

Disaggregation the ECC budget - Revenue

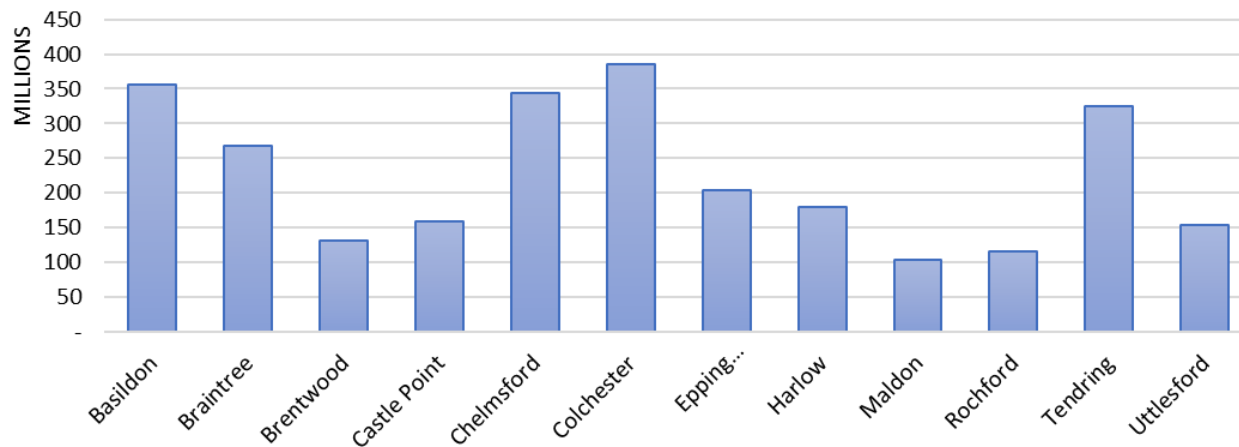
ECC Cost Disaggregation – Revenue

As Local Government Reorganisation will require the disaggregation of services currently provided by ECC to new unitary councils from 2028/29, we have modelled the possible impact of this across existing District Council geographies for the purposes of determining the potential impact for the proposed future unitary configurations in Greater Essex.

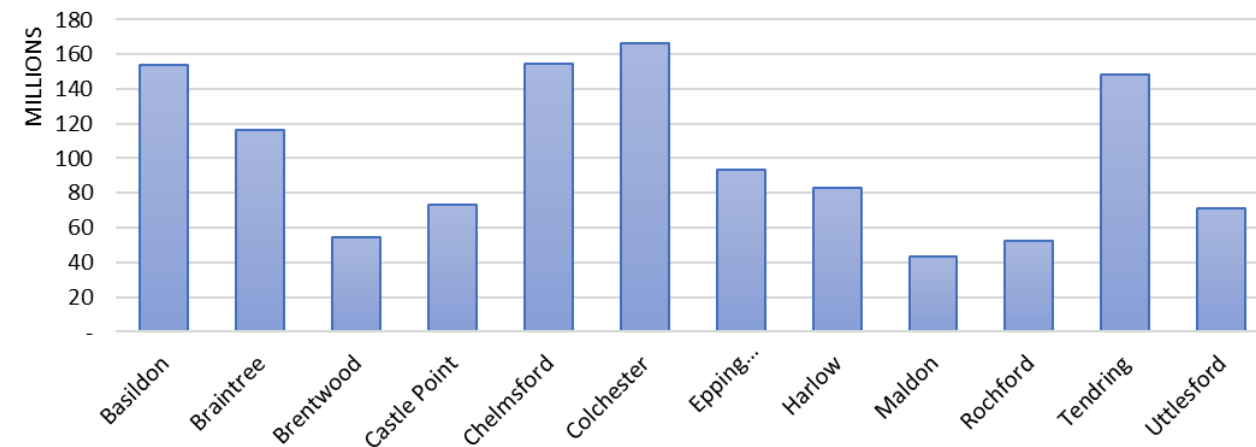
Using the 2025/26 revenue budget, we have disaggregated the ECC gross (£2.7bn) and net expenditure (£1.2bn) budgets for each service, using appropriate allocation methodologies for each area of spend, as agreed with directors

