

ESSEX COUNTY COUNCIL ORGANISATION PLAN

2019/20



Essex County Council

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FOREWORD

BY THE LEADER

The County Council faces unprecedented challenges. In the last five years alone, we have seen our government funding fall by nearly 70%, while the demand for our services, driven by a growing and ageing population, has accelerated.

I do not underestimate or in any way minimise the scale of the difficulties we face. It would be doing a disservice to the people of Essex if I were not open about the fact that we will need to make some tough decisions going forwards. Decisions which not everyone may like or support. We will however, be doing a greater disservice to our residents if we hold back from making the right decisions, in the right way, now, to protect the long-term well-being of our county.

Essex rightly prides itself on being innovative, dynamic and entrepreneurial. We have one of the highest business start-up rates in the country which reflects the go-getting nature of our people. They have the right to expect that same spirit of enterprise and dynamism from their Council.

Just doing what we have always done is not going to be good enough. The challenge for us now is to secure the long-term well-being of our county and its people in new ways. We are being more commercial in our

thinking, more enterprising and entrepreneurial in our outlook, more focused on the possibilities of internet-age public services, and more efficient than ever in order to rise to the demands of our new circumstances. This budget supports us on that journey.

Despite our difficult circumstances, we are not stepping away from the aims we set ourselves a year ago - because we believe they remain the key to Essex's long-term well-being. And however difficult our present circumstances, we should never stop being ambitious for our great county. Our aims are:

- a. Inclusive economic growth – we believe the only guarantee of long-term well-being is a strong economy from which everyone can benefit.
- b. Helping people get the best start and age well – it is our fundamental duty to protect the most vulnerable and to maximise the opportunities for Essex people, whatever their circumstances, to make the best lives they can for themselves and their families.
- c. Help create great places – we are the guardians of the county for future generations and we will always act responsibly to address the growth needs of our population whilst maintaining the essence of what makes Essex great.
- d. Transform the Council – we know that none of the above can be achieved if the Council is not

constantly pushing itself to be more resourceful and more efficient.

Despite the very real pressures in our current operating context, I am optimistic. This Council has a track record of rolling up its sleeves and getting on with delivering the things that matter to Essex and its people. That is how we have managed to save the equivalent of £1m a week, every week, for the last four years, whilst delivering outstanding children's and youth offending services, investing millions of pounds in our roads, and supporting our schools to be amongst the best in the country. It is why Essex County Council is ranked in the top ten councils nationally.

For all of us across Essex who are working hard to make ends meet, my message is a simple one – we will do whatever we can to ensure this is the Council you deserve. A council that works hard every day to make your life a little bit easier.



Cllr David Finch
Leader

A handwritten signature in blue ink, which appears to read 'David Finch'.

FOREWORD

BY THE CHIEF EXECUTIVE

The County Council exists to secure the economic, social and environmental well-being of Essex.

Our Members have interpreted that responsibility through the articulation of four broad strategic aims and twelve priorities and this organisational plan is the expression of those aims and priorities.

My responsibility as Chief Executive is to make sure that the Council is organised to enable those ambitions to be fulfilled.

As the Leader's foreword indicates, it is getting more and more challenging to secure the outcomes we would wish for our communities. Not only is it more challenging for the Council, but many other public services that our residents rely on have also faced a funding squeeze over the last decade. Cumulatively well in excess of a £1bn of savings have been made in Essex's public services since the financial crisis of 2007/08.

It is because of these unprecedented circumstances that it has been necessary to fundamentally re-think the organisation. In doing so we have been mindful not only of the need to achieve savings but, as importantly, to build a council that is capable of responding to the demands and opportunities of the future.

Part of being fit for the future means that where we deliver services we do so to the best of our ability. I am immensely proud that in the past few months our Children's and Youth Offending services have been inspected by Ofsted and Her Majesty's Inspectorate of Probation and both judged to be outstanding. And in the next few months, a Local Government Association team will be reviewing our equalities work, giving us the opportunity to demonstrate that we continue to operate at the highest level in this important area. When we praise the quality of our staff, it is no empty boast, we genuinely have some of the best people leading the best services in the country.

But delivering great services is not enough. Our Members are also rightly focused on those larger ambitions that our residents have for themselves – a great education, a good job, a healthy life, a safe community, a stimulating environment to live, work, and enjoy into old age. To support those outcomes we need to work closely with partners across the county to ensure that our individual services add up to more than the sum of their parts. Our focus on aims and priorities in this organisation plan supports our ability to work with partners in a more joined-up way for the benefit of our residents.

Ensuring the Council is capable of delivering what is needed in the future means responding to the challenges of the internet-age. Not only does that mean creating the capacity in the Council to build service

design and digital solutions into the fabric of how we think about our challenges – it also means re-thinking those challenges themselves and how they might be solved; it means, with our support, communities playing a more active role in determining and achieving their local priorities; it means harnessing the power of data to enable us to build more intelligent, better-targeted services so that we use taxpayers money as effectively as possible; it means investing in our staff so that they are equipped with the skills they need to seize the opportunities of a rapidly changing world; and it means having the stamina to continuously re-invent ourselves – recognising that there will never be a time when this work is completed and that the Council must always be open to new ways of doing things and prepared to re-imagine existing ways of working.

I believe our challenges are immense but I share the Leader's optimism that in Essex we have the people, the passion, the commitment and the drive to rise to those challenges and give our residents the Council they deserve.



Gavin Jones,
Chief Executive

A handwritten signature in dark ink, appearing to read 'Gavin Jones'.

THE FINANCIAL CHALLENGE

CABINET MEMBER FOR FINANCE, COMMERCIAL AND TRADED SERVICES

We have set high ambitions for Essex and for Essex County Council in the face of a difficult financial context but the Council has a strong record of sound financial management, focusing on providing efficient services that matter to residents and communities. Whilst challenging, the changing financial circumstances provide opportunities for us to shape the Essex of tomorrow.

We have a legal responsibility to operate within a balanced budget. With the changes and reductions in central government grant funding, coupled with increasing and more complex demand for core services such as caring for the elderly, protecting vulnerable children and supporting those families who need it, the financial situation continues to be challenging as we focus on building a sustainable budget that works for Essex residents both now and in to the future.

The budget sets out the financial resources that the Council has available to deliver its statutory requirements, political priorities and the Organisation Plan and therefore achieve the Organisation Strategy.

The Council will spend a gross budget (including schools) of **£2,464m**, which, after taking income and specific grants into account, amounts to a net cost of services of **£940m**, some £25m or 3% more than in 2018/19. We are also investing some **£249m** in our capital programme.

We have an outstanding track record of delivering value to tax-paying residents. We have delivered **£311m** of savings in the last 4 years by improving value for money, generating income and reducing costs, and the budget now presented is based on delivering a further **£60m** of savings and efficiencies in 2019/20. This track record has enabled the Council not only to maintain services in new and improved ways at lower cost, but also to invest in the future so that Essex thrives and continues to be a great place in which to live and work.

We need to ensure effective services not just for today, but for the future. Therefore we have ambitious plans for our capital investment - a capital programme of **£249m** for 2019/20. This investment will help deliver our strategic aims and priorities, providing benefit to our communities and in some cases give us a cashable return on investment. The programme includes investment in independent living schemes for older and vulnerable adults, generating greater supply of housing, sufficiency of school places (including schools for children with special needs), and in schemes to promote economic growth, including improvements to

the roads and footpaths that we all use daily.

We are determined to achieve the best service we can for residents in the most efficient way. This means that we fully review services on a regular basis to ensure they are modern, fit for purpose and delivered at good value to the taxpayer.

The Revenue Support Grant provided by central government will be reduced by **£27m** in 2019/20 and phased out completely by 2020/21 so our income will be derived from remaining specific grants, council tax, business rates, fees and charges and other trading revenues. Our responsibility to taxpayers demands a focus on the generation of discretionary revenues and through commercial opportunities. We will charge for services where appropriate and where there is a demand for them and an ability to pay.

Despite our efforts, inflation, price increases, population growth and greater demand and expectation for services, all mean we will need to utilise the 1% Social Care precept facility offered by government and increase Council Tax by 2.99%. The precept is being used to insulate Adult Social Care from the savings required across other portfolios. Taking these increases into account, the council tax for a band D property will be **£1,270.44; this is an increase of £0.94 per household per week.**

CLLR LOUISE MCKINLAY

OUR STRATEGIC PRIORITIES

ENABLE INCLUSIVE
ECONOMIC GROWTH



HELP PEOPLE IN ESSEX PROSPER BY INCREASING THEIR SKILLS

THE CHALLENGE

Essex is one of the largest and most stable economies in the country. The number of well qualified adults (achieving level 4 and above) in Essex is increasing but remains below the national average. Unemployment is low and the numbers of young people not in education, training or employment is also low. This success however means that employers have difficulty in attracting people with the skills they need, and also have skills deficiencies in their existing workforce, which contribute to slow growth and relatively poor productivity. Lack of suitable skills to support in-work progression is also a barrier for some of our residents to higher wages and economic inclusion.

The Council will work with partners to ensure that workers in Essex can access skilled jobs through the achievement of higher accredited learning and that those in need of improved foundation skills can access learning. We will work with employers to foster their relationship with the Further Education sector and encourage them to work with us to support people with learning disabilities or Special Educational Needs and Disabilities (SEND) to enter the workforce. As part of the skills system, the Council will also ensure that residents will benefit from a greater range of apprenticeships across Further Education and Adult Community Learning providers and we will continue to work with our schools to drive up the standard of education our children receive – so that every child has the chance to attend a good or outstanding school.

IN THE LAST YEAR THE COUNCIL HAS:

- Implemented a new young carers service ensuring young carers get the support they need
- Delivered more than 2,750 school places
- Put in place an ‘early help hub’ to improve the attainment of vulnerable children
- Initiated a new Multi Academy Trust (MAT) that will support schools where that support is not already available
- Delivered a campaign to promote apprenticeships to employers and young people
- Supported colleges to deliver Stansted Airport College (Uttlesford), the Centre for Health and Development (Colchester) and the Science Technology Engineering and Mathematics (STEM) Innovation Campus Braintree
- Ensured there is a range of employment support services for people with disabilities, including those with mental health needs
- Expanded the enterprise advisor network to enhance careers education in schools.

HELP PEOPLE IN ESSEX PROSPER BY INCREASING THEIR SKILLS

IN THE NEXT YEAR THE COUNCIL WILL:

- Deliver 1,066 new primary school places and 2,198 new secondary school places
- Refresh the Essex Skills evidence base, in support of delivering a new Essex Skills Strategy and increasing productivity
- Deliver a campaign to increase adult English and Maths skills in key localities
- Increase the number of apprenticeships delivered through Adult Community Learning
- Ensure that every early years setting, school and college is judged to be at least 'Good' by Ofsted
- Continue to support the development of the School-Led Improvement System with the ambition of improving the inclusion of those children with Special Educational Needs and Disabilities and those who are disadvantaged.

These activities will be monitored throughout the year through a range of performance measures and targets including educational outcomes, improvements in skills levels, higher apprenticeship numbers, and increasing numbers of adults with disabilities that are economically active.

ENABLE ESSEX TO ATTRACT AND GROW LARGE FIRMS IN HIGH GROWTH INDUSTRIES

THE CHALLENGE

Essex has a very significant small and medium sized business sector, with a strong entrepreneurial culture. The Council wants to also attract additional firms to locate to Essex and benefit from being in Essex, and, in particular, grow and attract those larger companies in rapidly emerging economic sectors. Productivity here remains challenging and is lower than other areas in the South East. In responding to the Government's Industrial Strategy, the Council will need to create more economic growth through Artificial Intelligence and by data utilisation, new forms of mobility, and responding to the needs of an ageing society. While Essex has great connectivity to London, Cambridge and, through its ports and airports, to Europe and the wider world, its roads are congested at rush hour and commuters to London travel on crowded trains, with a negative impact on growth.

IN THE LAST YEAR THE COUNCIL HAS:

- Developed plans to improve inclusive growth along three economic corridors which impact most districts in Essex
- Worked with District Councils on Local Plan delivery to ensure the provision of sufficient and appropriate employment land
- Conducted a focused study on the availability of land for businesses and developed an action plan in order to support the delivery of new employment sites in key locations
- Undertaken technical work and campaigned for investment for major routes including the A120, A12, A13, A127 and the M11
- Influenced the roll out of broadband in Essex to support businesses and invested **£5m**
- Invested **£120m** of capital to improve and maintain the roads in Essex.

These activities will be monitored throughout the year through a range of performance measures and targets, including increasing investment in the county, availability of commercial space and high-speed broadband for businesses and greater use of public transport.

IN THE NEXT YEAR THE COUNCIL WILL:

- Continue work on the new M11 Junction 7A scheme in Harlow
- Secure improvements for the A120 Braintree to A12 schemes
- Invest **£117m** of capital to improve and maintain the roads in Essex
- Influence the national agenda on transport by promoting a greater role for Transport East
- Continue to deliver a range of sustainable transport improvements for Chelmsford, as part of our **£15m** Chelmsford City Growth Package
- Continue to invest in Colchester, prioritising key transport corridors and sustainable access to the town
- Continue to engage with districts on Local Plan delivery to ensure the provision of sufficient and appropriate employment land
- Establish a pipeline of economic land investment opportunities for the Council in support of increasing the availability of commercial and industrial sites
- Invest a further **£14m** to get better broadband connection in Essex
- Establish the Brand Essex programme to promote the county as a business location of choice
- Implement a Local Industrial Strategy for Essex that will secure government investment to improve our infrastructure, help businesses to locate and grow in Essex and increase productivity.

TARGET ECONOMIC DEVELOPMENT TO AREAS OF OPPORTUNITY

THE CHALLENGE

While Essex remains one of the largest economies in the country, performance is variable and some areas of Essex have untapped potential for economic growth. As a result, the economic performance in those particular areas is not as strong as it could be. Basildon and Colchester are long established economic successes, where there are now opportunities to increase productivity and more inclusive growth. Harlow is undergoing a transformation through the enterprise zone, with the arrival of Public Health England and the new garden community of Harlow/Gilston, which can create inclusive growth. Tendring, despite some significant inward investment, remains one of the least economically productive areas.

IN THE LAST YEAR THE COUNCIL HAS:

- Carried out research and built action plans to increase economic growth and reduce income inequalities in Colchester, Tendring, Harlow and Basildon
- Worked with districts on developing plans for the new North Essex Garden Communities.

These activities will be monitored throughout the year through a range of performance measures and targets with a particular focus on performance in Basildon, Harlow, Tendring and Colchester.

IN THE NEXT YEAR THE COUNCIL WILL:

- Put in place Localities Plans for Basildon, Colchester, Tendring and Harlow to ensure the Council maximises its impact in promoting social and economic improvements
- Lead work with the Association of South Essex Authorities to develop a shared proposition for the future development of South Essex and engage Government and prospective investors in creating the conditions for the development of new housing and communities, improved infrastructure and an increase in good quality and sustainable jobs in South Essex
- Lead work with the North Essex authorities of Colchester, Tendring, Braintree and Uttlesford on the North Essex Economic Strategy and Action Plan, which will help create the conditions for existing businesses to grow and attract new businesses to locate in North Essex, creating more and better-quality jobs for residents and developing more prosperous communities
- Work with Tendring District Council and the Housing and Finance Institute to develop a joint action plan for the revitalisation of Jaywick Sands
- Bring forward with partners the draft South Essex Joint Strategic Plan in support of identifying key strategic growth sites in South Essex.

OUR STRATEGIC PRIORITIES

HELP PEOPLE GET
THE BEST START
AND AGE WELL



HELP KEEP VULNERABLE CHILDREN SAFER AND ENABLE THEM TO FULFIL THEIR POTENTIAL

THE CHALLENGE

The Council's innovative approach has helped make it safer for children to live at home, reducing the number of children who live in care. Essex faces new challenges in the community that include dealing with sexual exploitation and gangs, but it is a priority to improve outcomes for the most vulnerable children, young people and families in Essex. The Council has one of the most efficient and effective children's services in the country. The challenge is to continue to deliver good outcomes for children and their families, as demand on services increases, yet funding available for local government declines.

