilities.

The programme also includes provision for a support grant to the Mercury Theatre, Colchester, to assist the Theatre's development and expansion plans.

Revenue Budget Summary

Finance, Commercial, Traded Services, Housing and Planning

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
			Central Services To The Public				
6,703	5,825	5,825	Council Tax Sharing Scheme	6,841			6,841
8,890	14,937	11,147	Other Services	6,562	(718)	(256)	5,589
804	916	916	Environmental Planning	1,098	(199)		899
			Environmental Strategy	10		(10)	0
1,270	825	1,468	Heritage And Cultural Service	2,080	(602)	(143)	1,335
769	683	1,203	Housing	711			711
(227)	(547)	(246)	Outdoor Education	3,208	(3,786)		(578)
			Precepts				
1,445	1,471	1,471	Environmental Agency	1,500			1,500
384	396	396	Kent and Essex Sea Fisheries	376			376
1,179	916	1,540	Strategic Spatial Planning	1,414	(82)		1,332
863	361	500	Service Management	747	(70)		677
225	(699)	27	Traded Strategy	363	(50)		312
22,304	25,084	24,248		24,910	(5,506)	(408)	18,995
1,301	1,369	1,418	Capital Programme Implementation and Delivery	1,345	(90)		1,255
13,861	11,034	14,342	Finance	14,469	(6,556)		7,913
4,431	4,829	4,552	Insurance Cost Recovery Account	7,535	(2,994)		4,541
4,675	4,504	5,406	Procurement and Commercial Services	4,917	(119)		4,798
24,268	21,736	25,718		28,267	(9,759)	-	18,507
46,572	46,820	49,966	Net Cost of Services	53,177	(15,266)	(408)	37,503

Capital Programme Summary

Finance, Commercial, Traded Services, Housing and Planning

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Named schemes	
		Colchester Mercury Theatre	500
2,788	1,806	Schemes completing in 2016/17 or earlier	
2,788	1,806	Total named schemes	500
		Blocks	
117	1,575	Essex Housing Strategy	8,713
117	1,575	Total Blocks	8,713
2,905	3,381	Total Finance, Commercial, Traded Services, Housing and Planning	9,213

Health

Revenue Budget: £23m

Capital Budget: £0

The Health budget for 2017/18 is **£23m** which is a decrease of **£700,000** on the 2016/17 budget. The Health budget encompasses a range of services with links to health, the largest being Adults Mental Health and Public Health.

The Adult Mental Health budget of **£20m** is used in the provision of packages of care and support for vulnerable adults with mental health needs. This can be in the form of residential care, intensive enablement to support independence, care in the individuals own home, in the community or via cash payment. Services are provided to those assessed to have eligible care needs, and circa 750 packages of care are expected to be provided. Part of this budget **£6m** is used to fund assessment and care management services for adult mental health. This service is provided by South Essex Partnership and North Essex Partnership NHS Trusts for the Council under a partnership arrangement, which enables an integrated assessment and care management approach with health partners, ensuring better outcomes for clients.

The Council will receive **£64m** Public Health grant in 2017/18 a reduction of **£2m** since 2016/17. **£25m** of the grant is used to fund the Pre-birth to 19 contract in the Children and Families Portfolio.

Key Facts:

- Circa 750 care packages delivered to vulnerable adults each year
- Circa 250 adult mental health residential placements
- 5,500 hours of home care per week

*The remainder of the Public Health grant is used to fund a range of health prevention activities including: substance misuse services (**£11m**), sexual health services (**£8m**), health checks (**£2m**), falls prevention (**£2m**) and obesity services (**£2m**).*

The budget also provides the Children and Adolescent Mental Health Services **£2m**, which funds the Council's contribution towards the Children and Young People Emotional Wellbeing and Mental Health service. This service is a partnership between Health's 7 CCGS, Essex County Council, Southend Council, Thurrock Council and NHS England.

Health Reform and Integration **£1m**, primarily funds dementia community services, which offer information, guidance, signposting, peer support, carers support groups and social inclusion provision.

In 2017/18 savings of **£1m** will be delivered by the portfolio. These relate to a variety of activities, including managing adult mental health residential demand, targeting early intervention and prevention with the newly formed Care Assessment Team in adult mental health, and continued close scrutiny of commercial costs.