Costs have been disaggregated across the 12 districts. At this stage, no costs have been disaggregated to the future devolved Mayoral Combined Authority

**Disaggregated ECC Gross Expenditure by District
2025/26 Budget**



**Disaggregated ECC Net Expenditure by District
2025/26 Budget**



ECC 'General' Funding Disaggregation

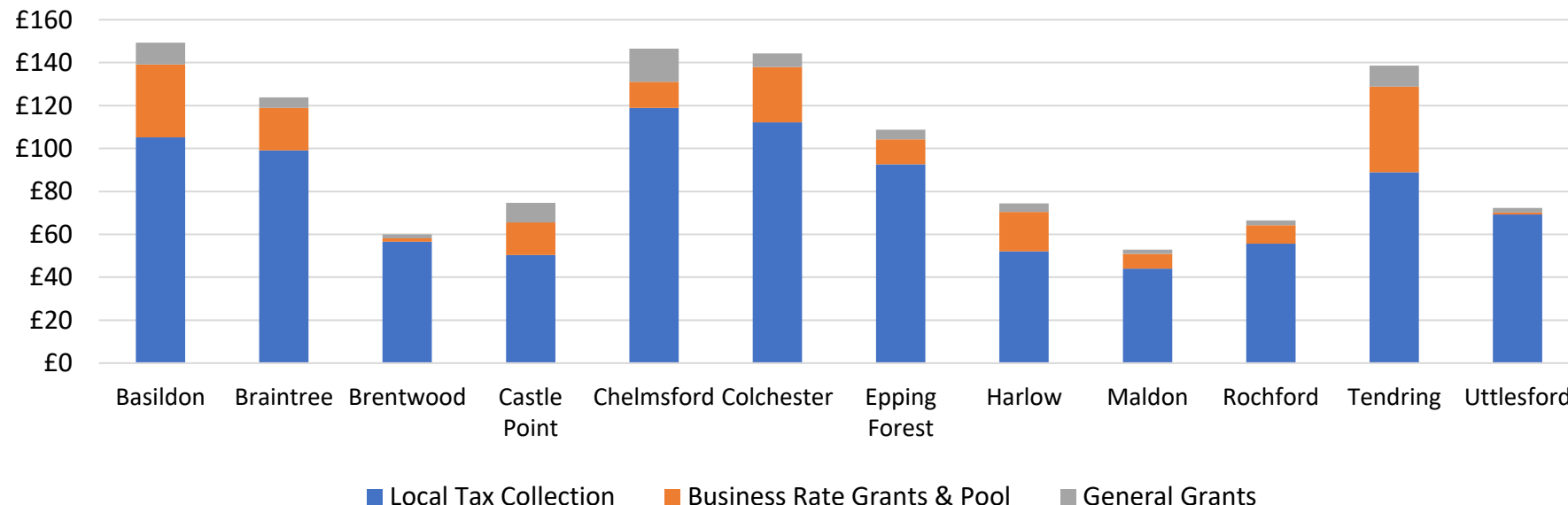
'Below the line' funding consists of local taxes (council tax, business rates) and general government grants

- General grant / tax income does not have conditions or restrictions on how the money can be spent