IN THE LAST YEAR THE COUNCIL HAS:

- Been inspected by Ofsted and Her Majesty's Inspectorate of Probation (HMIP) who found our Children's Services and Youth Offending Service to be outstanding
- Achieved high performance whilst delivering efficiencies and growing commercial income (through consultancy)
- Extended the offer of advice, guidance and support to all care leavers who want it up to the age of 25
- Grown the Essex in-house Fostering Service reducing placements in more expensive independent fostering agencies
- Delivered a new activity and short break service
- Delivered seamless social work to disabled children and young people through an integrated service for 0-25 years olds
- Implemented a Youth Offending Service Gangs Team to support young people to leave gangs
- Been awarded the Social Worker Employer of the Year for our Children and Families services at the Social Work Awards.

These activities will be monitored throughout the year through a range of performance measures and targets including; improving the number of care leavers that are in employment, training or education, greater uptake of free early education entitlements and improved outcomes for children in care.

IN THE NEXT YEAR THE COUNCIL WILL:

- Continue to develop new employment opportunities for disabled young people and care leavers
- Develop living places for young disabled people to live independently within integrated communities
- Have a new contract arrangement with residential care to provide better value placements and stronger partnerships with the sector
- Embed and continue to deliver savings from the redesign of the adoption and fostering service
- Grow further income through consultancy, including working with another twelve authorities as Partners in Practice
- Review the impact of the Family Solutions service, considering options for future development
- Work with our schools to promote inclusion and challenge practices that are detrimental to the health and wellbeing of children
- Work on our technology and information systems to reduce the burden on practitioners, support best practice and strengthen management oversight of performance.

ENABLE MORE VULNERABLE ADULTS TO LIVE INDEPENDENT OF SOCIAL CARE

THE CHALLENGE

Demand for care is growing, with the population of older people in Essex expected to grow by 21% over the next decade and the population aged more than 85 expected to grow by more than 60%. The Council will continue driving towards a service model focused on prevention and early intervention with the right care being provided at the right time in the right place, thus supporting the Government's ambition of increasing independent living by five years. The Council will work collaboratively with partners across the complex health geography in Essex and with the care sector to ensure high quality provision. The population of people with learning disabilities and autism is also growing and the Council will transform its services to improve outcomes so that people with learning disabilities and autism can lead meaningful lives.

IN THE LAST YEAR THE COUNCIL HAS:

- Continued to reduce the number of permanent admissions to residential care
- Improved performance on social care related delayed transfers of care (DTOCs) so that it is now on track to achieve national targets
- Maintained 84% of providers rated 'Good' or 'outstanding' and rolled out the Gold Standards Framework for End of Life
- Improved the effectiveness of mental health social work through an early intervention team to avoid acute conditions
- Embedded the new adult social care staffing structure with new teams focused on early intervention and recovery and the innovative deployment of occupational therapists in a nationally recognised approach
- Driven a truly collaborative approach with NHS partners to health and social care integration to achieve best outcomes for Essex residents. North East Essex are now one of 14 leading systems nationally that is becoming integrated care
- Invested in assistive technology pilots to enable independent living for vulnerable residents
- Delivered the ground-breaking Challenge Dementia Prize importing truly innovative solutions to tackle this major issue
- Won the national Social Worker Employer of the Year award.

ENABLE MORE VULNERABLE ADULTS TO LIVE INDEPENDENT OF SOCIAL CARE

IN THE NEXT YEAR THE COUNCIL WILL:

- Progress the delivery of the Meaningful Lives Programme to improve outcomes for adults with learning disabilities and autism across areas such as housing, employment and independent living
- Continue supporting its reablement service and recommission its short-term intermediate care services to help more people live independently, thus reducing reliance on hospital services
- Commence roll out of a new approach to Independent Living to deliver more places to live for older people and people with learning disabilities
- Accelerate the drive to effective integration of health and social care services through highly effective Sustainability and Transformation Partnerships (STPs) and, in particular, through developing an approach to population health management with NHS partners and completing a locality based Joint Strategic Needs Assessment
- Continue to develop and implement initiatives to promote safer provision of care for elderly residents and drive ever higher standards of care quality and value for money in Essex
- Gain a step change in the quality and accessibility of information, advice and guidance for carers and vulnerable people
- Gain a deeper understanding of and develop proposals to radically improve outcomes for those prone to, or suffering from, mental illness across Essex.

These activities will be monitored throughout the year through a range of performance measures and targets including; reducing the number of people going into residential care, rising numbers of providers achieving good or excellent Care Quality Commission assessments, and improved access to information and advice for service users and carers.

IMPROVE THE HEALTH OF PEOPLE IN ESSEX

THE CHALLENGE

Life expectancy is higher than the national average but varies by geography within Essex and life expectancy is lower for vulnerable and socially excluded groups, partly due to deprivation. Lifestyle choices can exacerbate these inequalities. Avoidable deaths from heart disease and mental health remain key issues. Social isolation, low levels of physical activity, obesity, and diabetes are key challenges and levels of substance misuse are increasing.

IN THE LAST YEAR THE COUNCIL HAS:

- With partners, developed a new Joint Health and Wellbeing Strategy with clear objectives around improving outcomes for mental health, obesity, health inequalities, and long-term conditions
- Launched a major initiative to improve physical activity in the population and won significant funding from Sport England
- Delivered a new community-focused approach to weight management
- Redesigned and re-procured the alcohol treatment service and Accident and Emergency alcohol liaison service in partnership with health colleagues
- Worked up a new commissioning approach with partners to drug and alcohol services using a charity model.

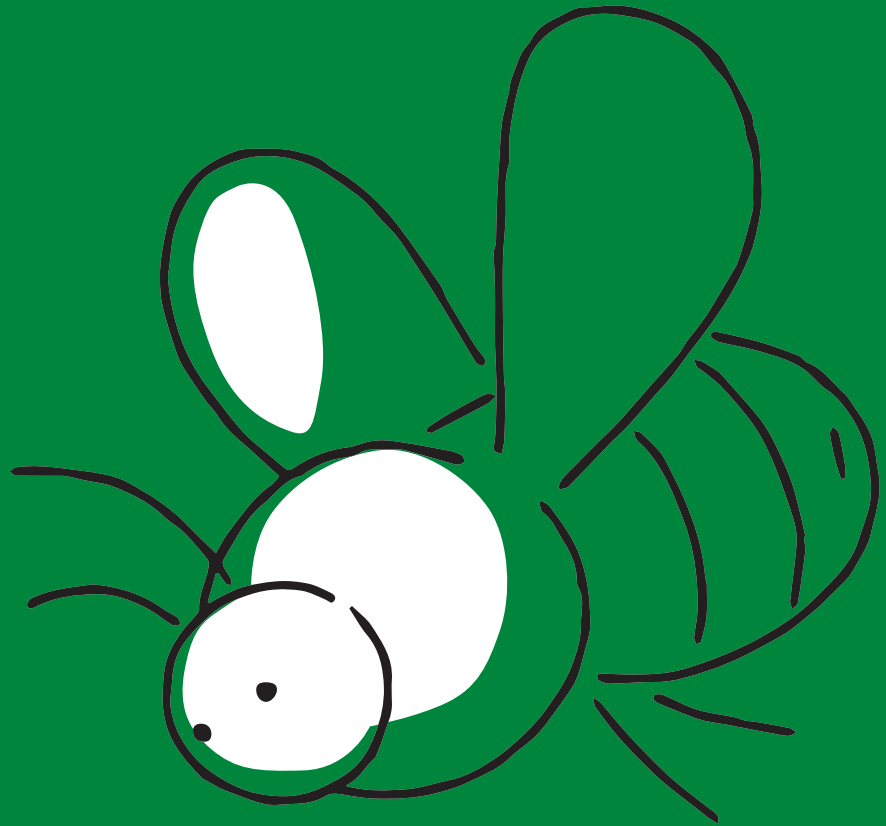
These activities will be monitored over years through improved life expectancy and reducing gaps in the differences in life expectancy levels across Essex; between years through annual prevalence of risk factors such as smoking and overweight; and within years through annual prevalence of risk factors such as smoking and being overweight and within year through activity such as health check numbers and performance around substance misuse.

IN THE NEXT YEAR THE COUNCIL WILL:

- Roll out a sustainable model to address social isolation across Essex including encouraging behavioural change in local communities
- Drive with the Sport England Local Delivery Pilot to sustainably improve physical activity, reduce obesity and diabetes in the population and add to national learning
- Use Health in All Policies (HiAP) and other mechanisms to ensure the Council and partners can use the widest range of approaches to improve health and wellbeing and to reduce inequalities
- Work with key employers to improve workforce health
- Implement agreed national best practice to tackle teenage pregnancy
- Grow and evaluate the new community focused approach to weight management
- Foster the launch of a drug and alcohol charity and explore opportunities to attract additional income
- Work with partners to deliver the ambitions in the Joint Health and Wellbeing Strategy, including through the establishment of an Essex-wide prevention group with partners to address risk factors for avoidable death and illness.

OUR STRATEGIC PRIORITIES

HELP CREATE GREAT
PLACES TO GROW UP,
LIVE AND WORK



HELP SECURE STRONGER, SAFER AND MORE NEIGHBOURLY COMMUNITIES

THE CHALLENGE

Individuals, families and communities are the best guardians of their own interests. Where it is appropriate to do so, the Council will support communities to help themselves by seeking to foster and build community capacity and capability, recognising there are times when public services need to step in. The Council needs to continue the shift in the approach that enables communities to take responsibility for themselves. Strengthening communities has the potential to significantly change how we support the most vulnerable people in the county.

IN THE LAST YEAR THE COUNCIL HAS:

- Implemented new approaches to increase volunteering in Essex through the Essex Youth Service
- Developed a single point of access to optimise effectiveness of funded community schemes, including community agents and care navigators
- Developed increased opportunities to collaborate with partners to make the most of the assets that exist in Essex
- Explored and delivered opportunities to improve community engagement using social media and digital platforms
- Mobilised the newly integrated Health and Justice Services across Essex (Street Triage, Police Custody Healthcare and Liaison and Diversion) to support reductions in re-offending
- Worked with partners to improve ‘community sentencing’ and ‘out of court disposals’ to more effectively deliver reduced levels of offending and re-offending
- Continued investment to establish vibrant hubs in our communities that include library and registration services with other partners and our communities.

IN THE NEXT YEAR THE COUNCIL WILL:

- Re-profile our volunteer programme and develop a system-wide resilience volunteer programme to support winter pressures
- Work with citizens to develop new community-led approaches to improve well-being
- Recast and develop relations with parishes and town councils through the Essex Association of Local Councils.

These activities will be monitored throughout the year through a range of performance measures and targets that include improving residents’ engagement in their local area through volunteering, influencing decision making and reducing social isolation.

HELP SECURE SUSTAINABLE DEVELOPMENT AND PROTECT THE ENVIRONMENT

THE CHALLENGE

The Council has a key role to play as a custodian of the environment for current and future generations. This stewardship requires that less waste is produced, less carbon is emitted, more homes and businesses are protected from flooding and the use of green space is maximised. New housing growth in Essex has the potential to deliver more connected, healthier communities. The Clean Growth Strategy has set out an ambition for zero avoidable waste by 2050. This ambition and legislative changes that will likely follow the UK's planned exit from the European Union, create the opportunity to re-shape our approach to waste. Producing less waste in Essex is better for the environment and will reduce the cost to taxpayers of its disposal. The world of energy is changing. The push to reduce carbon emissions and the deployment of new technologies, such as battery storage, means our energy system is shifting to a more decentralised and flexible model.

IN THE LAST YEAR THE COUNCIL HAS:

- Developed a Green Infrastructure Strategy to take a positive approach to enhance, protect and create an inclusive and integrated network of high-quality green spaces and green infrastructure in Greater Essex
- Incorporated principles from the Green Infrastructure Strategy into the design of the garden communities and other significant developments to ensure a coherent approach and delivery of multi-functional green infrastructure which will provide environmental, social and economic benefits for the county
- Delivered the 18/19 floods capital programme which has reduced surface water flood risk to 329 residential properties and also generated **£1.4m** worth of income from external partners. The 329 properties benefitting exceeds our original 298 target and **£1.4m** worth of generated income equates to 35% of our budget for the year with our target being 25%.
- Completed an efficiency review of existing waste infrastructure to ensure it remains fit for purpose and is optimised
- Developed the Ride demand responsive travel pilot to help preserve rural bus services.

IN THE NEXT YEAR THE COUNCIL WILL:

- Further expand the Ride demand responsive travel pilot to facilitate community-based transport schemes in a number of areas of the county
- Implement the Green Infrastructure Strategy which aims to guide and shape planning, organisations, developers and other services through setting principles that can inform plans and strategies
- Ensure resource efficiency is integral to the choices we make in designing and delivering our services
- Deliver the 2019/20 floods capital programme - the final year of our five-year programme which will have reduced the risk of flooding to over 1,000 properties. The 2019/20 programme is forecast to reduce surface water flood risk to 337 residential properties and generate **£2.1m** worth of income from external partners, which equates to 57% of our budget for the year. Over the last two years the total amount of damages avoided to residential properties in Essex is in excess of £60m.
- Develop opportunities to generate more clean, renewable energy on publicly owned assets and promote schemes that reduce carbon emissions and that enable the growth of electric vehicles in the county.

These activities will be monitored throughout the year through a range of performance measures and targets that include satisfaction and usage levels of green spaces and country parks, reductions in waste and increasing recycling levels.

FACILITATE GROWING COMMUNITIES AND NEW HOMES

THE CHALLENGE

Essex needs to build at least 136,000 new homes over the next 20 years – a 22% increase in the current number of homes. The Council is committed to facilitating housing growth in such a way that the characteristics of the county we cherish are protected and enhanced. The Council is not just building new homes, but building communities. Districts' Local Plans are the key to securing good growth – the Council will work with our districts to support the local planning process.

IN THE LAST YEAR THE COUNCIL HAS:

- Worked with the Ministry of Housing, Communities and Local Government to develop a strong partnership approach towards securing new homes and infrastructure in sustainable communities in the North Essex Garden Communities
- Published the updated Essex Design Guide online, including new content on digital, the ageing population, and Garden Communities, to improve new housing development
- Developed a Viability Protocol with districts and developers to facilitate appropriate levels of investment from private housing development to support local infrastructure needs
- Completed 38 new homes through Essex Housing, including 15 Independent Living homes for people with learning disabilities.