Revenue Budget Summary

Health

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
2,147	1,821	1,840	Child and Adolescent Mental Health Services	1,843			1,843
50	685	753	Health Reform and Integration	723			723
452	452	452	Health Watch	680		(328)	352
19,318	20,591	20,681	Mental Health	22,937	(2,755)		20,182
7,273		24	Public Health	66,143	(135)	(66,008)	(0)
29,239	23,549	23,750	Net Cost of Services	92,325	(2,890)	(66,336)	23,099

Highways and Transport Revenue Budget: £75m Capital Budget: £133m

The 2017/18 budget is **£208m** comprising **£75m** of revenue funding and **£133m** of capital funding.

Of the **£75m** of revenue funding **£31m** of the budget is for Passenger Transport, primarily to fund the Concessionary Fares travel scheme (providing free bus travel to concessionary pass holders) as well as supporting local bus services and Park and Ride Facilities.

In 2016/17 the bus network continued to support the economic growth of Essex and provided a vital and sustainable travel service to many communities. Key service improvements included

- the investment of around **£4m** across the county in a wholly revised new local bus network including new areas supported by demand responsive transport
- the introduction of a permanent shuttle service between Chelmer Valley Park and Ride and Broomfield hospital
- a new service stop from Colchester Park and Ride at Colchester Hospital

Key Facts:

- 200 Local bus services serving 3.6m passenger journeys annually.
- 5,100 miles of road maintained
- 1,500 bridges and other highway structures
- 4,000 miles of public rights of way
- 127,000 street lights

- *a new partnership on the 88 route between Colchester and Halstead; the introduction of Essex's first multi-operator digital ticket in Colchester; and the roll out of real time bus information across the county.*

The remainder of the portfolio, **£44m**, ensures a safe highways network, probably the Council's most visible universal function. This affects everybody, every day and is high on the issues that the public are most concerned about. An accessible, well maintained, safe, and free-flowing highways network is a critical enabler for the economic growth of the county and ongoing prosperity of its residents and businesses.

The level of investment, on top of additional commitments in recent years, has seen the standard of the priority road network improve steadily to the point where by the end of 2015 Essex was ranked as one of the very best highways authorities in the country in terms of network condition. The majority of the highways service is delivered through the strategic partnership with industry experts Ringway Jacobs which is recognised as one of the most innovative and progressive delivery arrangements nationally. This has resulted in significant improvements to delivery, exemplified

by the recent record levels of Surface Dressing road treatments being delivered.

The investment in the priority road network which has seen such excellent improvements in condition in recent years now has a renewed focus on the local road network and non-carriageway assets (footways, safety barriers, structures etc.) over the coming few years with the intention of realising similar improvements in condition.

The improved standards have been delivered against a backdrop of increasing financial pressures; the combined revenue and capital budget of **£208m** for 2017/18 not only allows for the delivery of a comprehensive maintenance and improvement regime but is also containing inflationary cost pressures which are being mitigated by an ongoing efficiency and savings programme including reduced street lighting energy consumption from the LED replacement programme and focus on maximising income opportunities.

In addition to the routine maintenance activity, there are a number of projects currently ongoing that are improving infrastructure for residents and businesses and delivering better value for money over the long term; primary examples are the 2 year LED lighting conversion programme, which will see 20,000 lights converted by the end of the 2017/18, and, securing public transport reliability by introducing Bus Lane cameras to improve compliance.

The Council will maintain and improve highway infrastructure to support economic growth and work with the South East Local Enterprise Partnership (SELEP) to secure funding to enhance highways and transport infrastructure.

The Council will continue the delivery of Local Growth Fund (LGF) Round 1/2 schemes and anticipate further investment in LGF round 3 schemes, which will drive economic benefits and facilitate growth, such as;

- A120 Millennium Way Slips
- Basildon Integrated Transport Package
- Harlow Enterprise Zone and A414 Pinch Point Package
- M11 Junction 8
- Beaulieu Park Station

One of the Council's key priorities is a continued focus on easing congestion and enhancing connectivity across Essex, this is enabled through capital investment in known pinch points on the network. Examples of this include improvement access to Harlow, the delivery of a sustainable package of improvements for Chelmsford City centre and significant upgrades to the A127 Fairglens junction.