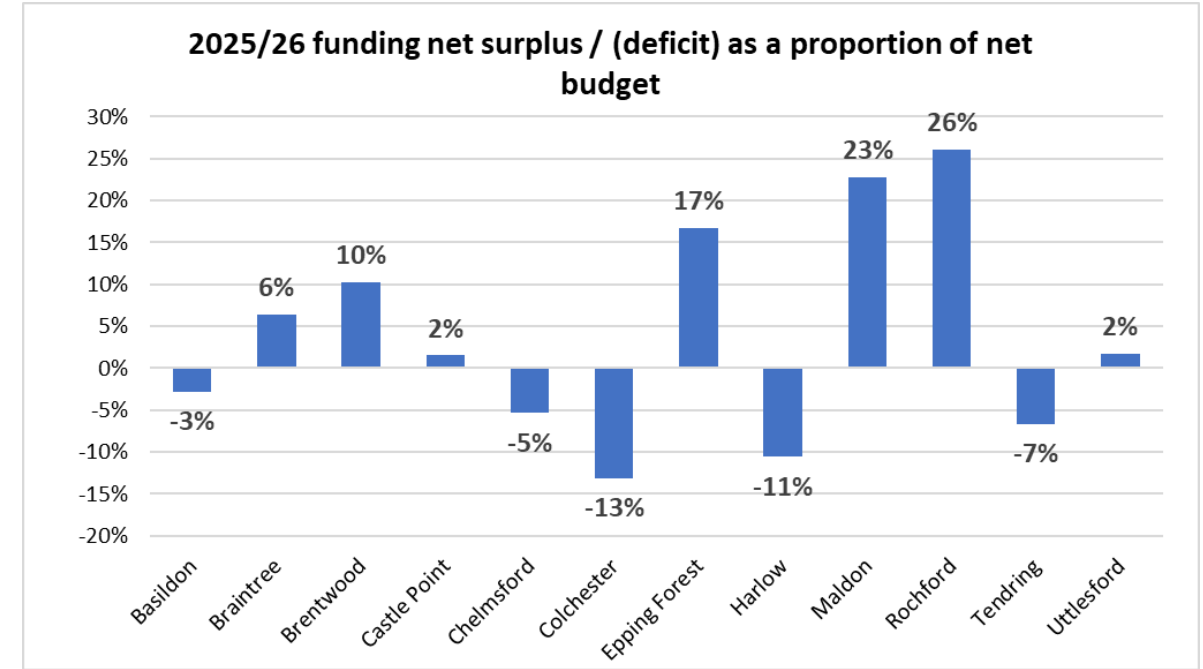
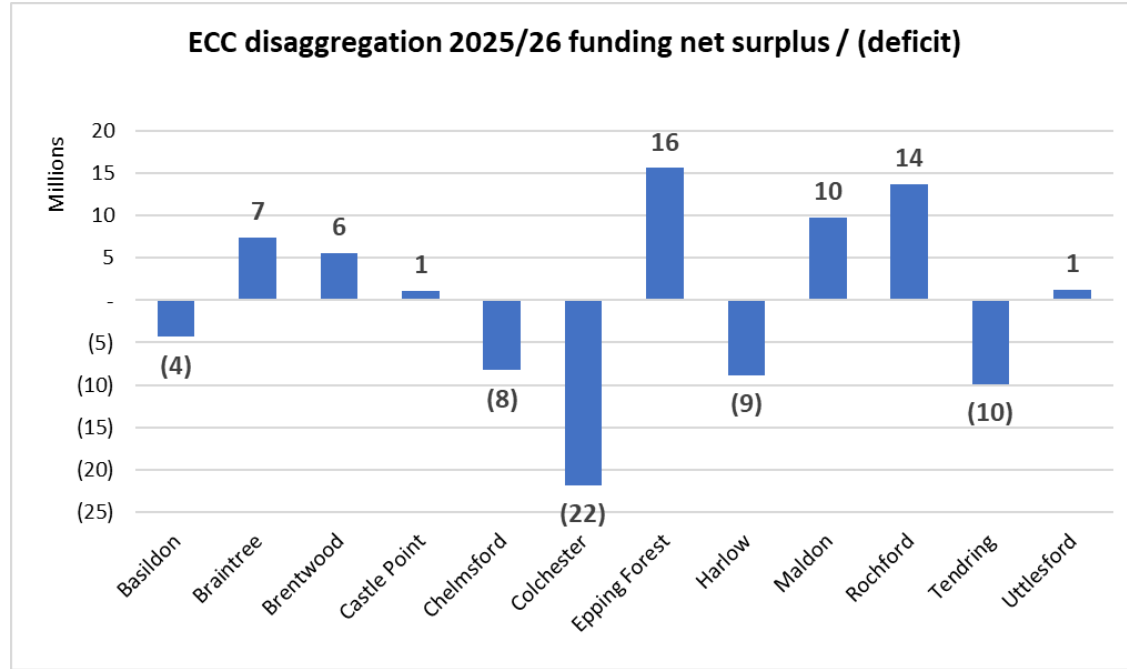
There is more certainty when disaggregating 'below the line' funding, compared to gross expenditure and specific grants, particularly the funding related to local taxes, which is set in collaboration with the district (billing) authorities. For government grants, the Pixel Model, created in collaboration with the County Councils Network (CCN) has been used to support disaggregation calculations.