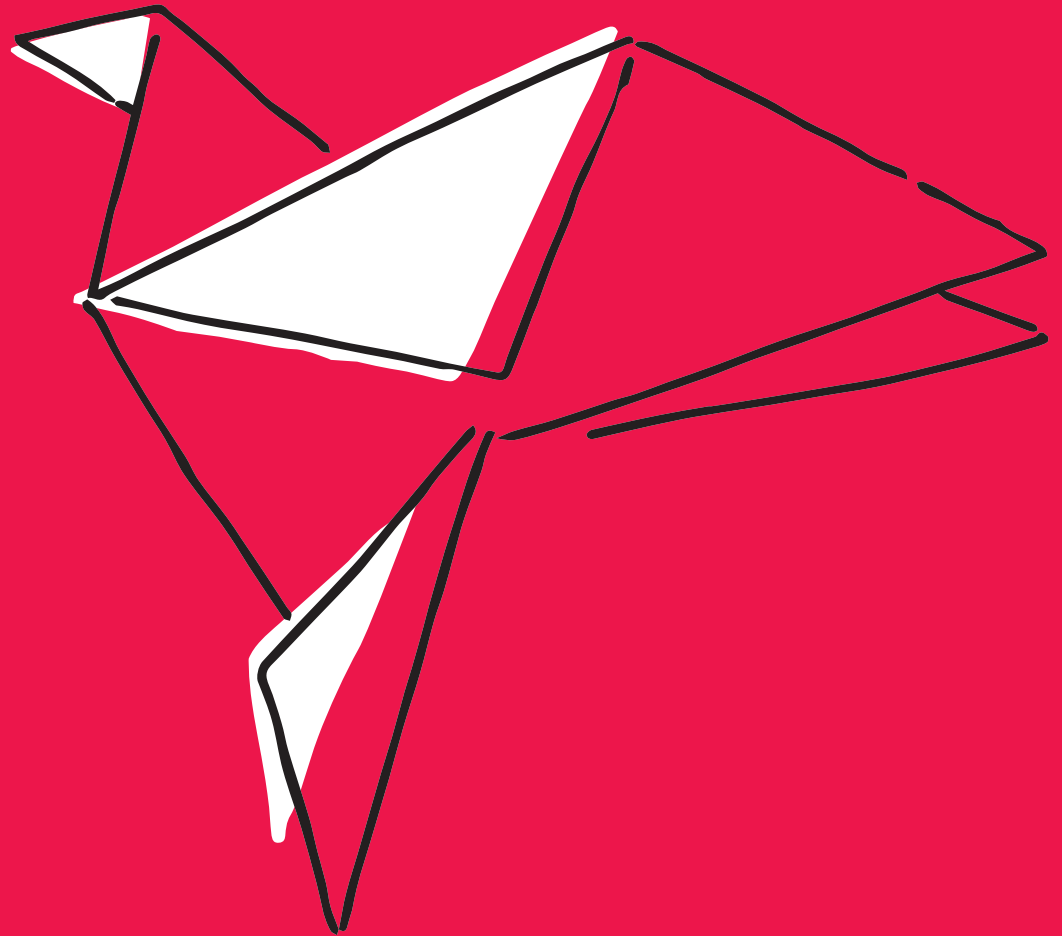
IN THE NEXT YEAR THE COUNCIL WILL:

- Work in partnership with districts to facilitate new garden settlements at Harlow-Gilston and Uttlesford
- Work with districts to make progress with Local Plans to support the development of North Essex Garden Communities
- Lead work with Essex Partners to address homelessness across the county
- Deliver, through stronger collaboration with districts and developers, appropriate levels of investment to support local infrastructure needs
- Develop an approach to increasing the amount of key worker housing
- Establish the Essex Quality Panel to review and appraise strategic and important development proposals in Essex, with a focus on improving the quality of development
- Complete 40 new homes through Essex Housing including 8 Independent Living homes for people with learning disabilities.

These activities will be monitored throughout the year through a range of performance measures and targets that include increasing the availability of land for housing and the numbers of houses built.

OUR STRATEGIC PRIORITIES

TRANSFORM THE
COUNCIL TO ACHIEVE
MORE WITH LESS



LIMIT COST AND DRIVE GROWTH IN REVENUE; DEVELOP THE CAPABILITY, PERFORMANCE AND ENGAGEMENT OF OUR PEOPLE; RE-IMAGINE HOW RESIDENTS' NEEDS CAN BE MET IN A DIGITAL WORLD

THE CHALLENGE

The Council continues to face a very challenging economic outlook and needs to maximise the value of every pound of taxpayers' money. That means getting the most value out of its people, assets and technology. As an employer of 6,500 people, the Council needs to invest in and get the most value out of its workforce. Essex residents also expect public institutions to take advantage of digital transformation, responding to legitimate expectations of how they should be able to interact with organisations, accessing services when and where it suits on their preferred device. The Council needs to harness this opportunity, changing how we interact with residents and businesses in an internet age.

IN THE LAST YEAR THE COUNCIL HAS:

- Set up a new commercial programme to deliver additional income of **£1m** in 2018/19 rising to **£5m** by 2021/22
- Worked with district colleagues and counter-fraud experts to deliver **£700,000** through identifying fraud in Council Tax and Business Rates
- Delivered **£5m** of receipts through sales of surplus assets which has helped to fund the capital programme and identified **£7m** more next year
- Delivered **£59m** savings and through a review of 720 fees and charges across all services, generated an extra **£10m** over 2 years to 2020/21
- Improved productivity through 19 business improvement projects
- Completed the majority of the organisational redesign for the whole of the Council with over 800 employees attending available support sessions and made staff savings of **£9m**, driving up productivity most notably across support services
- Developed a new, fairer pay and grading scheme that included **£3.3m** investment, moving the majority of employees to 'Essex Pay'
- Improved the Adult Social Care information online, working closely with carers, residents and service users and services.

IN THE NEXT YEAR THE COUNCIL WILL:

- Deliver **£60m** of new savings and efficiencies
- Work with districts to further reduce fraud in Council Tax and Business Rates, building on the **£700,000** saved in 2018/19
- Commence the Property Asset Strategy to get better financial returns from development of the estate whilst also reducing running costs
- Deliver new continuous improvement projects that support cost savings and drive productivity improvements
- Focus on how we identify and further drive productivity from our workforce
- Complete the organisational redesign of the whole Council and complete the transition to 'Essex Pay' for all
- Deliver a range of new computing devices and WiFi to support mobile and flexible work styles and the ability to work anywhere
- Overhaul our approach to highways customer services.

These activities will be monitored throughout the year through a range of performance measures and targets.

EQUALITIES

The Council's equality objectives are set out in the Organisation Strategy 2017-21:

OBJECTIVE 1:

We will tackle the causes of disadvantage, ensuring that all Essex residents can access good jobs and an excellent education, regardless of their backgrounds.

OBJECTIVE 2:

We will remove the obstacles that hold Essex residents back, tackling inequalities between children and supporting older people to live independently with dignity.

OBJECTIVE 3:

We will help make it easier for people to travel across Essex, bringing communities together and connecting people to services, employment and learning opportunities.

OBJECTIVE 4:

We will employ a diverse workforce, drawing on the different values and experiences that reflect the communities we serve.

The Council aims to embed these in all policies, procedures, day-to-day practices and external relationships.

The Equality Act 2010 compels us and others carrying out public duties to pay due regard to equality in all areas of work – advancing equality of opportunity, eliminating discrimination and fostering good relations with different groups.

There is also a need to work with partners to address the inequalities found in communities through issues such as worse social mobility in rural and coastal areas, less physical activity and worse health outcomes in our most deprived communities, and worse employment outcomes for people with mental health conditions. The Council is working with partners in localities to address these inequalities through developing a future partnership approach to tackling deprivation and social mobility, the Physical Activity Local Delivery Pilot, and our Joint Health and Wellbeing Strategy.

The following activities support one or more equality objectives. These lists are not exhaustive.

IN THE LAST YEAR THE COUNCIL HAS:

- Launched the first Essex Hate Crime Strategy with partners to ensure a coordinated response to victims and families
- Created an accessible community hub for citizens with learning, physical and sensory disabilities at County Hall
- Strengthened the relationship between faith-based organisations and public services within the Faith Covenant areas
- Been assessed as a Disability Confident Leader
- Delivered seamless social work to disabled children and young people through integrating social work from 0-25 years old
- Delivered a campaign to promote apprenticeships to employers and young people through the brokerage hub
- Launched an Inclusion Statement for Essex schools to support the Special Educational Needs and Disability reforms
- Completed 38 new homes through Essex Housing, including 15 Independent Living homes for people with learning disabilities.
- Developed and launched the Workforce Strategy (People Plan) and launched a new, fairer pay scheme
- Published the updated Essex Design Guide online, including new content on digital, the ageing population, and Garden Communities, to improve new housing development
- Delivered the Joint Health and Well Being Strategy for Essex, with a focus on improving mental health and wellbeing, health inequalities and enabling and supporting people with long-term conditions and disabilities
- Improved the effectiveness of mental health social work to support people to avoid crises and live well by undertaking a review of current provision of social work in secondary care including an internal audit
- Developed new accommodation and employment pathways for people with mental health problems.

IN THE NEXT YEAR THE COUNCIL WILL:

- Improve the equalities learning and development offer for employees and Members
- Look to retain 'excellent status' in the Equalities Framework for Local Government
- Work with Essex Partners to raise the profile of equalities and inclusion by addressing challenges faced by our communities, such as deprivation and social mobility
- Launch an improved equality impact assessment framework for the Council
- Increase the number of apprenticeships delivered through Adult Community Learning
- Implement a strategy to tackle teenage pregnancy
- Complete 40 new homes through Essex Housing including 8 Independent Living homes for people with learning disabilities
- Support partners to explore establishing a Muslim Council for Essex
- Progress the Sport England Local Delivery Pilot to improve physical activity in the population for older people, those with mental health needs and families in disadvantaged areas
- Lead work with Essex Partners to develop options for addressing homelessness issues across the county
- Deliver a refreshed Essex Skills evidence base in support of delivering a new Essex Skills Strategy.

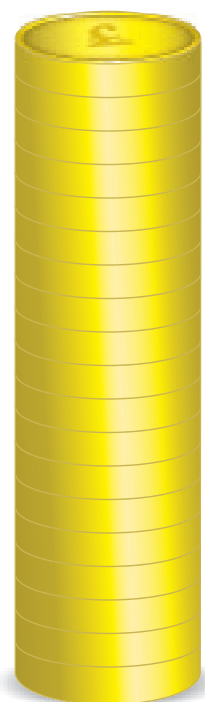
RESOURCES

THE BUDGET IS A FINANCIAL PLAN OF THE ORGANISATION STRATEGY AND THE WAY THE BUDGET IS DELIVERED THROUGH CABINET MEMBERS WHO HAVE A PORTFOLIO RESPONSIBILITY FOR A NUMBER OF SERVICES, WHICH WILL DELIVER THE STRATEGIC AIMS AND PRIORITIES OF THE ORGANISATION STRATEGY

FINANCIAL STRATEGY 2019/20 – 2021/22

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.

£311m already saved



£176m budget proposals required by 2021/22



£16m identified in 2020/21 and 2021/22

£60m identified in 2019/20

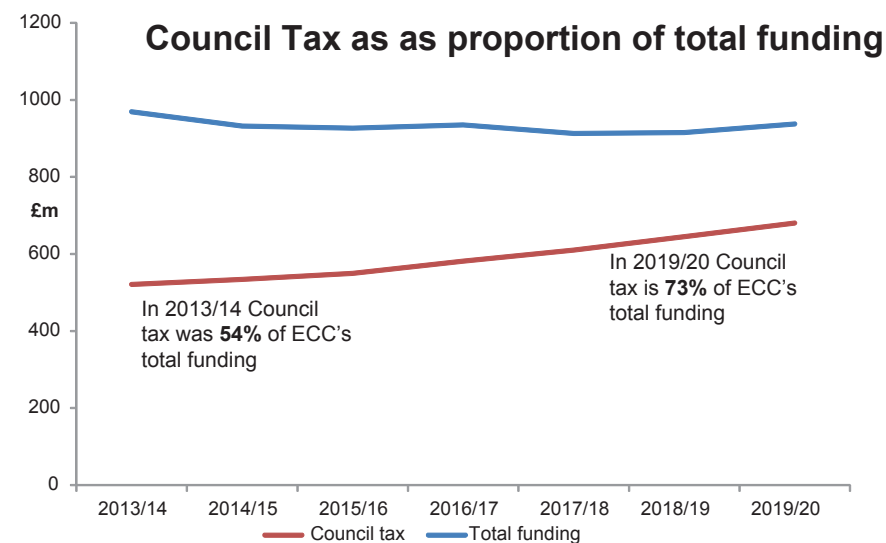
£100m still to find

Over the last 4 years the Council has generated savings to taxpayers of **£311m**, and has budgeted to deliver a further **£60m** of new savings by the end of 2019/20 (6% of net budget). The Council has an outstanding track record both in terms of delivering savings, generating income and delivering value to our residents, with a constant focus on strategic outcomes and financial prudence.

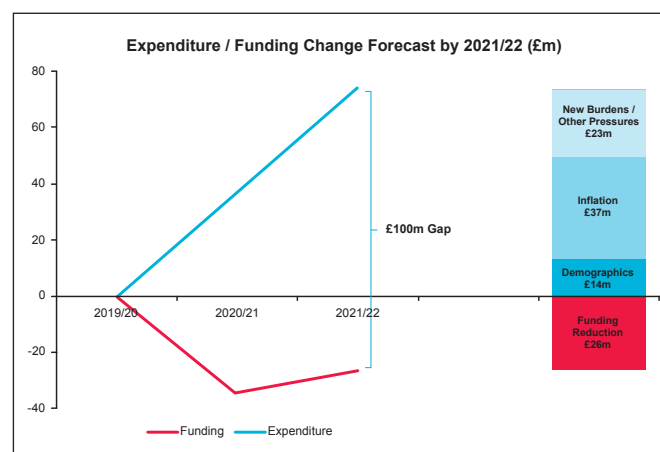
The **£60m** of budget proposals relate to process and back office efficiencies, improved targeting of resources and preventative measures, including a more targeted approach of support to vulnerable people and families and continued focus on allowing vulnerable people to live independently.

The Council has continued to work closely with District, Borough and City partners to improve council tax collection rates, through local schemes and an anti-fraud campaign. This will result in an expected growth in council tax in 2019/20 of **£2m** (before the precept and core tax increase).

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 certainty of some central government funding streams until 2019/20. Revenue Support Grant (RSG) funding from central government reduces significantly over this period – falling to zero by 2020/21. RSG in 2019/20 will be **£18m** which is 2% of net cost of services.



The funding position beyond 2019/20 is not clear. The Council is working with central government on the design of the new Business Rate Retention scheme which is due to be implemented in 2020/21. This scheme will mean that more business rates are retained locally by local authorities. This will be a significant change to the way the Council is funded, providing greater financial independence, and incentives to push for local growth and pioneer new models of public service delivery, although it will also mean a greater level of risk for the Council. Importantly it should improve local accountability as locally raised tax becomes a core funding source. The Government is also consulting on the funding allocations for local authorities.



MEDIUM TERM

Work will continue during 2019/20 to identify options to close the funding gap beyond the next year. The Council is fully cognisant of the challenges that we face, but we are determined to continue to transform how we operate to tackle this enormous financial

shift. The Council operates a Transformation and Efficiency programme which is central to delivering the savings and generating the income required to reach a balanced budget position but also to delivering better services for residents.

	2019/20 £M	2020/21 £M	2021/22 £M
Net Cost of Services	940	978	1,014
Funding	(940)	(906)	(914)
Gap	-	72	100

The total savings still to find over the medium term period is **£100m**, of which **£72m** must be found in 2020/21.

There will be a continued focus on commercialism, effective contract management and working with partners to secure value for money in delivering the strategic aims and priorities. The Council will be redesigning our services where appropriate to ensure they remain modern and fit for purpose. The capital programme will also have elements which result in cash savings or reduced costs thus reducing the burden on taxpayers.

CAPITAL

The capital programme presented is fully developed for 2019/20 and provides the current view of the programme for 2020/21 and 2021/22.

The longer term capital programme aspirations remain significant and the Council recognises that investments are essential to meet future needs, generate additional

income including capital receipts and deliver revenue savings and reductions in cost. The Council will continue to develop a future programme of investment which is affordable within the financial envelope available and will help transform service delivery to improve the quality of life for residents.

The overall aim for the capital programme is to have a diverse portfolio of activity, ensuring where appropriate the creation of new assets and maintaining the quality of existing infrastructure, for the benefit of our residents and businesses.

The approach to the development of the capital programme is:

- Ensuring activity is prioritised in line with the organisation strategy, with robust delivery plans in place, enabling delivery on time and at value, for example maintaining the road network and ensuring every child has a place at school.
- Utilising and leveraging the existing asset base to ensure it is fit for purpose, creating value and ensuring external funding is leveraged, especially from development, which will maximise the financial envelope available for capital projects such as funding for road improvements and building new schools.

Over the last three years the Council has invested over £200m on improving the quality of the roads and footways. As a result, the Council has seen significant improvements in the condition of the main road network which will extend into local roads and improvements to relieve congestion in a number of key locations.