Revenue Budget Summary

Highways and Transport

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
Highways And Transportation							
1,574	763	1,173	Asset Management Planning	738			738
1,794	1,215	1,415	Bridges	1,551			1,551
2,300	2,731	2,647	Congestion	7,497	(5,628)		1,869
	141	141	Corporate And Democratic Core	141			141
12,784	11,697	11,697	i Ongoing Operator Payments for A130 PFI	12,058			12,058
802	1,144	1,144	Localism	1,167			1,167
31,614	29,518	30,335	Passenger Transport	40,807	(8,733)	(1,121)	30,953
1,707	2,279	2,279	Public Rights Of Way	2,469	(161)		2,308
1,005	1,009	1,108	Road Safety	1,748	(7)	(221)	1,520
21,798	15,725	16,425	Roads And Footways	14,436	(150)	(1,500)	12,786
8,161	6,568	6,482	Street Lighting	6,937	(380)		6,557
(1,878)	543	409	Support Services	2,657	(3,018)		(361)
(143)	(1,383)	(1,383)	Traffic Management Act	2,443	(3,181)		(739)
2,013	2,063	1,872	Transportation Planning	1,900	0		1,900
2,778	2,620	2,610	Winter Service	2,609			2,609
86,308	76,633	78,355		99,157	(21,259)	(2,841)	75,056
1			Highways and Transportation Recharged Strategic Support Services	0			0
1	-	-			-	-	
86,309	76,633	78,355	Net Cost of Services	99,157	(21,259)	(2,841)	75,056

i PFI= Private Finance Initiative - a means of funding large scale capital projects

Capital Programme Summary

Highways and Transport

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Economic Growth Transport	
		A120 Millennium Way Slips	250
513	2,680	A127 Capacity Enhancements; Road safety and network resilience package	500
448	1,368	A127 Fairglen Junction Improvement	1,200
	168	A131 Chelmsford to Braintree Route Based Strategy	1,500
1,633	1,683	Basildon Integrated Transport Package	2,535
46	1,197	Beaulieu Park Station	250
409	121	Chelmsford Station (Station Square/Mill Yard)	2,470
		Harlow - Gilden Way Upgrading	1,800
		Chelmsford Growth Area Scheme	1,000
955	3,645	Colchester Integrated Transport Package	400
1,527	2,353	Colchester Integrated transport package (Borough Wide)	2,730
5,842	6,883	Harlow Enterprise Zone A414 Pinch Point Delivery Packages	3,574
		M11 Junction 8	500
5,116	4,524	Schemes completing in 2016/17 or earlier	
16,489	24,622	Total Economic Growth Transport	18,709
		Named Schemes	
		A120 Harwich Road Roundabout	350
1,221	3,779	A120 Route Consultation	4,000
1,801	35	Chelmsford North Eastern Bypass	45
3,762	1,733	Jaywick Road Investment	1,500
	4,518	LED Street Lighting Rollout	4,720
2,559	3,035	M11 Junction 7A	3,396
8,466	3,480	Schemes completing in 2016/17 or earlier	
17,809	16,580	Total Named Schemes	14,011

Capital Programme Summary

Highways and Transport (continued)

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Blocks	
802	2,332	Advanced Scheme Design	5,000
802	2,332	Total Blocks	5,000
		Highways Maintenance and Small Scheme Delivery	
64,917	82,514	Highways Infrastructure	66,033
8,093	5,529	Local Highways Panels	4,000
11,897		Non-carriageway assets	25,011
		Bus Lane Camera Enforcement	210
		Structures	500
4,140	3,909	Schemes completing in 2016/17 or earlier	
89,047	91,952	Total Highways Maintenance and Small Scheme Delivery	95,754
124,147	135,486	Total Highways and Transport	133,474

Leader

Revenue Budget: £32m

Capital Budget: £5m

The combined 2017/18 revenue budget covers **£7m** in the main portfolio and **£25m** for recharged strategic support services which support all services across the organisation and are allocated out on a recharge basis. The combined budget includes assumed delivery of **£2m** of savings.

The most significant proportion of this budget (**41%**) relates to Property and Facilities Management costs of **£13m**, which covers the operational costs and routine maintenance of the estate. This area includes **£725,000** of further savings from the property transformation programme, which has introduced increased mobile and flexible working and allowed a reduction in the size of the Council's estate.

This area spends **£5m** on Performance and Commissioning Support, which includes the costs of performance monitoring across the Council as well as all of the delivery of the commissioning activity initiated by commissioners.