However, many general grants, including the business rates top-up grant and pool income, will be significantly overhauled as part of the 2026 funding reforms – ECC's exposure on this income is c£600m

Funding Disaggregation across the District by Funding Stream (2025/26 Budget)



ECC Net Expenditure vs. General Funding for each District



To analyse the estimated funding gap at a district level, we have netted-off each district's estimated net expenditure budgets for 2025/26, against their apportioned 'below the line' funding budgets (derived from the CCN commissioned Pixel Funding Model)

At this stage, the analysis shows some districts that would have materially more funding than expenditure, as well as districts with a funding gap:

- Colchester: Over £20m funding gap – predominantly driven by significant social care expenditure
- Epping Forest, Maldon and Rochford: Over £10m funding surplus

Appendices

Appendix 1 – ECC disaggregation totals by Function

Appendix 2 – ECC disaggregation methodologies

Appendix 1 – Potential distribution of ECC 2025/26 Cost Disaggregation - Gross⁶

ECC Gross Expenditure Budget	Basildon £	Braintree £	Brentwood £	Castle Point £	Chelmsford £	Colchester £	Epping Forest £	Harlow £	Maldon £	Rochford £	Tendring £	Uttlesford £	TOTAL £
Disaggregated:													
ADULT SOCIAL CARE	110,440,519	84,289,652	43,197,547	62,141,174	95,286,337	124,823,598	74,776,804	51,351,805	30,698,337	41,798,407	126,739,375	47,298,913	892,842,468
CHILDREN & FAMILIES NON-DSG	40,541,063	24,850,196	9,124,123	12,277,769	26,599,506	35,544,208	18,051,596	37,813,431	9,489,321	10,067,525	32,823,489	13,739,249	270,921,477
CHILDREN & FAMILIES DSG	7,884,304	5,156,922	1,516,602	2,728,324	5,110,111	7,164,512	2,921,655	5,042,379	1,603,715	2,127,684	6,259,761	1,861,226	49,377,195
EDUCATION - NON DSG	6,949,953	1,504,950	973,078	9,092,223	5,760,780	2,200,325	5,672,165	1,152,787	511,424	903,093	12,006,742	875,084	47,602,604
EDUCATION - DSG	108,536,989	78,681,358	40,515,236	35,297,300	104,719,915	127,136,809	48,581,403	37,951,375	27,542,191	27,879,382	70,563,694	45,208,347	752,613,998
CENTRAL & OTH OPERATING COSTS	19,909,043	15,668,887	7,429,576	9,496,311	19,379,073	21,240,128	12,610,511	11,576,693	6,295,331	7,470,853	20,041,992	9,073,123	160,191,522
CORPORATE SERVICES	11,326,992	8,801,059	4,190,629	5,360,772	10,942,770	11,986,719	7,031,646	6,586,219	3,500,265	4,097,745	11,354,426	5,059,343	90,238,585
CLIMATE ENV & CUST SERV	31,348,667	33,671,493	14,312,062	13,813,057	53,049,383	33,684,273	22,443,038	15,755,900	15,803,829	14,101,363	27,872,714	22,819,914	298,675,692
POLICY PEOPLE ECONOMY & PH NDSG	19,149,102	14,726,972	9,252,484	8,151,428	22,189,844	20,349,244	11,804,361	11,797,437	7,129,112	7,604,794	16,379,635	7,798,567	156,332,979
POLICY PEOPLE ECONOMY & PH DSG	555,817	396,208	256,182	239,423	525,203	579,280	312,717	303,494	134,643	237,757	358,891	230,383	4,130,000
Gross Disaggregated Budget	356,642,449	267,747,697	130,767,521	158,597,782	343,562,922	384,709,095	204,205,895	179,331,518	102,708,168	116,288,605	324,400,717	153,964,150	2,722,926,519