Notable achievements over the last three years include major improvements to Harlow First Avenue, Colchester Town Centre, A414 Maldon to Chelmsford and road

surface improvement in Jaywick. Continued investment is vital to achieving the ambitions for the county which are aligned to the district's local plans, from schemes to generate economic growth to reducing congestion. Over the next three years delivery will continue on significant packages of improvement work such as new junctions at M11 Junction 7a, M11 Junction 8 and at A127 Fairglen Interchange and packages of transport improvements in Chelmsford.

To support the ambition, the Council will continue to work closely with the Department for Transport and Highways England to secure improvements for the A120, A12 and M25 Junction 28 (A12 Brook Street). A longer term pipeline covering the next 10 to 15 years is in the development stage, which will provide the Council with greater opportunities to leverage external funding and work with third parties to enable the ambition for Essex.

The ambitious housing schemes and redevelopment of redundant Council property continues to provide much needed new homes across the county, including delivering suitable independent living housing for older people and adults with disabilities.

The Council's collaboration with Essex Schools will enable £64m investment for expanding special school places over the next three years. This represents a step change in the provision and will help to reduce distances children with Special Educational Needs and Disabilities need to travel, keeping them closer to their family and reducing associated costs. This is on top of the £144m being spent on mainstream education.

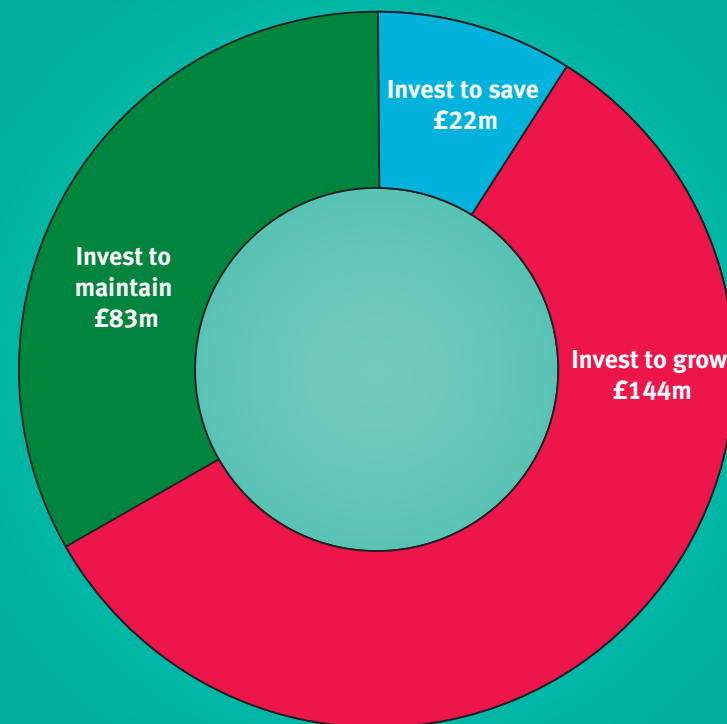
THE TOTAL OF THE 2019/20 PROGRAMME IS £249M. THIS CAN BE ANALYSED AS FOLLOWS:

Invest to Maintain totals £83m and includes areas where the Council is maintaining (but extending the life of) its current assets, for example, highways and the flood programme.

Invest to Save / Generate Return totals £22m and includes areas where the Council is investing to generate a return or saving, for example, accommodation for older people with disabilities, LED lighting and the Essex Housing Programme.

Invest to Grow totals £144m and includes areas where the Council is expanding its capacity, for example, economic growth schemes in infrastructure and highways, creating new school places to meet additional demand from demographic changes, new housing developments and enhancing skills in key growth areas.

ECC CAPITAL PROGRAMME 2019/20 £249M



2019/20 REVENUE OVERVIEW

Despite the financial challenges facing local government, the budget for 2019/20 is increasing. Gross expenditure to be incurred in the delivery of Council services in 2019/20 is **£2,464m**. After taking income and specific grants into account, the net costs of services amounts to **£940m**, an increase of **£25m** or 3% over 2018/19.

BUDGET BREAKDOWN

	2018/19 £M	2019/20 £M
Gross Expenditure	1,850.6	2,464.0
<i>Deduct:</i>		
Income	(264.4)	(275.6)
Specific Government Grants (excluding DSG)	(153.3)	(160.3)
Specific Government Grants (DSG) ^	(517.5)	(1,088.2)
Subtotal: Net Cost of Services	915.4	939.9
<i>Deduct:</i>		
Council Tax Requirement	(635.6)	(671.3)
Revenue Support Grant (RSG)	(45.7)	(18.3)
Non-Domestic Rates	(173.7)	(179.8)
Non-Domestic Rates Surplus *	(0.8)	(0.7)
General Government Grants	(50.2)	(61.1)
Council Tax Collection Fund Surplus *	(9.4)	(8.7)
Subtotal: Total Funding	(915.4)	(939.9)
Surplus/ (Deficit)/ Balanced budget	0.0	0.0

* Estimate of the variation of actual council tax and non-domestic rates revenue 2018/19 compared to that budgeted (technical adjustment).

^ DSG has increased following a change in reporting. This now includes all grant that comes into Essex, whereas previously this was only grants for maintained schools.

Breakdown of Total Net Funding

2018/19 – £915m



2019/20 – £940m



INCOME

Within the budget, income of **£276m** is expected in 2019/20, an increase of **£11m** when compared to 2018/19. The breakdown of income streams by portfolio is shown on page 31 onwards.

Just under **49%** of income shown in the table is derived from fees and charges; of this the majority is raised from means tested charges for adult social care. A significant proportion (**81%**) of the income recharges relate to the Better Care Fund.

A key driver for sustainability is driving up commercial income. Included in the income table are increases in commercial income, rental income and additional income secured through a review of 720 fees and charges across all services: in total this will increase income by close to **£10m** in the financial year 2019/20. In addition the Council is driving up capital receipts (budgeted at an increase to **£7m** of receipts in 2019/20 rising to **£10m** and **£15m** in the following 2 financial years). There is a full review commenced on the commercial potential of the Council's property estate, and the opportunities for capital receipts and reduced running costs of the estate will become clearer in 2019/20.

SPECIFIC GOVERNMENT GRANTS

The budget also includes **£1.2bn** of specific government grants, the most significant of which is the Dedicated Schools Grant (**£1.1bn**) the majority of which is passed through to schools, and Public Health grant (**£61m**) which is ring-fenced to public health activity.

	2018/19 £M	2019/20 £M
Fees and Charges	(126.8)	(135.0)
Contributions from Other Bodies	(38.3)	(48.2)
Interest Receivable	(1.3)	(1.3)
Rents and Lettings	(5.7)	(6.1)
Sales	(1.6)	(0.6)
Other Income:		
Appropriations Income *	(24.2)	(11.4)
Income Recharge	(52.3)	(54.4)
Other Recharges	(14.1)	(18.7)
Capital Grants	(0.1)	(0.0)
TOTAL	(264.4)	(275.6)

* 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.

REVENUE BUDGET SUMMARY

2017/18 ACTUALS £000	2018/19 ORIGINAL BUDGET £000	2018/19 LATEST BUDGET £000		2019/20 GROSS EXPENDITURE £000	2019/20 INCOME £000	2019/20 SPECIFIC GRANTS £000	2019/20 TOTAL NET EXPENDITURE £000
116,221	116,766	117,799	Children and Families	142,444	(6,476)	(12,121)	123,847
5,318	2,877	3,457	Culture and Communities	4,534	(1,709)	(0)	2,825
14,890	14,706	14,634	Customer and Corporate	23,488	(7,770)		15,718
5,507	5,007	6,291	Economic Development	6,377	(618)	(350)	5,410
81,293	76,318	78,830	Education and Skills	1,244,386	(36,289)	(1,131,338)	76,758
78,303	81,516	81,523	Environment and Waste	87,470	(6,729)	(108)	80,633
14,887	16,195	16,000	Finance, Commercial and Traded Services	22,053	(6,945)	(256)	14,853
407,901	410,008	411,532	Health and Adult Social Care	662,565	(153,485)	(102,794)	406,286
44,799	47,236	51,907	Infrastructure	61,422	(17,083)	(1,521)	42,818
9,911	7,809	7,936	Leader	8,482	(320)		8,162
42,764	62,228	35,670	Other Operating Costs	93,431	(12,738)		80,694
58,228	49,536	61,493	Customer and Corporate RSSS	75,745	(15,172)		60,574
21,328	15,504	18,717	Finance, Commercial and Traded Services RSSS	23,995	(9,702)		14,293
10,329	9,706	9,575	Leader RSSS	7,662	(596)		7,066
911,678	915,413	915,365		2,464,054	(275,631)	(1,248,488)	939,936

Recharged Strategic Support Services (RSSS) relates to support service functions which support all services across the organisation and are allocated out on a recharge basis.

2019/20 CAPITAL PROGRAMME OVERVIEW

The Capital Programme for 2019/20 is **£249m**. The Council will deliver our education programme, with 3,264 places required across primary and secondary schools. The Council will continue with the new special school places for children with special educational needs in Essex (£64m over the next 3 years) and bring forward our ambitious housing schemes and redevelop redundant Council property to provide much needed new homes across the county, including supporting independent living schemes for older people and adults with disabilities. With significant investment for maintaining and improving the highway network, it will ensure the county keeps moving. The Council will continue with the skills programme that will address the gap in the skills sector.

CAPITAL PROGRAMME SUMMARY

2017/18 ACTUAL £000	2018/19 LATEST BUDGET £000	PORTFOLIO	2019/20 BUDGET £000	2020/21 ASPIRATIONAL £000	2021/22 ASPIRATIONAL £000	THREE YEAR TOTAL £000
351	687	Children and Families	900	1,150	600	2,650
1,607	1,799	Culture and Communities	1,411	100	100	1,611
6,907	6,172	Customer and Corporate	6,090	5,372	5,122	16,584
11,734	19,672	Economic Development	20,321	30,831	31,725	82,877
75,095	94,027	Education and Skills	83,426	65,376	70,485	219,288
5,757	5,079	Environment and Waste	3,850			3,850
28,490	7,248	Finance, Commercial and Traded Services	290			290
3,271	1,917	Health and Adult Social Care	421	1,709		2,130
133,688	125,053	Infrastructure	131,146	141,548	133,376	406,070
266,901	261,653	ECC Capital Programme	247,855	246,086	241,408	735,349
(311)		Schools Cash Balance				
1,433	1,475	Devolved Formula Capital	1,112	1,436		2,548
1,121	1,475	Total School Balances	1,112	1,436		2,548
268,023	263,129	Capital Programme	248,967	247,522	241,408	737,897

2017/18 £000	2018/19 £000	FINANCING	2019/20 £000	2020/21 £000	2021/22 £000	THREE YEAR TOTAL £000
7,878	5,000	Capital Receipts	7,000	10,000	15,000	32,000
17,588	19,406	Contributions	12,949	11,207	31,569	55,725
110,638	113,634	Grants	92,513	121,600	65,517	279,630
14,826	8,977	Reserves	8,268	8,366	8,366	25,000
117,093	116,112	Unsupported borrowing	128,237	96,349	120,956	345,542
268,023	263,129		248,967	247,522	241,408	737,897

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	939,935,732
General Government Grants *	(61,140,376)
Budget requirement	878,795,356
Less funding available:	
Revenue Support Grant	18,300,037
Non-Domestic Rates	179,784,174
Non-Domestic Rates surplus	678,810
Council Tax Collection fund surplus	8,717,559
	207,480,580
Council tax requirement	671,314,776
Tax base	
(Band D equivalent properties)	528,411
Band D council tax	1,270.44

* General Government Grants includes £30m PFI grants, Social Care Support Grant £10m, Independent Living Fund Grant £5m, New Homes Bonus £5m.

The Band D council tax charge is **£1,270.44**. The provisional council tax charge by band is set out in the following table. This represents an increase of under **£0.94** per week.

PROVISIONAL COUNCIL TAX CHARGE BY BAND

COUNCIL TAX BAND	2018/19 £	2019/20 £
Band A	814.50	846.96
Band B	950.25	988.12
Band C	1,086.00	1,129.28
Band D	1,221.75	1,270.44
Band E	1,493.25	1,552.76
Band F	1,764.75	1,835.08
Band G	2,036.25	2,117.40
Band H	2,443.50	2,540.88

ANNEX 1

REVENUE AND

CAPITAL BUDGETS

ENABLE INCLUSIVE ECONOMIC GROWTH

ECONOMIC DEVELOPMENT PORTFOLIO (CLLR GAGAN MOHINDRA)

REVENUE BUDGET

2017/18	2018/19	2018/19		2019/20			
ACTUALS £000	ORIGINAL BUDGET £000	LATEST BUDGET £000		GROSS EXPENDITURE £000	INCOME £000	SPECIFIC GRANTS £000	TOTAL NET EXPENDITURE £000
2,680	2,055	3,042	Economic Regeneration	3,081	(333)		2,749
694	841	929	Environmental Planning	1,145	(234)		911
1,120	1,259	1,467	Housing	759	0	(0)	759
435	447	447	Inward Investment	797		(350)	447
579	404	406	Strategic Spatial Planning	595	(50)		545
5,507	5,007	6,291	Total Economic Development	6,377	(618)	(350)	5,410

ENABLE INCLUSIVE ECONOMIC GROWTH

ECONOMIC DEVELOPMENT PORTFOLIO (CLLR GAGAN MOHINDRA)

CAPITAL PROGRAMME

2017/18 ACTUALS £000	2018/19 LATEST BUDGET £000		2019/20 BUDGET £000	2020/21 ASPIRATIONAL £000	2021/22 ASPIRATIONAL £000
267	363	Basildon Craylands	450	576	
36	881	Colchester Centre For Health and Development	2,833		
66	1,771	Braintree Innovation Centre for Science, Technology, Engineering and Mathematics	1,913		
	1,350	Northern Gateway	650		
101	665	Rocheway	4,466		
1,081	3,131	Moulsham Lodge	506		
		Essex Housing Programme	100	3,724	7,877
516	625	Essex County Hospital	5,678	10,086	10,508
	400	St Peters	1,462	8,399	8,910
	243	Sherbrooke	1,455	1,806	452
74	100	Maldon Friary	563	2,133	2,181
	111	Purford Green	246	4,107	1,797
9,593	10,032	Schemes completing in 2018/19 or earlier			
11,734	19,672	Total Economic Development	20,321	30,831	31,725

ENABLE INCLUSIVE ECONOMIC GROWTH

EDUCATION AND SKILLS PORTFOLIO (CLLR RAY GOODING)

REVENUE BUDGET

2017/18	2018/19	2018/19		2019/20			
ACTUALS £000	ORIGINAL BUDGET £000	LATEST BUDGET £000		GROSS EXPENDITURE £000	INCOME £000	SPECIFIC GRANTS £000	TOTAL NET EXPENDITURE £000
			Education and Life Learning DSG				
(988)	2,581	(428)	Early Years Block	78,751		(79,152)	(401)
41,510	5,894	42,977	Schools and Central Services Block (i)	898,100	(1,167)	(897,006)	(73)
(33,723)	(11,538)	(40,193)	High Needs Block	135,104	(117)	(137,576)	(2,589)
			Education and Life Learning Non DSG				
42,141	40,457	40,454	Access To Education	55,269	(13,898)		41,371
(1,204)	(1,526)	(1,540)	Adult Community Learning	9,645	(2,985)	(8,025)	(1,366)
2,268	2,047	2,063	Early Years	2,082	(103)		1,979
(6,604)	(1,019)	(4,171)	Schools (ii)	18,252	(6,839)	(8,458)	2,954
29,693	29,206	29,532	Passenger Transport	37,709	(6,539)	(1,121)	30,049
1,715	1,964	2,170	Skills	1,569	(24)		1,545
4,868	6,913	6,693	Special Educational Needs	6,932	(4,156)		2,777
1,617	1,339	1,273	Strategic Management	972	(461)		512
81,293	76,318	78,830	Total Education and Skills	1,244,386	(36,289)	(1,131,338)	76,758

(i) Includes borrowing costs for some capital projects in schools

(ii) Includes Youth Services

ENABLE INCLUSIVE ECONOMIC GROWTH

EDUCATION AND SKILLS PORTFOLIO (CLLR RAY GOODING)