The budget for the Transformation Support Unit (**£3m**) provides the project management expertise to the Council's transformation projects.

The Communications and Customer Relations budget is **£2m**, which includes communications support for internal projects, externally-facing campaigns to support the achievement of

Key Facts:

- 75 elected Members of Essex County Council
- 317 Council properties (excluding schools)

Essex's commissioning outcomes, and marketing and media support.

Democratic Services (**£1m**) supports Members so they can participate in the democratic process, including scrutiny and the effective running of the decision-making process. Also within the portfolio are the allowances and support arrangements provided to elected Members of the Council of **£2m** for the year.

There is a budget of **£1m** for the costs of the 2012 Olympic legacy sites at Lee Valley and Hadleigh and **£2m** for Corporate Policy, which provides strategic support to the management of the Council. Following negotiation on the Lee Valley precept, this has reduced by 10% from 2017/18.

The capital investment within this portfolio for 2017/18 of **£5m** relates mainly to the capitalised building maintenance required to address the routine degradation of property assets across the estate (**£5m**) but also includes **£368,000** for ongoing Property Transformation projects to enable flexible working.

Revenue Budget Summary

Leader

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
288	294	294	Community Initiatives	(0)			(0)
			Democratic Core				
603	798	962	Corporate Management	996			996
27	58	58	Democratic Representation	62			62
		500	Innovation Fund	250			250
1,792	1,769	1,794	Members Support	1,768			1,768
1,622	1,595	1,677	Olympics and Sports Development	1,530	(134)		1,397
			Other				
230	261	261	Contributions and Subscriptions	261			261
106	250	250	Essex Initiatives	(0)			(0)
		137	Devolution	138			138
(342)	1,800	2,646	Corporate Policy	1,745	(6)		1,739
4,327	6,825	8,578		6,750	(139)	-	6,611
2,636	2,548	2,803	Communications And Customer Relations	2,494	(36)		2,459
1,350	1,393	1,250	Democratic Services	1,377	(205)		1,172
128	154	145	Equality And Diversity	147	(9)		138
5,157	4,960	5,090	Performance and Commissioning Support	5,446	(357)		5,088
22,424	19,110	15,405	Property and Facilities Management	16,926	(3,853)		13,073
5,536	2,748	4,914	Transformation Support Unit	3,217	(194)		3,023
37,233	30,913	29,607		29,607	(4,655)		24,953
41,559	37,738	38,186	Net Cost of Services	36,357	(4,794)	-	31,564

Capital Programme Summary

Leader

2015/16 Actuals £000	2016/17 Latest Budget £000		2017/18 Budget £000
		Named schemes	
116	962	Property Transformation	368
330		Schemes completing in 2016/17 or earlier	
446	962	Total Named Schemes	368
		Blocks	
5,879	6,559	Capitalised Building Maintenance	5,000
1,007		Schemes completing in 2016/17 or earlier	
6,886	6,559	Total Blocks	5,000
7,332	7,521	Total Leader	5,368

Other Operating Costs

Revenue Budget: £62m

The revenue budget in 2017/18 is **£62m**. The expenditure includes the net appropriations to reserves and restricted use funds as described in the Reserves and Restricted use funds section (page 64) of **£13m**, the costs of financing the capital programme of **£46m** and the provision of the Emergency Contingency at **£4m**.

The provision of the Emergency Contingency budget recognises the risk for unforeseen events such as winter pressures and extreme weather conditions.

The movement since 2016/17 is mainly due to changes in the appropriations and withdrawals from the reserves between the years, in line with changes in the specific liabilities, for example changes in PFI payment profiles.