Appendix 1 – Potential distribution of ECC 2025/26 Cost Disaggregation - Net ⁷

ECC Net Expenditure Budget	Basildon £	Braintree £	Brentwood £	Castle Point £	Chelmsford £	Colchester £	Epping Forest £	Harlow £	Maldon £	Rochford £	Tendring £	Uttlesford £	TOTAL £
Disaggregated:													
ADULT SOCIAL CARE	67,242,499	46,669,935	25,585,046	34,800,680	54,656,078	81,300,617	42,178,042	29,007,249	14,601,688	22,429,968	69,467,477	28,046,895	515,986,173
CHILDREN & FAMILIES NON-DSG	23,451,279	15,131,374	4,024,129	6,578,091	16,473,405	23,342,557	8,749,793	22,562,538	5,592,264	5,313,772	20,184,313	8,079,886	159,483,402
CHILDREN & FAMILIES DSG	7,884,304	5,156,922	1,516,602	2,728,324	5,110,111	7,164,512	2,921,655	5,042,379	1,603,715	2,127,684	6,259,761	1,861,226	49,377,195
EDUCATION - NON DSG	4,321,733	975,184	630,540	6,521,022	4,022,557	1,425,777	1,881,944	746,988	331,395	585,191	3,784,763	567,041	25,794,133
EDUCATION - DSG	(8,976,767)	(5,976,775)	(2,016,504)	(3,287,429)	(6,205,075)	(8,260,114)	(3,497,701)	(5,597,129)	(1,815,578)	(2,527,340)	(7,092,963)	(2,254,361)	(57,507,738)
CENTRAL & OTH OPERATING COSTS	17,092,041	13,480,080	6,387,375	8,163,097	16,657,627	18,259,053	10,861,754	9,938,712	5,424,821	6,451,752	17,218,167	7,814,874	137,749,353
CORPORATE SERVICES	9,200,258	7,148,589	3,403,804	4,354,244	8,888,177	9,736,116	5,711,397	5,349,603	2,843,062	3,328,361	9,222,541	4,109,410	73,295,563
CLIMATE ENV & CUST SERV	27,007,715	28,044,552	12,481,085	11,293,212	45,081,685	25,858,207	19,882,444	13,194,762	12,691,150	12,356,041	24,606,789	19,594,132	252,091,774
POLICY PEOPLE ECONOMY & PH NDSG	5,780,991	5,374,587	2,188,572	2,150,456	9,546,238	6,688,984	4,107,426	2,764,646	1,644,912	2,443,410	4,479,724	3,030,140	50,200,086
POLICY PEOPLE ECONOMY & PH DSG	555,817	396,208	256,182	239,423	525,203	579,280	312,717	303,494	134,643	237,757	358,891	230,383	4,130,000
Net Disaggregated Budget	153,559,870	116,400,656	54,456,832	73,541,119	154,756,005	166,094,989	93,109,471	83,313,243	43,052,072	52,746,595	148,489,461	71,079,627	1,210,599,940
	12.7%	9.6%	4.5%	6.1%	12.8%	13.7%	7.7%	6.9%	3.6%	4.4%	12.3%	5.9%	
Disaggregated Funding	149,237,486	123,846,824	60,016,655	74,646,602	146,514,491	144,266,582	108,722,627	74,482,485	52,871,954	66,502,792	138,593,547	72,303,888	1,212,005,933
Net Surplus / (Deficit)	(4,322,384)	7,446,168	5,559,823	1,105,483	(8,241,514)	(21,828,407)	15,613,156	(8,830,758)	9,819,881	13,756,198	(9,895,914)	1,224,261	
Funding Surplus/(Gap) as a proportion of ECC disaggregated net expenditure budget	-2.8%	6.4%	10.2%	1.5%	-5.3%	-13.1%	16.8%	-10.6%	22.8%	26.1%	-6.7%	1.7%	