CAPITAL PROGRAMME

2017/18 ACTUALS £000	2018/19 LATEST BUDGET £000		2019/20 BUDGET £000	2020/21 ASPIRATIONAL £000	2021/22 ASPIRATIONAL £000
7,427	6,769	Schools Capitalised Building Maintenance	6,500	6,500	6,500
43,006	29,660	Basic Need Schemes	40,398	36,522	41,978
	1	Pupil Referral Unit	660	7,201	11,983
1,929	1,417	Temporary Accommodation	2,311	1,250	1,250
375	79	Schools Feasibilities	300	300	300
2,630	1,530	Early Years	1,240	624	
		Tendring Public Private Partnership	9,491		
7,672	16,769	Special Schools	22,526	12,980	8,474
12,056	37,800	Schemes completing in 2018/19 or earlier			
75,095	94,027	Total Education and Skills	83,426	65,376	70,485

ENABLE INCLUSIVE ECONOMIC GROWTH

INFRASTRUCTURE PORTFOLIO (CLLR KEVIN BENTLEY)

REVENUE BUDGET

2017/18 ACTUALS £000	2018/19 ORIGINAL BUDGET £000	2018/19 LATEST BUDGET £000		2019/20			
				GROSS EXPENDITURE £000	INCOME £000	SPECIFIC GRANTS £000	TOTAL NET EXPENDITURE £000
		412	Garden Communities (exc North Essex)				
			Highways And Transportation				
1,094	1,151	1,116	Bridges	1,203	(46)		1,156
1,496	1,670	1,744	Congestion	8,041	(7,082)		959
3	(1,645)	(1,269)	Highways Management and Admin	2,128	(3,401)		(1,273)
12,186	13,640	13,512	Ongoing Operator Payments for A130 PFI (i)	12,631			12,631
1,155	194	1,334	Localism	624			624
830	305	352	Park and Ride	2,748	(2,440)		308
1,551	1,845	1,843	Public Rights Of Way	2,035	(179)		1,856
726	745	740	Road Safety	960	(8)	(221)	731
(234)	252	404	Highways Asset Management	503			503
12,888	17,330	17,272	Roads And Footways	13,378	(155)	(1,300)	11,923
7,254	6,718	6,690	Street Lighting	8,863	(360)		8,502
(334)	(144)	81	Traffic Management Act	3,281	(3,401)		(121)
3,887	3,134	3,134	Winter Service	3,130			3,130
		2,500	Additional pothole works				0
242	215	215	International Trade	(0)	(0)		(0)
2,054	1,825	1,827	Transport Strategy	1,900	(10)		1,890
44,799	47,236	51,907	Total Infrastructure	61,422	(17,083)	(1,521)	42,818

(i) PFI = Private Finance Initiative – a means of funding large scale capital projects

The budget may increase for a proportion of £10.9m additional money announced for Local Roads

ENABLE INCLUSIVE ECONOMIC GROWTH

INFRASTRUCTURE PORTFOLIO (CLLR KEVIN BENTLEY)

CAPITAL PROGRAMME

2017/18 ACTUALS £000	2018/19 LATEST BUDGET £000		2019/20 BUDGET £000	2020/21 ASPIRATIONAL £000	2021/22 ASPIRATIONAL £000
2,928	5,005	Broadband Delivery UK Essex Superfast Programme	14,429	4,195	
2,967	2,429	Advanced Scheme Design	4,000	4,000	4,000
5,246	4,000	M11 Junction 7A and Gilden Way Upgrading	8,377	25,973	14,250
299	1,230	A120 Millennium Way Slips	2,000	4,650	5,750
2,242	1,500	A120 Preferred Route	931		
1,698	1,700	A127/A130 Fairglen New Link Road (Joined with A127 Fairglen Interchange)	932	3,866	13,258
	2,104	A131 Chelmsford to Braintree Route Based Strategy	2,400		
	525	A133 Colchester to Clacton Route Based Strategy	800	198	
506	748	Basildon Integrated Transport Package	5,093	100	
591	700	Beaulieu Park Station	1,864	9,770	19,790
	500	Bus and Passenger Transport Infrastructure	750		
785	2,891	Chelmsford Growth Area	4,500	6,500	
1,875	2,500	Colchester Integrated Transport Plan (Borough Wide)	3,446	1,960	
	482	Cycling Infrastructure	750		
3,306	5,100	Harlow Enterprise Zone and A414 Pinch Point Delivery Package Two	4,870		
586	1,794	M11 Junction 8	3,193	4,281	
6,110	8,279	Bridges	8,310	8,450	8,450
263	30	Bus Lane Camera Enforcement	200	150	150

ENABLE INCLUSIVE ECONOMIC GROWTH

INFRASTRUCTURE PORTFOLIO (CLLR KEVIN BENTLEY)

CAPITAL PROGRAMME

2017/18 ACTUALS £000	2018/19 LATEST BUDGET £000		2019/20 BUDGET £000	2020/21 ASPIRATIONAL £000	2021/22 ASPIRATIONAL £000
8,886	7,757	Footway Maintenance	8,000	8,000	8,000
7,979	4,181	LED Rollout	5,213	9,056	9,328
4,245	4,350	Local Highways Panel	4,600	4,000	4,000
248	250	Passenger Transport	250	250	250
426	400	Public Rights Of Way	400	400	400
64,434	49,588	Road Maintenance	36,750	36,750	36,750
744	1,958	Safety Barrier Replacement	2,000	2,000	2,000
2,735	3,265	Street Lighting Replacement	2,500	2,500	2,500
2,494	2,439	Surface Water Alleviation	2,500	2,500	2,500
	50	Town Centre Improvements	44		
1,351	1,452	Traffic Signal Refurbishment	2,000	2,000	2,000
	11	Adoption of Station Road Witham	44		
10,746	7,834	Schemes completing in 2018/19 or earlier			
133,688	125,053	Total Infrastructure	131,146	141,548	133,376

The budget may increase for a proportion of £10.9m additional money announced for Local Roads.

HELP PEOPLE GET THE BEST START AND AGE WELL

CHILDREN AND FAMILIES PORTFOLIO (CLLR DICK MADDEN)

REVENUE BUDGET

2017/18	2018/19	2018/19		2019/20			
ACTUALS	ORIGINAL BUDGET	LATEST BUDGET		GROSS EXPENDITURE	INCOME	SPECIFIC GRANTS	TOTAL NET EXPENDITURE
£000	£000	£000		£000	£000	£000	£000
			Childrens Services				
11,162	10,933	10,693	Childrens Adoption and Special Guardianship Orders	13,284	(370)	(1,071)	11,843
14,027	15,394	15,272	Childrens Family Support	14,492	(38)	(521)	13,933
26,124	26,031	26,850	Childrens Fieldwork	30,884	(1,233)	(2,800)	26,851
47,724	47,211	47,559	Children Looked After	54,034	(0)	(5,300)	48,734
5,171	5,851	6,002	Childrens Strategic Management and Development	7,621	(163)	(1,217)	6,241
			Childrens Sustainability (i)	4,556			4,556
193	367	443	Domestic Violence (ii)	392	(52)		341
7,992	6,976	6,976	Early Years and Childcare	11,507	(4,173)		7,334
1,843	1,958	1,958	Emotional Wellbeing and Mental Health Service	1,965	(8)		1,957
1,985	2,046	2,046	Youth Offending Service	3,710	(441)	(1,212)	2,056
116,221	116,766	117,799	Total Children and Families	142,444	(6,476)	(12,121)	123,847

(i) Is one-off funding which has been specifically earmarked for use in setting the outcomes and critical success factors for the Children's Sustainability Programme

(ii) For 2019/20 £1.1m of Domestic Violence spend is reported within the Health and Adult Social Care portfolio as it is funded through Public Health grant

HELP PEOPLE GET THE BEST START AND AGE WELL

CHILDREN AND FAMILIES PORTFOLIO (CLLR DICK MADDEN)

CAPITAL PROGRAMME

2017/18 ACTUALS £000	2018/19 LATEST BUDGET £000		2019/20 BUDGET £000	2020/21 ASPIRATIONAL £000	2021/22 ASPIRATIONAL £000
101	397	Adaptations	650	950	500
250	290	Children With Disabilities	250	200	100
351	687	Total Children and Families	900	1,150	600

HELP PEOPLE GET THE BEST START AND AGE WELL

HEALTH AND ADULT SOCIAL CARE PORTFOLIO (CLLR JOHN SPENCE)

REVENUE BUDGET

2017/18 ACTUALS				2018/19 LATEST BUDGET					2019/20			
GROSS EXPENDITURE	INCOME	SPECIFIC GRANTS	TOTAL NET EXPENDITURE	GROSS EXPENDITURE	INCOME	SPECIFIC GRANTS	TOTAL NET EXPENDITURE		GROSS EXPENDITURE	INCOME	SPECIFIC GRANTS	TOTAL NET EXPENDITURE
£000	£000	£000	£000	£000	£000	£000	£000		£000	£000	£000	£000
								Access Assessment and Care Management				
7,355	(2)		7,353	6,827	(0)		6,827	Countywide Teams	6,716	2	(50)	6,669
7,461	(112)		7,350	6,690	(148)		6,543	Mid Teams	6,947	(158)		6,789
11,912	(5,154)		6,759	12,931	(6,005)		6,926	North East Teams	13,019	(5,970)		7,050
8,719	(417)		8,302	7,916	(472)		7,444	South Teams	7,957	(437)		7,520
5,929	(80)		5,849	5,355	(113)		5,242	West Teams	5,025	(93)		4,932
								Care and Support				
200,921	(13,234)		187,687	211,016	(15,365)		195,651	Learning Disabilities	220,287	(14,795)		205,492
227,801	(112,057)	(20,143)	95,601	234,299	(110,735)	(38,490)	85,073	Older People	236,107	(120,060)	(39,097)	76,950
47,633	(4,741)		42,892	50,700	(4,535)		46,165	Physical and Sensory Impairment	49,159	(4,459)		44,699
259			259	135			135	Corporate and Democratic Core	136			136
680		(328)	353	680		(328)	352	Health Watch	560		(328)	232
647			647	101			101	Health Reform and Integration	97			97
6,207			6,207	4,680		(448)	4,232	Housing Related Support	3,677		0	3,677
21,995	(2,588)		19,407	21,965	(2,778)		19,186	Mental Health	23,206	(3,100)		20,105
								Other Social Care				
263	(275)		(12)	279	(279)		0	Essex Vulnerable Adults	281	(279)		2
2,099	2	(374)	1,726	3,458	(105)	(350)	3,003	Third Sector Funding	3,333		(350)	2,983
64,717	(28)	(66,109)	(1,420)	68,300	(3,858)	(64,443)	0	Public Health	66,566	(3,831)	(62,735)	0
18,352	(160)	(288)	17,903	24,119	(177)	(233)	23,710	Service Management Costs	18,365	(168)	(233)	17,964
395			395	397			397	Social Fund	399			399

HELP PEOPLE GET THE BEST START AND AGE WELL

HEALTH AND ADULT SOCIAL CARE PORTFOLIO (CLLR JOHN SPENCE)

REVENUE BUDGET

2017/18 ACTUALS				2018/19 LATEST BUDGET					2019/20			
GROSS EXPENDITURE	INCOME	SPECIFIC GRANTS	TOTAL NET EXPENDITURE	GROSS EXPENDITURE	INCOME	SPECIFIC GRANTS	TOTAL NET EXPENDITURE		GROSS EXPENDITURE	INCOME	SPECIFIC GRANTS	TOTAL NET EXPENDITURE
£000	£000	£000	£000	£000	£000	£000	£000		£000	£000	£000	£000
8			8	2			2	Support to Carers	0			0
719	(82)		637	675	(134)		542	Sports Development	727	(138)		590
634,072	(138,930)	(87,242)	407,901	660,527	(144,703)	(104,292)	411,532	Net Cost of Services	662,565	(153,485)	(102,794)	406,286

Additional Winter Pressures money is shown in 2018/19 as specific grant but in 2019/20 it is required to be pooled within the Better Care Fund and therefore shows within this portfolio as income £5.9m.

HELP PEOPLE GET THE BEST START AND AGE WELL

HEALTH AND ADULT SOCIAL CARE PORTFOLIO (CLLR JOHN SPENCE)

CAPITAL PROGRAMME

2017/18 ACTUALS £000	2018/19 LATEST BUDGET £000		2019/20 BUDGET £000	2020/21 ASPIRATIONAL £000	2021/22 ASPIRATIONAL £000
(0)		Independent Living Older People Ninefields Waltham Abbey	414	414	
765	4	Independent Living Older People Coppins Court	7		
		Pollysfield		1,295	
2,507	1,913	Schemes completing in 2018/19 or earlier			
3,271	1,917	Total Health and Adult Social Care	421	1,709	

HELP CREATE GREAT PLACES TO GROW UP, LIVE AND WORK

CULTURE AND COMMUNITIES PORTFOLIO (CLLR DAVID FINCH - INTERIM)

REVENUE BUDGET

2017/18	2018/19	2018/19		2019/20			
ACTUALS	ORIGINAL BUDGET	LATEST BUDGET		GROSS EXPENDITURE	INCOME	SPECIFIC GRANTS	TOTAL NET EXPENDITURE
£000	£000	£000		£000	£000	£000	£000
772	542	860	Communities	618	(1)		617
328	0	161	Community Initiatives Fund	(0)			(0)
1,782	1,094	1,165	Heritage and Cultural Services	1,571	(702)		869
84	53	53	Tourism	205	(146)	(0)	59
2,028	923	953	Trading Standards	1,236	(245)		991
323	265	265	Travellers	904	(615)		289
5,318	2,877	3,457	Total Culture and Communities	4,534	(1,709)	(0)	2,825

CAPITAL PROGRAMME

2017/18 ACTUALS £000	2018/19 LATEST BUDGET £000		2019/20 BUDGET £000	2020/21 ASPIRATIONAL £000	2021/22 ASPIRATIONAL £000
	1,000	Colchester Mercury Theatre	1,000		
		Travellers	311		
275	100	Changing Places	100	100	100
1,332	699	Schemes completing in 2018/19 or earlier			
1,607	1,799	Total Culture and Communities	1,411	100	100

HELP CREATE GREAT PLACES TO GROW UP, LIVE AND WORK

ENVIRONMENT AND WASTE PORTFOLIO (CLLR SIMON WALSH)

REVENUE BUDGET

2017/18	2018/19	2018/19		2019/20			
ACTUALS	ORIGINAL BUDGET	LATEST BUDGET		GROSS EXPENDITURE	INCOME	SPECIFIC GRANTS	TOTAL NET EXPENDITURE
£000	£000	£000		£000	£000	£000	£000
1,719	1,132	1,160	Development Management	1,297	(80)		1,217
0	(0)	(0)	Environmental Strategy	3		(3)	(0)
			Leisure				
85	85	85	Contributions To Other Bodies (i)	95			95
(4)	(432)	(373)	Country Parks	2,471	(2,573)	(105)	(207)
(13)	(71)	(74)	Cressing Temple	125	(199)		(74)
	(0)	178	Management and Support Services	(50)			(50)
181	178	178	Rural Issues	178			178
			Waste Management				
12,229	12,351	12,351	Civic Amenity Service	10,731			10,731
1,665	3,413	3,413	Courtauld Road Waste Treatment	3,018			3,018
122	118	118	Exceptional Waste	91			91
296	423	423	Landfill Aftercare	455	(72)		383
22,702	23,600	23,600	Recycling Initiatives	24,584	1		24,585
288	282	282	Tipping Away Payments	309			309
(2,141)	(2,621)	(2,621)	Trade Waste Income		(2,807)		(2,807)

(i) Contributions to external bodies including Woodland Trust

HELP CREATE GREAT PLACES TO GROW UP, LIVE AND WORK

ENVIRONMENT AND WASTE PORTFOLIO (CLLR SIMON WALSH)