Revenue Budget Summary

Other Operating Costs

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
Approps To/(From) Reserves and Restricted Use Funds							
(3,902)	(3,294)	(3,294)	A130 PFI Reserve		(3,635)		(3,635)
			Adults Digital Programme	7,000			7,000
(60)	(1,346)	(1,370)	Building Schools for the Future		(0)		(0)
450	1,000	(57)	Capital Receipts Pump Priming				
97	529	(188)	Carbon Reduction Reserve				
(3,620)		(9,057)	Carry Forwards Reserve				
(667)	958	140	Clacton PFI Reserve	0			0
(8,360)			Collection Fund Risk Reserve				
2,512	1,500	519	Community Initiatives Fund				
(5,674)			Consultation Reserve				
(208)	314	215	Debden PFI Reserve				
(920)			Energy Inflation Reserve				
(372)			Essex Transport Reserve				
(3,000)			Flood and Water Management Reserve				
(8,547)		(3,046)	Grant Equalisation Reserves		(2,190)		(2,190)
29		(150)	Health And Safety Reserve				
966	1,000	934	Innovation Reserve				
(391)			Insurance Reserve				
			Local Projects Reserve	1,000			1,000
(517)		(209)	Partnership Reserves				
(1,574)	(1,574)	(1,574)	Pension Deficit Reserve		(634)		(634)
500	500	475	Quadrennial Elections Reserve	500			500
(6,050)			Redundancy Reserve				
3,935	3,699	5,164	Reserve For Future Capital Funding	2,042			2,042
(1,883)			Schools Reserves				
	74	74	Tendring Public Private Partnership	0			0
(5,237)	(6,483)	(5,347)	Trading Activities Reserves		(6,649)		(6,649)
2,958	10,874	2,893	Transformation Reserve	5,424	0		5,424
22,009	9,882	9,882	Waste Reserve	10,618			10,618
(17,526)	17,634	(3,997)		26,584	(13,108)		13,476

Revenue Budget Summary

Other Operating Costs (continued)

2015/16 Actuals £000	2016/17 Original Budget £000	2016/17 Latest Budget £000		2017/18 Gross Expenditure £000	2017/18 Income £000	2017/18 Specific Grants £000	2017/18 Total Net Expenditure £000
26,573	27,688	27,688	Capital Financing	26,192			26,192
	4,000	4,000	Contingencies	4,000			4,000
	(1,021)	(1,021)	Dividends received				
			Interest Payable				
(758)	(530)	(530)	Contributions - Transferred Debt		(504)		(504)
15,233	16,684	16,684	External Interest Payable	19,767			19,767
(97)	(90)	(90)	Loan Charges Grant		(87)		(87)
			Interest Receivable				
(2,860)	(2,197)	(2,786)	External Interest Receivable		(941)		(941)
698	1,474	1,474	Interest Reallocated		427		427
38,789	46,008	45,419		49,959	(1,105)		48,854
21,263	63,642	41,423	Net Cost of Services	76,543	(14,213)		62,329

Trading Activities

Planned Surplus: £7m

This section sets out the budgets relating to those services that are currently set up as Trading Activities, which operate under separate Trading Accounts. As part of the organisational redesign there will be an enhanced focus on commercialism throughout the Council, which will include a review of other activities not currently set up as Trading Accounts, for instance country parks, and some registrar's services

For 2017/18, the Trading Activities have a target operating surplus of **£7m**.

Essex Education Services (EES) trades in support services to schools both locally, nationally and internationally, to enable pupil and school staff to improve performance and results. The ambition is to grow the volume of services. One in four of all primary schools nationally use EES and across the range of services 98% of customers rate the work of EES as 'Excellent' or 'Good'. Some 49% of schools in Essex buy 4-6 EES services giving an average sale of £11,500 per customer and EES has contracts in twenty other countries, in particular China and the Emirates. Trading in professional services and professional development is showing strong performance in what is a competitive market and despite the pressure on school budgets.

EES was recently awarded the 'EducationInvestor' 2016 award for School Improvement Services and is a finalist at the

Key Facts:

- 1 in 4 primary schools nationally use Essex Education Services
- Place Services trade with many other local authorities

2017 British Educational Training and Technology awards for Company of the Year.

Essex Legal Services (ELS) trades in the provision of legal advice to a varied client base and will be targeting specific growth in key sectors such as Emergency Services, Health and Education.

The use of ELS' Alternative Business Structure (ABS) provides an opportunity to increase its customer base.

Place services trades in planning and environmental services and seek to grow their customer base and has secured a number of new contracts with local planning authorities outside Essex.