Appendix 2 - ECC Cost Disaggregation – Methodology

Adults Social Care (ASC)

All areas in ASC either based on distribution of client numbers either per district or quadrant where relevant, distribution of type of client (Older People, Learning Disability, Physical and Sensory Impairment, Working Age Adults, Mental Health), Location of team, client numbers in attendance at ECL day care services, property location in all areas invoicing used to support where relevant.

Children and Families DSG/Non DSG

Multiple distribution methodologies – primarily based on activity data from the last 4 years for different care types, and child population by district

Education DSG/Non DSG

Education Non DSG – Pupil Numbers in each district as per the October 2024 Census/ District PFI school is located

Education DSG –Based on matching grant funding to cost disaggregation

Education Operations - Pupil Numbers in each district as per the October 2024 Census/ Early Years hours

Central and Other Operating Costs

Allocation based on the average allocation across Childrens, Adults, and Place/ Per sharing agreements already in place

Corporate Services

Allocation based on the average allocation across Childrens, Adults, and Place

Appendix 2 - ECC Cost Disaggregation – Methodology cont.

Climate, Environment and Customer Services

Customer

Coroners - Disaggregation approach by historic/forecast referrals into the coroners service; it's a complex service and as such the approach used will require an in depth analysis of factors such as major mass fatality risk and the impact of derivation to improve the accuracy of the disaggregation.

Libraries - Primary methodology used for disaggregation of this area is geographical location.

For services where no specific distribution of demand by location was able to be evidenced, population was used as the current basis for disaggregation

Highways & Transportation

Highways - Where applicable, asset based geographical information used to inform methodology. For example, Roads (Road Length), Street Lighting (No of Street Lighting Assets), Winter (No. of grit runs), etc. In some cases apportionment on a population basis was deemed the most appropriate at the current time, but further analysis may be required to increase accuracy.

Transport – Different methodologies used for type of service. Home to School used pupil location (from load list), Local Bus (starting point of service), Park & Ride (location), Bus Shelters/maintenance/Intelligent Information/Passenger Transport publication (No. of Shelters), Travel training (pupil location as per H2S), Bus station Levy (location), Community Transport (per existing agreements), Concessionary Fares (per population), DigiGo (location) and Management/ admin team and officers per population.

Environment & Climate Change

Waste – Primary disaggregation methodologies used are tonnages, location of sites (RHCW's, Transfer Stations, Closed Landfill and Courtauld Road) and number of households, with waste strategy spend being apportioned equally by district.

Climate Action & Mitigation – Historical spend data primarily used to inform the apportionment methodology. For example, the lead local flood authority officer time per district, number of sustainable drainage systems consultations and the flood alleviation capital spend per district. Green Infrastructure apportionment based on number of households per district.

Culture, Heritage & Green Spaces – Primary methodology used is the location of sites, with district population used for the Essex Records Office. Cultural Development and Energy apportionment based on number of households per district as this was deemed the most appropriate for this exercise.

Appendix 2 - ECC Cost Disaggregation – Methodology cont.

Policy, People, Economy and Public Health DSG/Non DSG

Policy - Allocation based on population methodology for 50% of cost base and then the remaining 50% allocated as per devolution/LGR.

Property, Localities, Energy and Capital Delivery - Population, in line with the Capital Programme per district, Rateable value, Value of assets held in each district, Specific assets/schools.