REVENUE BUDGET

2017/18	2018/19	2018/19		2019/20			
ACTUALS	ORIGINAL BUDGET	LATEST BUDGET		GROSS EXPENDITURE	INCOME	SPECIFIC GRANTS	TOTAL NET EXPENDITURE
£000	£000	£000		£000	£000	£000	£000
39,361	41,739	41,739	Waste Disposal	43,104	(1,000)		42,104
(199)	0	(183)	Waste Management and Support Services	(188)	0		(188)
2,012	1,319	1,248	Waste Strategy	1,247	0		1,247
78,303	81,516	81,523	Total Environment and Waste	87,470	(6,729)	(108)	80,633

CAPITAL PROGRAMME

2017/18 ACTUALS £000	2018/19 LATEST BUDGET £000		2019/20 BUDGET £000	2020/21 ASPIRATIONAL £000	2021/22 ASPIRATIONAL £000
4,690	3,909	Flood Management	3,700		
	860	Country Parks	150		
1,067	309	Schemes completing in 2018/19 or earlier			
5,757	5,079	Total Environment and Waste	3,850		

TRANSFORM THE COUNCIL TO ACHIEVE MORE WITH LESS

CUSTOMER AND CORPORATE PORTFOLIO (CLLR SUSAN BARKER)

REVENUE BUDGET

2017/18	2018/19	2018/19		2019/20			
ACTUALS	ORIGINAL BUDGET	LATEST BUDGET		GROSS EXPENDITURE	INCOME	SPECIFIC GRANTS	TOTAL NET EXPENDITURE
£000	£000	£000		£000	£000	£000	£000
2,453	2,562	2,722	Coroners	3,604	(755)		2,849
1,523	1,978	1,327	Customer Services and Member Enquiries	1,955	(302)		1,653
(577)	(366)	(366)	Deputyship Service	1,004	(1,332)		(328)
558	525	525	Emergency Planning	557	(15)		542
12,203	11,363	11,781	Libraries	14,067	(1,607)		12,460
(1,270)	(1,355)	(1,355)	Registrars	2,301	(3,759)		(1,458)
14,890	14,706	14,634	Customer and Corporate	23,488	(7,770)	-	15,718
7,947	8,892	7,732	Business Support	8,087	(6)		8,081
1,932	1,930	1,944	Customer Services	2,040	(63)		1,977
936	759	761	Democratic Services	1,012	(218)		794
5,884	3,975	7,683	Human Resources	8,254	(2,770)		5,484
21,063	15,144	24,406	Information Services	25,963	(1,702)		24,261
5,447	4,554	4,353	Legal Services	6,128	(1,285)		4,843
14,394	13,841	14,156	Property	23,371	(8,699)		14,671
624	440	458	Risk Management	890	(428)		462
58,228	49,536	61,493	Customer and Corporate RSSS	75,745	(15,172)		60,574
73,118	64,242	76,127	Total Customer and Corporate	99,234	(22,942)	-	76,292

TRANSFORM THE COUNCIL TO ACHIEVE MORE WITH LESS

CUSTOMER AND CORPORATE PORTFOLIO (CLLR SUSAN BARKER)

CAPITAL PROGRAMME

2017/18 ACTUALS £000	2018/19 LATEST BUDGET £000		2019/20 BUDGET £000	2020/21 ASPIRATIONAL £000	2021/22 ASPIRATIONAL £000
927	400	Technology Services Portfolio	500	250	
		Libraries self service	342		
25	122	Next Generation Networks	122	122	122
	327	Social Care Case Management	126		
326	5,000	Capitalised Building Maintenance (Non School estate)	5,000	5,000	5,000
5,630	323	Schemes completing in 2018/19 or earlier			
6,907	6,172	Total Customer and Corporate	6,090	5,372	5,122

TRANSFORM THE COUNCIL TO ACHIEVE MORE WITH LESS

LEADER PORTFOLIO (CLLR DAVID FINCH)

REVENUE BUDGET

2017/18	2018/19	2018/19		2019/20			
ACTUALS	ORIGINAL BUDGET	LATEST BUDGET		GROSS EXPENDITURE	INCOME	SPECIFIC GRANTS	TOTAL NET EXPENDITURE
£000	£000	£000		£000	£000	£000	£000
			Brexit	88			88
2,492	1,594	931	Corporate Policy	1,057	(0)		1,057
911	579	1,035	Democratic Core	913			913
953	2,148	2,058	Services Design	1,940	0		1,940
		100	Garden Communities	680			680
279	261	319	Initiatives and Partnerships	361			361
145	(0)	204	Innovation Fund	0			0
3,612	1,770	1,770	Members Support	1,769			1,769
1,518	1,457	1,520	Olympics and Sports Development	1,675	(320)		1,355
9,911	7,809	7,936	Leader	8,482	(320)	-	8,162
2,313	2,318	2,001	Communications and Customer Relations	1,717	(87)		1,630
133	137	450	Equality And Diversity	478	1		480
4,687	3,914	2,368	Performance and Commissioning Support	1,705	(382)		1,323
3,197	3,337	4,756	Project Management Office	3,762	(129)		3,633
10,329	9,706	9,575	Leader RSSS	7,662	(596)		7,066
20,240	17,515	17,512	Total Leader	16,144	(916)	-	15,228

TRANSFORM THE COUNCIL TO ACHIEVE MORE WITH LESS

FINANCE, COMMERCIAL AND TRADED SERVICES PORTFOLIO (CLLR LOUISE MCKINLAY)

REVENUE BUDGET

2017/18	2018/19	2018/19		2019/20			
ACTUALS	ORIGINAL BUDGET	LATEST BUDGET		GROSS EXPENDITURE	INCOME	SPECIFIC GRANTS	TOTAL NET EXPENDITURE
£000	£000	£000		£000	£000	£000	£000
			Central Services To The Public				
5,948	6,596	6,596	Council Tax Sharing Scheme	6,353			6,353
6,866	7,445	7,132	Other Services	9,474	(1,899)	(256)	7,320
(38)	(204)	(204)	Outdoor Education	3,657	(4,193)		(536)
			Precepts				
1,570	1,645	1,645	Environmental Agency	1,694			1,694
384	388	388	Kent and Essex Sea Fisheries	388			388
156	326	444	Traded Strategy	486	(852)		(366)
14,887	16,195	16,000	Finance, Commercial & Traded Services	22,053	(6,945)	(256)	14,853
1,331	1,018	1,058	Capital Programme, Implementation and Delivery	1,098	(160)		938
26	53	53	Car Provision Scheme	2,804	(2,749)		55
11,638	7,559	9,434	Finance	9,091	(4,099)		4,992
3,846	3,594	4,597	Insurance	7,255	(2,593)		4,661
4,487	3,279	3,575	Procurement	3,747	(100)		3,647
21,328	15,504	18,717	Finance, Commercial & Traded Services RSSS	23,995	(9,702)	-	14,293
36,215	31,699	34,717	Total Finance, Commercial & Traded Services	46,048	(16,646)	(256)	29,146

TRANSFORM THE COUNCIL TO ACHIEVE MORE WITH LESS

FINANCE, COMMERCIAL AND TRADED SERVICES PORTFOLIO (CLLR LOUISE MCKINLAY)

CAPITAL PROGRAMME

2017/18 ACTUALS £000	2018/19 LATEST BUDGET £000		2019/20 BUDGET £000	2020/21 ASPIRATIONAL £000	2021/22 ASPIRATIONAL £000
27,180	6,676	Property Investment			
		Essex Outdoors	290		
1,310	572	Schemes completing in 2018/19 or earlier			
28,490	7,248	Total Finance, Commercial and Traded Services	290		

OTHER OPERATING COSTS

The revenue budget in 2019/20 is **£80m**. The expenditure includes the net appropriations to reserves and restricted funds as described in the Reserves section (starting on page 59) of **£22m**, the costs of financing the capital programme of **£56m** 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 2018/19 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.

2017/18	2018/19	2018/19		2019/20			
ACTUALS	ORIGINAL BUDGET	LATEST BUDGET		GROSS EXPENDITURE	INCOME	SPECIFIC GRANTS	TOTAL NET EXPENDITURE
£000	£000	£000		£000	£000	£000	£000
20,762	27,472	27,472	Capital Financing	30,837			30,837
	4,000	4,000	Contingencies	4,000			4,000
			Interest Payable				
(765)	(479)	(479)	Contributions - Transferred Debt		(523)		(523)
19,162	21,150	21,150	External Interest Payable	24,991			24,991
(87)	(82)	(82)	Loan Charges Grant		(47)		(47)
			Interest Receivable				
(3,099)	(2,293)	(2,388)	External Interest Receivable		(2,536)		(2,536)
808	1,035	1,035	Interest Reallocated	20	1,259		1,279
36,781	50,802	50,707		59,848	(1,847)		58,001

2017/18	2018/19	2018/19		2019/20			
ACTUALS	ORIGINAL BUDGET	LATEST BUDGET		GROSS EXPENDITURE	INCOME	SPECIFIC GRANTS	TOTAL NET EXPENDITURE
£000	£000	£000		£000	£000	£000	£000
			Approps To/(From) Reserves and Restricted Use Funds (i)				
(3,763)	(4,002)	(3,874)	A130 PFI Reserve		(3,413)		(3,413)
867	(0)	(122)	Local Projects Reserve				
315		315	Building Schools for the Future		(0)		(0)
(432)	1,000	1,000	Capital Receipts Pump Priming	(0)			(0)
(378)	0	0	Carbon Reduction Reserve		(2,256)		(2,256)
9,760	(8,100)	(11,557)	Carry Forwards Reserve		(4,884)		(4,884)
(593)	0	(340)	Clacton PFI Reserve		0		0
(1,302)		54	Community Initiatives Fund	0	0		0
(611)	0	(502)	Debden PFI Reserve		0		0
	5,000	4,239	Digital Infrastructure Reserve	0	0		0
(340)	(0)	(1,926)	Grant Equalisation Reserves		(0)		(0)
545			Health And Safety Reserve				
(66)		(655)	Innovation Reserve		(0)		(0)
705		(1,000)	Insurance Reserve		0		0
6,900	(6,900)	(4,800)	Adults Digital Programme				
232			Partnership Reserves				
(634)	(206)	(206)	Pension Deficit Reserve		(0)		(0)
	326	326	Property Fund Reserve	326			326
(1,357)	500	500	Quadrennial Elections Reserve	500			500
8,370	4,074	5,762	Reserve For Future Capital Funding	4,074			4,074

2017/18	2018/19	2018/19		2019/20			
ACTUALS	ORIGINAL BUDGET	LATEST BUDGET		GROSS EXPENDITURE	INCOME	SPECIFIC GRANTS	TOTAL NET EXPENDITURE
£000	£000	£000		£000	£000	£000	£000
(5,655)			Schools Reserves				
(4,698)	(4,556)	(4,398)	Trading Activities Reserves		(338)		(338)
(10,726)	15,515	(6,629)	Transformation Reserve	14,395	0		14,395
			Service Investment Reserve	6,420			6,420
8,843	8,776	8,776	Waste Reserve	7,869			7,869
5,983	11,427	(15,037)		33,583	(10,891)		22,693
42,764	62,228	35,670	Total Other Operating Costs	93,431	(12,738)		80,694

- (i) Within appropriations to/from reserves, expenditure means a contribution to a reserve, and income means a withdrawal from the reserve.

TRADING ACTIVITIES

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 registration services.

For 2019/20, the Trading Activities have a target operating surplus of **£393,000**.

	REVENUE RESERVE 1 APRIL 2019 £000	INCOME £000	EXPENDITURE £000	(SURPLUS) / DEFICIT £000	APPROPRIATIONS TO COUNTY REVENUE ACCOUNT £000	APPROPRIATIONS TO TRADING ACTIVITY RESERVE £000	REVENUE RESERVE 31 MARCH 2020 £000
Finance, Commercial and Traded							
Information Services infrastructure	(538)	(6,500)	6,500	0	-	-	(538)
Place Services	(316)	(3,000)	2,720	(280)	(225)	(55)	(371)
Music Services Traded	(31)	(4,497)	4,384	(113)	(113)	-	(31)
Total	(885)	(13,997)	13,604	(393)	(338)	(55)	(940)

RESERVES

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 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 could 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 **£3m** in 2019/20 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. In 2019/20, it is estimated that this will enable the Council to avoid borrowing costs of **£7m**, thereby allowing funds to be used instead for front line service delivery.

RESERVES

	BALANCE AT 1 APRIL 2018 £000	BALANCE AT 1 APRIL 2019 £000	ESTIMATED CLOSING BALANCES				
			2019/20			2020/21	2021/22
			BUDGETED CONTRIBUTIONS/ WITHDRAWALS £000	ASSUMED USAGE £000	CLOSING BALANCE £000	£000	£000
General Balance	(55,212)	(55,749)			(55,749)	(55,749)	(55,749)
Reserves earmarked for future use							
Adults Digital Programme	(6,900)	(2,100)		2,100			
Capital Receipts Pump Priming	(2,325)	(2,225)		500	(1,725)	(2,225)	(2,725)
Carbon Reduction	(2,606)	(2,256)	2,256				
Carry Forward	(16,395)	(14,342)	4,884	9,458			
Collection Fund Risk	(1,412)	(1,412)			(1,412)	(1,412)	(1,412)
Community Initiatives Fund	(796)	(1,220)		860	(360)		
Emergency Planning		(300)			(300)	(300)	(300)
Future Capital Funding	(10,061)	(13,061)	(4,074)	4,074	(13,061)	(13,061)	(13,061)
Health and Safety	(631)	(631)			(631)	(631)	(631)
Innovation	(1,795)						
Insurance	(9,061)	(8,061)			(8,061)	(8,061)	(8,061)
Local Projects	(867)						
Pension Fund Equalisation	(206)						
Property Investment		(491)	(326)		(817)	(1,143)	(1,469)
Quadrennial Elections	(118)	(618)	(500)		(1,118)	(1,618)	(118)
Service Investment			(6,420)		(6,420)	(10,805)	(21,610)
Tendring PPP	(496)	(496)		496			
Transformation	(22,015)	(6,098)	(14,395)	7,000	(13,493)	(10,031)	(6,651)

RESTRICTED FUNDS

	BALANCE AT 1 APRIL 2018 £000	BALANCE AT 1 APRIL 2019 £000	ESTIMATED CLOSING BALANCES				
			2019/20			2020/21	2021/22
			BUDGETED CONTRIBUTIONS/ WITHDRAWALS £000	ASSUMED USAGE £000	CLOSING BALANCE £000	£000	£000
Long Term Contractual Commitment							
PFI Reserves							
A130 PFI	(45,247)	(41,373)	3,413	368	(37,592)	(33,095)	(23,359)
Building Schools for the Future PFI	(1,870)	(2,218)		2,218		(166)	(300)
Debden School PFI	(3,813)	(3,506)		3,470	(36)		(10)
Clacton Secondary Schools' PFI	(2,836)	(2,337)		2,051	(286)	(49)	
Waste Reserve	(99,733)	(106,465)	(7,869)	659	(113,675)	(113,016)	(112,357)
Grant Equalisation Reserve	(10,787)	(7,899)			(7,899)	(7,899)	(7,899)
Trading Activities	(1,417)	(852)	338	(338)	(852)	(852)	(852)
Partnerships and Third Party	(1,964)	(1,864)			(1,864)	(1,864)	(1,864)
Schools	(41,649)	(41,649)			(41,649)	(41,649)	(41,649)

ANNEX 2

PERFORMANCE

HOW WE MEASURE OUR PERFORMANCE

These are the measures through which we measure performance in the Organisation Plan. We report on performance against the plan in the Annual Report in the summer.