Trading Activity Financial Plans

	Revenue reserve 1 April 2017	Income	Expenditure	(Surplus) / deficit	Appropriations		Revenue reserve 31 March 2018
	£000	£000	£000	£000	To County Revenue Account	To Trading Activity reserve	£000
Finance, Commercial, Traded Services, Housing and Planning							
EES (Essex Education Services)	(2,100)	(14,737)	9,527	(5,210)	(4,604)	(606)	(2,706)
Music Services Traded	(133)	(4,603)	4,496	(107)	(107)	-	(133)
School staffing insurance scheme	(816)	(4,535)	4,535	(0)	-	-	(816)
Library Services	(77)	0	(0)	(0)	-	-	(77)
Place Services	(336)	(2,915)	2,596	(319)	(319)	-	(336)
Information Services infrastructure	(400)	(6,650)	6,650	0	-	-	(400)
Smarte East	(260)	(0)	0	0	-	-	(260)
Corporate and Communities							
ELS (Essex Legal Services)	610	(9,381)	7,763	(1,618)	(1,618)	-	610
Total	(3,512)	(42,821)	35,566	(7,255)	(6,649)	(606)	(4,118)

Reserves and Balances

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

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

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

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

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

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

The Council also uses these specific cash backed reserves to generate interest receipts and minimise the cost of debt. The Council expects to earn **£400,000** in 2017/18 from temporarily investing surplus cash in the market, which is included in the budget, and will be used to fund services. However, it saves substantially more by using the reserves to offset what would otherwise be external borrowing costs. The Council has low debt levels compared to other authorities. It uses its reserves to reduce or delay the need to take on new debt – in 2017/18, it is estimated that this will enable the Council to avoid borrowing costs of **£8m**, thereby allowing funds to be used instead for front line service delivery.

Reserves and Balances Summary

Earmarked Reserves

	Estimated closing balances							
	Balance at 1 April 2016 £000	Balance at 1 April 2017 £000	Budgeted (Contribution)/ Withdrawal £000	2017/18			2018/19	2019/20
				Assumed usage £000	Closing balance £000	£000	£000	
General Balance	(79,731)	(59,216)			(59,216)	(59,216)	(59,216)	
Reserves earmarked for future use								
Adults Digital Programme	-	-	(7,000)	3,500	(3,500)	-	-	
Capital Receipts Pump Priming	(2,671)	(1,000)		1,000	-	-	-	
Carbon Reduction	(3,172)	(2,100)		700	(1,400)	(700)	-	
Carry Forward	(9,057)	-			-	-	-	
Collection Fund Risk	(1,412)	(1,412)			(1,412)	(1,412)	(1,412)	
Community Initiatives Fund	(2,512)	(3,763)		1,000	(2,763)	(1,763)	(763)	
Future Capital Funding	(11,748)	(5,000)	(2,042)	3,474	(3,568)	(3,568)	(3,568)	
Health and Safety	(236)	-			-	-	-	
Innovation	(966)	(1,900)		500	(1,400)	(900)	(400)	
Insurance	(8,356)	(8,356)			(8,356)	(8,356)	(8,356)	
Local Projects	-	-	(1,000)	500	(500)	-	-	
Pension Fund Equalisation	(2,414)	(840)	634		(206)	-	-	
Quadrennial Elections	(1,000)	(1,300)	(500)	1,300	(500)	(1,000)	(1,500)	
Tendring PPP	(422)	(496)			(496)	(496)	(496)	
Transformation	(31,698)	(21,608)	(5,424)	10,000	(17,032)	(10,312)	(3,592)	

Reserves and Balances Summary

Restricted Funds

	Estimated closing balances						
			2017/18		2018/19	2019/20	
	Balance at 1 April 2016 £000	Balance at 1 April 2017 £000	Budgeted Contributions/ Withdrawals £000	Assumed usage £000	Closing balance £000	£000	£000
Long Term Contractual Commitment							
PFI Reserves							
A130 PFI	(52,101)	(48,807)	3,635		(45,172)	(41,537)	(37,902)
Building Schools for the Future PFI	(2,495)	(979)			(979)	(979)	(979)
Debden School PFI	(4,154)	(4,348)			(4,348)	(3,255)	(3,255)
Clacton Secondary Schools' PFI	(3,180)	(3,255)			(3,255)	(4,348)	(4,348)
Waste Reserve	(79,620)	(89,502)	(10,618)	659	(99,461)	(109,420)	(119,379)
Grant Equalisation Reserve	(10,039)	(7,685)	2,190		(5,495)	(5,495)	(5,495)
Trading Activities (not available for use)	(4,563)	(3,428)	6,649	(6,649)	(3,428)	(3,428)	(3,428)
Partnerships and Third Party (not available for use)	(1,687)	(1,478)			(1,478)	(1,478)	(1,478)
Schools (not available for use)	(51,939)	(51,939)			(51,939)	(51,939)	(51,939)