Sustainable Growth, Adult Community Learning (ACL) - ACL slightly more complicated and no ideal way to split so a number of different combinations of data used to find a materially correct view and split in the data. Methodologies within this area - Population, where a specific project is located, ACL adult skills enrolments for 2025/26.

People and Organisation Design - The area uses a disaggregation methodology based on the overall split per district of all other front-line services.

Public Health - Under 75 all cause mortality (MSOA level, with worse areas getting higher allocations based on the weighting used in the 2012 formula), Inequality in under 75 all cause mortality, People in substance misuse treatment, STI testing rates, Number of health checks, Adult & children obesity, Smoking prevalence, Child poverty

Appendix 2 - ECC Cost Disaggregation – Methodology cont. - Funding

	B'don	Brain	B'wood	C.Point	C'ford	Colch	Epp F	H'low	Mald	Roch	Tend	U'ford	TOTAL	
2025/26 Funding Budget Position														
Essex County Council	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	Comments / Explanation of Methodology
Local Tax Collection:														
Council Tax (Precept)	97.32	91.74	54.51	49.37	113.85	106.15	88.37	46.28	42.42	53.05	84.50	64.06	891.62	As per Precept returns from districts
Council Tax (Collection Fund)	(0.38)	1.77	(0.52)	(0.67)	(2.13)	(0.11)	0.62	1.28	0.23	0.67	1.34	0.04	2.15	As per Precept returns from districts
Business Rates (Precept)	8.12	4.97	2.49	1.50	7.91	6.11	3.55	4.55	1.42	1.85	2.85	5.22	50.53	As per Precept returns from districts
Business Rates (Collection Fund)	0.14	0.67	0.03	0.12	(0.71)	0.06	0.16	0.00	(0.02)	0.06	0.26	(0.05)	0.70	As per Precept returns from districts
Total Direct Tax Income	105.20	99.14	56.51	50.32	118.93	112.20	92.70	52.11	44.05	55.63	88.94	69.26	945.00	78% of total funding
Govt Funded Business Rates Related Income														
Section 31 Grant Income (Business Rates)	2.72	1.84	1.04	0.76	2.47	2.20	1.73	1.22	0.74	0.96	1.47	1.56	18.70	As per Precept returns from districts The ECC Top-Up Grant apportionment, and the Section 31 Grant relating to the ECC Top-Up Grant apportionment, are based on each authority's latest Settlement Funding Assessment and Business Rate Baselines, primarily using the final 2025/26 LGFS data and the Pixel model's workings. The formula used to disaggregate these funding streams calculates a 'total' top-up/ tariff for each authority, which is the Total Baseline Funding Level MINUS the Total Business Rate Baseline. 'Total' refers to the sum of the district's funding, and the county's funding disaggregated at a district level, as per the Feb-25 Pixel model. Pixel disaggregate ECC funding using criteria from the original 2013/14 relative need formula model and its own assumptions on relative needs at a district level. This has its drawbacks, however, to change these criteria would mean updating the data to be based on the current year, which would fundamentally alter the relative needs of Essex authorities and ultimately the 2025/26 Settlement Funding Assessment, which would not be representative of the model used by MHCLG to calculate the local government finance settlement. To calculate ECC's top up grant, we have used the difference between the value of the 'total' top-up / tariff grant for each district, compared to the value of the district's 'actual' 2025/26 tariff. The difference between the two when aggregating all districts is equal to ECC's 2025/26 top-up grant. While these formulas are reasonable for disaggregating these funding streams in 2025/26, the 2026 funding reforms will likely reassess funding needs. This could fundamentally change the way the grant is apportioned in 2026/27 and re-base the relative need formula on both the latest information and new criteria altogether. Once this new methodology is known, we can recalculate the grant apportionment, where possible, using the latest disaggregation information and data available.