AIM 1: ENABLE INCLUSIVE ECONOMIC GROWTH	2019/20 TARGET
Priority 1: Help people in Essex prosper by increasing their skills	
Percentage of pupils at good or outstanding schools (primary, secondary, special and Pupil Referral Units)	100%
Percentage of ‘disadvantaged’ pupils that have achieved ‘at least expected standard’ in Reading, Writing and Maths at Key Stage 2	TOP QUARTILE
Average Progress 8 score at Key Stage 4 – all pupils	TOP QUARTILE
Proportion of residents aged 16 to 64 with level 3 or above qualifications	58%
Proportion of residents aged 16 to 64 with no qualifications	6.9%
Percentage of pupils that have achieved ‘at least the expected standard’ in Reading, Writing and Maths at Key Stage 2	TOP QUARTILE
Average Progress 8 score at Key Stage 4 – ‘disadvantaged’ pupils	TOP QUARTILE
Rate of adults with disabilities who are economically active	10%
Total apprenticeship starts in Essex	11,750
Priority 2: Enable Essex to attract and grow large firms in high growth industries	
Number of new jobs created as a result of foreign investment in Greater Essex	>1,650
Total vacant industrial floor space with more than 10,000 sq. ft.	1.8M
Total vacant office floor space with more than 10,000 sq. ft.	0.4M
Journey time reliability on major trunk roads	92.5%
Number of new businesses enabled with superfast (30MB+) broadband as part of the superfast Essex broadband programme	797
Total number using public transport (bus)	41.7M
Total number of jobs in Essex	678,000
Proportion of residents aged from 16 to 64 who were in work	77.8%

AIM 1: ENABLE INCLUSIVE ECONOMIC GROWTH	2019/20 TARGET
Priority 3: Target economic development to areas of opportunity	
Median net weekly household income in Essex	ABOVE ENGLAND AVERAGE
Median net weekly household income in key localities (Basildon, Harlow, Tendring and Colchester)	ABOVE ENGLAND AVERAGE
AIM 2: HELP PEOPLE GET THE BEST START AND AGE WELL	2019/20 TARGET
Priority 1: Help keep vulnerable children safer and enable them to fulfil their potential	
Percentage of 19-21 year old care leavers in Employment, Education or Training (Annual Outturn)	57%
Stability of placements of Children in Care: Percentage of placements, three or more in year	10%
Percentage of the eligible disadvantaged two year olds in Essex, who are in receipt of free early education entitlement for two year olds	74%
Priority 2: Enable more vulnerable adults to live independent of social care	
Percentage of people self-caring after reablement	72%
Number of residential care starts per 100,000 of population	337
Number of social care attributed delayed transfers of care (per day per population)	26
Care Quality Commission assessed providers rated 'good' or 'outstanding'	88%
The proportion of carers who find it easy to find information about support	64%
The percentage of enquiries resulting in a reduction of risk to the service user	85%
Priority 3: Improve the health of the people of Essex	
Percentage of children 'ready for school' (achieving at least expected across all prime areas of learning)	TOP QUARTILE
Percentage of children achieving a Good Level of Development at the end of the reception year	TOP QUARTILE
Differential in life expectancy across different areas of Essex (women)	5.4 YEARS
Differential in life expectancy across different areas of Essex (men)	7.1 YEARS

AIM 3: HELP CREATE GREAT PLACES TO GROW UP, LIVE AND WORK	2019/20 TARGET
Priority 1: Help to secure stronger, safer and more neighbourly communities	
Residents agree that their local area is a place where people from different backgrounds get on well together	80%
Percentage of residents not lonely (Perception of isolation)	65%
Residents that have offered unpaid help to any group, club or organisation	35-40%
Residents that agree they can influence decisions in their local area	25% - 30%
Priority 2: Help to secure sustainable development and protect the environment	
Percentage of respondents who said they were satisfied with Essex County Council's parks and open spaces	80%
Total carbon dioxide emissions per head of population (within the scope of local authority influence)	4.34 KT CO ₂
Percentage of people using outdoor space for exercise/health reasons	20.8%
Total household waste collected per household (kg)	1,098
Percentage of household waste sent for reuse, recycling or composting	55%
Priority 3: Facilitate growing communities and new homes	
Jobs per household	1.1
Net housing additions across Essex	8,298

ANNEX 3

CAPITAL AND TREASURY MANAGEMENT STRATEGY

CAPITAL AND TREASURY MANAGEMENT STRATEGY

The Capital and Treasury Management Strategy explains how the Council takes capital expenditure, investment and treasury management decisions and how it takes account of stewardship, value for money, prudence, sustainability and affordability.

The Capital and Treasury Management Strategy comprises a number of distinct, but inter-related, elements as follows:

- **Capital expenditure** – includes an overview of the governance process for approval and monitoring of capital expenditure, including the Council's policies on capitalisation, and a long term view of its capital expenditure and financing plans.
- **Capital financing and borrowing** – provides a projection of the Council's capital financing requirement and how this will be funded from external debt and internal borrowing levels. It also explains how the Council will discharge its duty to make prudent revenue provision for the repayment of debt.
- **Treasury management investments** – explains the Council's approach to treasury management investment activities, including the criteria for determining how and where funds will be invested to ensure that the principal sums are safeguarded from loss and that sufficient liquidity is maintained to ensure that funds are available when needed.
- **Commercial investments** – provides an overview of the Council's approach to commercial investment activities, including processes, due diligence and defining the Council's risk appetite in respect of these, including proportionality in respect of overall resources.
- **Knowledge and skills** – summarises the knowledge and skills available to the Council and provides confirmation that these are commensurate with the Council's risk appetite.

Further details are provided in the following sections.

CAPITAL EXPENDITURE

CAPITALISATION POLICIES

Expenditure is classified as capital expenditure when it results in the acquisition or construction of an asset (e.g. land, buildings, roads and bridges, vehicles, plant and equipment etc.) that:

- Will be held for use in the delivery of services, for rental to others, or for administrative purposes; and
- Will be of continuing benefit to the Council for a period extending beyond one financial year.

Subsequent expenditure on existing assets is also classified as capital expenditure if these two criteria are met.

There may be instances where expenditure does not meet this definition but would nevertheless be treated as capital expenditure, including:

- Where the Council has no direct future control or benefit from the resulting assets, but would treat the expenditure as capital if it did control or benefit from the resulting assets; and
- Where statutory regulations require the Council to capitalise expenditure that would not otherwise have expenditure implications according to accounting rules.

The Council operates a number of de-minimis limits for capital expenditure. This means that items below these limits are charged to revenue rather than capital. The limits are currently as follows:

DE-MINIMIS LIMITS	£
General limit (applied where no specific limit is applicable)	10,000
Specific limits:	
• Schools' capital projects funded or supported by Formula Capital Grant	2,000
• Transport (highways) infrastructure	NIL
• Land	NIL

GOVERNANCE

The Cabinet Member for Finance, Commercial and Traded Services, in conjunction with the Executive Director for Corporate and Customer Services, manages the preparation of a capital programme, on behalf of the Council, on an annual basis in accordance with the Council's capital projects governance arrangements and capitalisation criteria.

Each scheme that is added to the Capital Programme is allocated:

- A 'start date' for planning purposes;
- An overall 'scheme approval' which sets the overall budget for the scheme; and
- An 'annual payments guideline' which sets the parameters for expenditure in each of the financial years over which the scheme is expected to span.

Once the capital programme or a scheme is approved, Executive Directors are, subject to the rule in the Constitution that officers may not take a Key Decision and limits within the scheme of delegation to officers, authorised to progress with capital projects that have:

- An approved 'start' date in the current or a prior financial year (i.e. schemes with a start date in a future financial year are indicative only, and do not constitute approval to spend); and
- Adequate scheme and payments approval in the capital programme to finance these projects.

Schemes will usually only be added to, or removed from, the Capital Programme as part of the annual budget setting process. Any request outside of this process to change the capital programme by adding or removing schemes, or by allocating additional scheme and payment approvals to an approved scheme, must be approved by the Cabinet Member for Finance, Commercial and Traded Services (up to a limit of **£5m**) or by the Cabinet (for schemes of **£5m** or more).

Executive Directors will ensure that:

- All officers responsible for committing expenditure on any approved capital project comply with all relevant guidance and follow approved certification processes;
- Budget holders are accountable for the effective management of the scheme and payment approvals allocated to them to either oversee or directly manage;
- Appropriate monitoring processes are in place to ensure that the scheme and

- Reports are made to the relevant Cabinet Member(s) on expenditure compared with the scheme and payment approvals for the capital projects for which they are accountable.

The Executive Director for Corporate and Customer Services will ensure that timely information is available on expenditure for each capital project, which is sufficiently detailed to enable Executive Directors and their managers to fulfil their budgetary responsibilities.

The Executive Director for Corporate and Customer Services will also monitor performance against the Council's approved capital programme on an on-going basis, and will advise upon the overall financial position. Specifically, the Executive Director for Corporate and Customer Services will prepare financial overview reports for the Cabinet Member for Finance, Commercial and Traded Services to present to Cabinet on a regular basis. These financial overview reports will provide a comparison of the Council's projected expenditure with the latest approved capital programme and assess the financing implications of variations in forecast under / over spends against payment approvals.

CAPITAL EXPENDITURE PLANS

The proposal is for capital investment of **£249m** for the 2019/20 programme, with an indicative programme for the subsequent two years totalling **£489m**. These planning levels represent a continued major investment in the infrastructure and economy of Essex. Further details are presented elsewhere within the Council's 2019/20 Organisation Plan.

When expenditure is classified as capital expenditure for capital financing purposes, this means that the Council is able to finance that expenditure from any of the following sources:

- **Capital grants and contributions** – amounts awarded to the Council in return for past or future compliance with certain stipulations.
- **Capital receipts** – amounts generated from the sale of assets and from the repayment of capital loans, grants or other financial assistance.
- **Revenue contributions** – amounts set aside from the revenue budget in the Reserve for Future Capital Funding.

- **Borrowing** – amounts that the Council does not need to fund immediately from cash resources, but instead charges to the revenue budget over a number of years into the future.

Actual capital expenditure and financing sources for 2017/18, together with the original and updated plans for 2018/19, proposals for 2019/20 and the indicative guidelines for the subsequent two years, are summarised in **Annex 3A**, with detailed plans presented within the Organisation Plan.

CAPITAL FINANCING REQUIREMENT AND BORROWING

CONTEXT

The Council is required by regulation to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities (the ‘Prudential Code’) when assessing the affordability, prudence and sustainability of its capital investment plans.

Fundamental to the prudential framework is a requirement to set a series of prudential indicators which are intended to collectively build a picture that demonstrates the impact over time of the Council’s capital expenditure plans upon the revenue budget and upon borrowing and investment levels and explain the overall controls that will ensure that the activity remains affordable, prudent and sustainable.

A summary of the Prudential Indicators for the period 2017/18 through to 2021/22 is provided in **Annex 3A**. Explanatory comments are provided in the following paragraphs.

CAPITAL FINANCING REQUIREMENT

When the Council finances capital expenditure from borrowing, this means that it is able to charge the expenditure to the revenue budget over a number of years into the future. It does this in accordance with its policy for the repayment of debt (see **Annex 3C**).

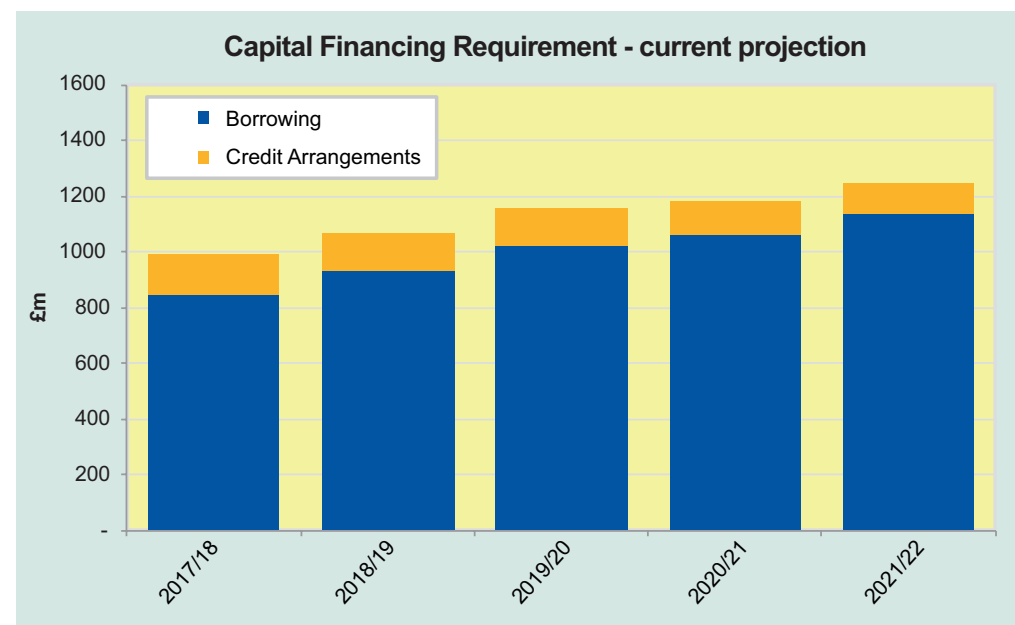
The actual Capital Financing Requirement (CFR) for 2017/18 provides a measure of the amount of capital expenditure that the Council has already spent that has yet to be funded from cash resources. That is, it provides a measure of the Council’s indebtedness, and hence of its need to borrow for capital financing purposes.

Credit arrangements are also included in the calculation of the CFR because they have the same practical impact as borrowing; credit arrangements are those that enable the Council to acquire the use of assets on deferred payment terms – typical examples include finance leases and Private Finance Initiative schemes.

The forward projections of the CFR reflect:

- The Council’s intention to finance further capital expenditure from borrowing (*which results in **increases** to the CFR*); and
- Revenue budget provision being made for the repayment of debt (*which results in a **reduction** to the CFR*).

The actual CFR for 2017/18 and forward projections for the current and forthcoming years are as follows:



The estimates of the CFR show an upward trajectory because the amount of capital expenditure that it is intended to finance from borrowing exceeds the annual provision for the repayment of debt each year up to and including 2021/22.

The estimates of the CFR assume that:

- The Government will continue to support local authorities’ capital investment over the medium term via the provision of capital grant rather than by ‘supported borrowing’; and
- The Council will repay debt on the basis set out in **Annex 3C**.

EXTERNAL BORROWING LIMITS

The Council is only permitted to borrow externally (including via credit arrangements) up to the level implied by its Capital Financing Requirement (CFR).

To ensure that external borrowing does not exceed the CFR, other than in the short term, limits are established for external debt, as follows:

- **Authorised limit** – this defines the maximum amount of external debt permitted by the Council, and represents the statutory limit determined under section 3 (1) of the Local Government Act 2003.
- **Operational boundary** – this is an estimate of the probable level of the Council’s external debt, and provides the means by which external debt is managed to ensure that the ‘authorised limit’ is not breached.

The proposed limits, which are set out in **Annex 3A**, make separate provision for external borrowing and other long-term liabilities, and are based upon an estimate of the most likely but not worst case scenarios. They allow sufficient headroom for fluctuations in the level of cash balances and in the level of the CFR.

The authorised limit and operational boundary related to external borrowing are below the current estimates of the CFR for borrowing. This position is currently sustainable because the Council is able to temporarily utilise its cash balances as a short to medium term alternative to external borrowing. This practice, which is referred to as ‘internal borrowing’, does not reduce the magnitude of funds held in reserves and balances; the funds are merely being borrowed until they are required for their intended purpose.

BORROWING STRATEGY

The Capital Financing Requirement (CFR) provides a measure of the Council’s need to borrow in order to manage the cash flow implications of incurring capital expenditure that it does not immediately fund from cash resources.

Currently, long-term external borrowing amounts to **£515m**, which will equate to around **60%** of the estimated CFR at 31 March 2019. It is however possible (and assumed, for the purposes of this Strategy) that further external borrowing (up to **£90m**) will be undertaken before 31 March 2019.