Business Rates (Top-Up Grant)	25.47	14.52	0.55	11.95	7.54	19.06	7.83	14.25	4.93	6.10	31.65	(1.04)	142.81	
Section 31 Grant Income (Top-Up)	5.10	2.91	0.11	2.39	1.51	3.81	1.57	2.85	0.99	1.22	6.33	(0.21)	28.58	Used the same allocation method as above, given the S31 compensation grant relates to ECC's top-up grant funding
Green Plant & Machinery Section 31 Grant	0.01	0.01	0.00	0.00	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.01	0.07	Apportioned based on each individual district's allocation of Green P&M, given this is how ECC's allocation is calculated.
Business Rates (Pool)	0.61	0.51	0.00	0.20	0.56	0.67	0.38	0.00	0.22	0.28	0.49	0.64	4.57	Based on each authority's 'NNDR growth above baseline', NNDR1 2024/25 budget position. Varies each year and is unlikely to be relevant to present or future Essex authorities following the implementation of funding reforms
Total govt funded business rates related income	33.91	19.79	1.70	15.29	12.09	25.76	11.51	18.32	6.88	8.56	39.95	0.95	194.72	
General Government Grants:														
Revenue Support Grant	4.33	2.48	0.46	1.74	1.98	3.22	1.49	2.47	0.82	1.03	4.44	0.47	24.91	Apportionment based on Essex district's % share of the 2025/26 Settlement Funding Agreement, as per the 2025/26 LGFS and Pixel's methodology. The mechanisms for distributing central govt funding are likely to change next financial year when the LG funding reforms are fully implemented. Also, does not consider the possibility that some of our funding allocation could go to the Essex mayoral authority
Debden PFI Gen Grant	0.00	0.00	0.00	0.00	0.00	0.00	1.11	0.00	0.00	0.00	0.00	0.00	1.11	Debden Park High School is in the district of Epping (100%)
Clacton PFI Gen Grant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.63	0.00	2.63	Clacton is in the district of Tendring (100%)
BSF WAVE 4 PFI Gen Grant	0.00	0.00	0.00	5.89	2.77	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.66	Divided evenly across all regions until more is known about this PFI deal. Seems to be related to LEP spend and South Essex, but business case/ CMA provided little information as to where these schools were built.
A130 PFI Gen Grant	0.00	0.00	0.00	0.00	7.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.62	A130 road is situated near the district of Chelmsford (100% cost apportioned)
Woodlands PFI grant	2.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.95	Woodland School is in the district of Basildon (100%)
New Homes Bonus	0.00	0.39	0.07	0.00	0.26	0.18	0.07	0.07	0.15	0.11	0.23	0.28	1.81	As an upper-tier authority, ECC retains 20% of the new homes bonus generated by district authorities. Therefore, allocation can be directly apportioned based on each district's performance
NIC Grant	1.22	0.88	0.42	0.57	1.13	1.21	0.69	0.61	0.34	0.43	1.02	0.48	9.00	Grant was distributed based on net service cost (RA 2024/25). Therefore, used our apportionment of the aggregated and apportioned 2025/26 revenue budgets across Essex districts
Extended Producers Responsibility Grant	1.63	1.18	0.85	0.84	1.74	1.62	1.15	0.87	0.63	0.75	1.30	0.85	13.41	ECC's finance team that supports the CECS function have provided an estimate for the grant disaggregation, which aligns as close as possible to the assumptions used by central government for each element of the grant. These element are stated in the grant determination letter.
Inshore Fisheries Support Grant	0.00	0.00	0.00	0.00	0.00	0.09	0.00	0.00	0.00	0.00	0.09	0.00	0.18	The main fishing ports in the district include Leigh-on-Sea, West Mersea and Harwich in Essex, according to gov.uk docs. Therefore,the funding has been apportioned evenly across the relevant districts, which are Colchester and Tendring.
Total general government grants	10.14	4.93	1.80	9.04	15.50	6.32	4.51	4.02	1.94	2.31	9.71	2.07	72.28	
2025/26 Funding Total	149.25	123.86	60.01	74.66	146.52	144.28	108.72	74.45	52.87	66.51	138.60	72.29	1,212.01	