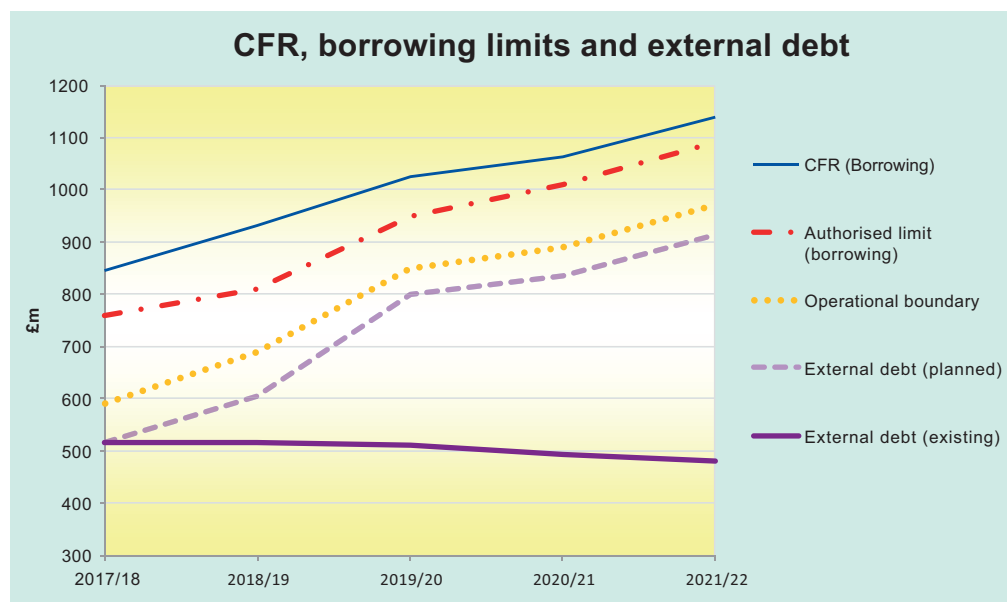
The Council is able to maintain external borrowing at a level below its CFR by temporarily using the cash it has set aside for other purposes (a practice referred to as ‘internal borrowing’).

The use of internal borrowing has:

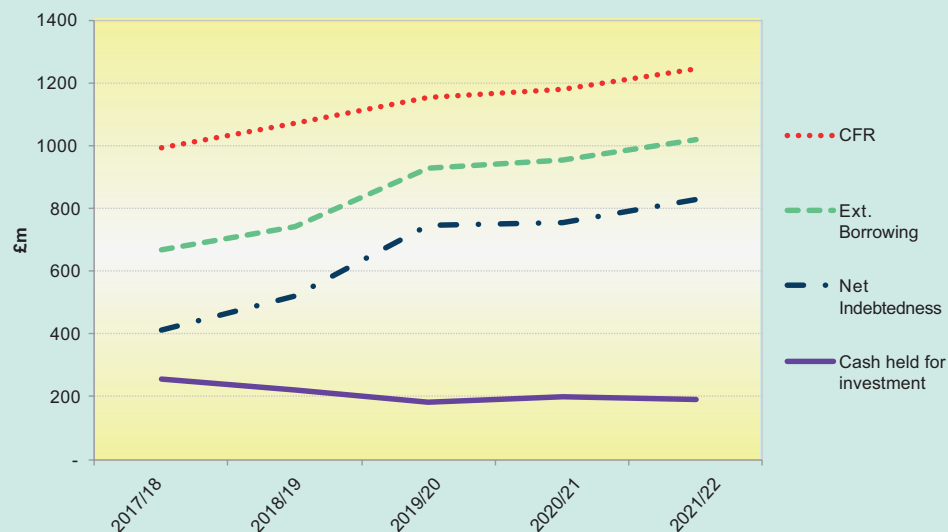
- Enabled the Council to avoid significant external borrowing costs (*i.e. making it possible to avoid net interest payments of around **£8m** per annum*); and
- Mitigated significantly the risks associated with investing cash in what has often been a volatile and challenging market.

However, it is necessary to keep under review the Council’s capacity to ‘internally borrow’, and to plan to replace internal for external borrowing as the availability of cash balances changes.

It is assumed that long term external borrowing will be undertaken at a level sufficient to ensure that the Council’s underlying cash balances are maintained at a minimum of **£200m**. Maintaining our underlying balances at this level will provide sufficient headroom to enable the Council to temporarily defer new long term borrowing should it be considered advantageous to do so.

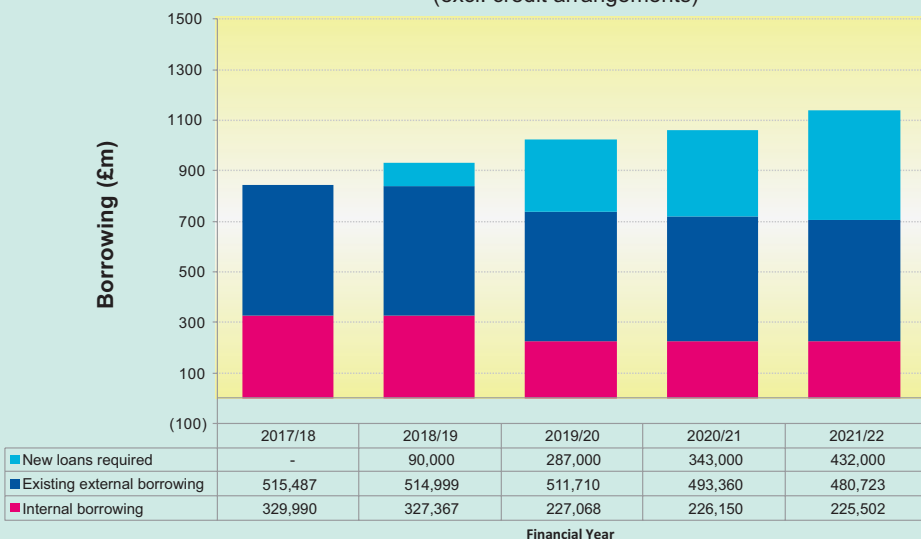


Capital Financing Requirement and External Borrowing



It is therefore anticipated that funding of the CFR will be as follows:

Funding of the Capital Financing Requirement (excl. credit arrangements)



This translates into the following levels of long-term external borrowing over the period covered by this strategy:

CURRENT FORECAST	LONG TERM BORROWING REQUIREMENT				
	2019 £000	2020 £000	2021 £000	2022 £000	2023 £000
Existing external loans	514,999	511,710	493,360	480,723	470,296
Requirement for further borrowing					
2018/19	90,000	90,000	90,000	90,000	90,000
2019/20	-	197,000	197,000	197,000	197,000
2020/21	-	-	56,000	56,000	56,000
2021/22	-	-	-	89,000	89,000
2022/23	-	-	-	-	-
Total new borrowing	90,000	287,000	343,000	432,000	432,000
Total external borrowing	604,999	798,710	836,360	912,723	902,296
Internal borrowing	327,114	226,849	225,964	225,350	182,745
Total borrowing	932,113	1,025,559	1,062,324	1,138,073	1,085,041

Further long term external borrowing may be undertaken, in excess of the amounts shown above, in the event that it is not possible or desirable to sustain internal borrowing at the current forecast.

The external borrowing requirement will be kept under review, and long term external loans will be secured within the parameters established by the authorised limit and operational boundary for external debt (as set out within **Annex 3A**).

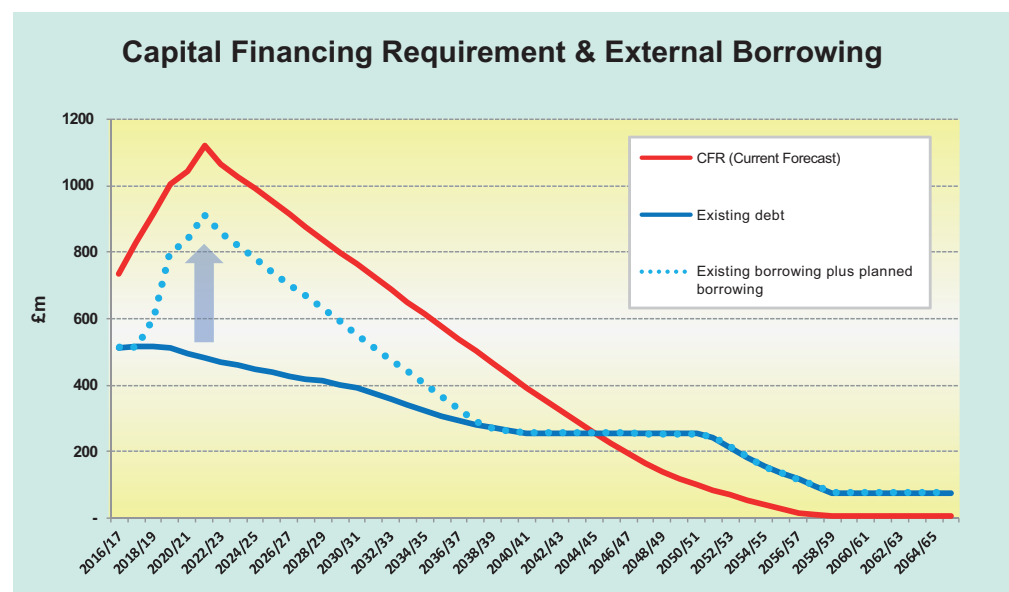
Opportunities to generate savings by refinancing or prematurely repaying existing long term debt will also be kept under review. Potential savings will be considered in the light of the current treasury position and the costs associated with such actions.

MATURITY STRUCTURE OF BORROWING

Limits are proposed, in **Annex 3C**, for the maturity structure of borrowing. The purpose of these limits is to guide decisions about the period over which new borrowing will be secured, to ensure that the Council does not have:

- A large amount of debt maturing in any one year which it may need to refinance in that year alongside any new borrowing that may be required; and
- External loans in excess of its CFR, other than in the short term.

Although external borrowing is currently at a level well below the CFR, this only remains the case until 2044/45; in 2044/45, the CFR falls below existing loans on a sustained basis:



However, no assumptions are included in the above forecast of additional capital expenditure beyond the current planning horizon. Therefore, it is probable that the longer term forecast of the CFR will exceed that shown above. However, any new loans secured over the period covered by this Strategy will be repaid before 2044/45, to ensure that external loans do not further exceed the longer term forecast of the CFR.

INTEREST RATE EXPOSURE

In order to manage and minimise the impact of movements in interest rates, limits are proposed within **Annex 3C** that will establish the ranges within which fixed and variable rate borrowing will be undertaken.

The Council usually secures its long term loans at fixed rates of interest, to provide certainty over the cost of maintaining the loans over their lifetime (indeed, all of the Council's current long term borrowing is at rates of interest that were fixed at the outset, for the whole duration of the loans).

Whilst any new loans secured over the period of this strategy are likely to also be secured at fixed rates of interest, up to **30%** could, alternatively, be secured at variable rates of interest. This would, for example, be appropriate if funding is required for a relatively short period, or when the Council wishes to defer locking into fixed rate loans when interest rates are high, but are forecast to reduce in the near term.

PERFORMANCE INDICATORS

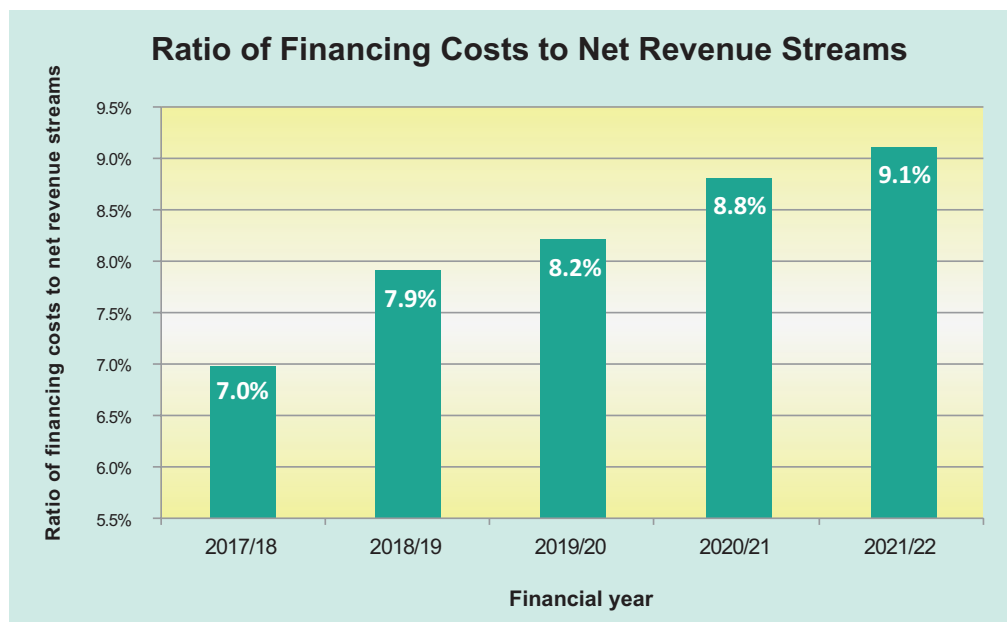
If long-term borrowing is undertaken, performance will be assessed against the average PWLB rate for the year for the applicable loan type and interest rate banding.

Short term borrowing will be assessed against the average 7 Day London Inter Bank Offer Rate (**7DLIBOR**) for the year.

RATIO OF FINANCING COSTS TO NET REVENUE STREAMS

The trend in the 'cost of capital' is provided by the 'ratio of financing costs to net revenue streams'. This ratio provides a key indicator of affordability, as it shows the proportion of the annual revenue budget that is being consumed year on year in order to finance the costs of borrowing (i.e. interest and debt repayments, net of investment income).

The actual ratios for 2017/18, and the latest estimates for the current and forthcoming three years, are provided in **Annex 3C**. The trend in this ratio over this period is illustrated as follows:

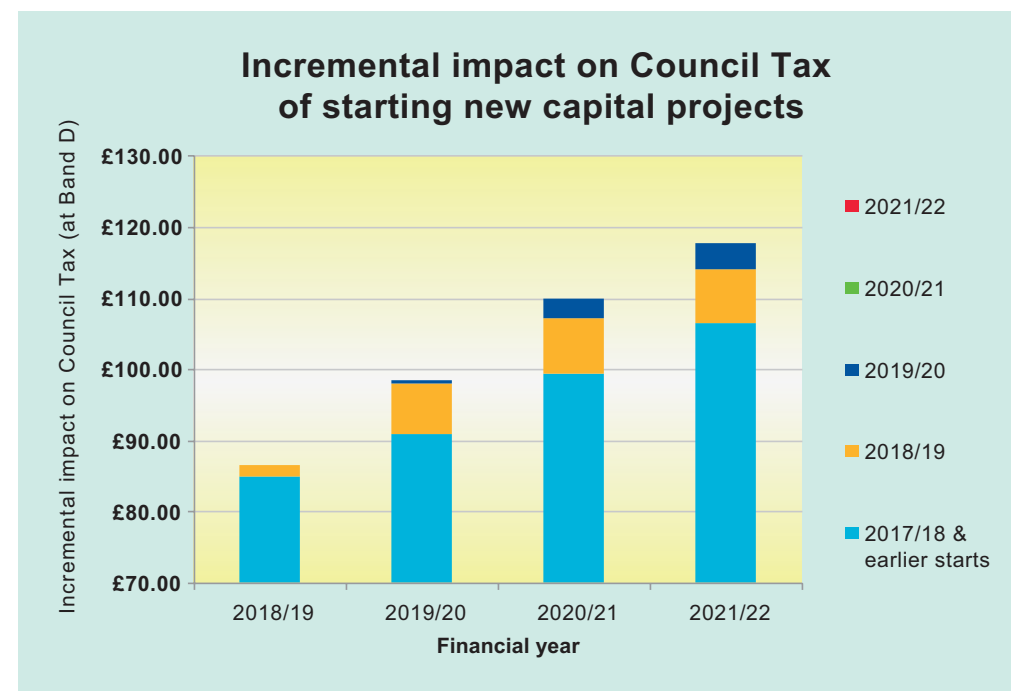


It is estimated that the proportion of the revenue budget that is required to fund borrowing costs will increase from **7.0%** in 2017/18 to **9.1%** by 2021/22. This increase partly reflects the impact of the Council's capital programme proposals over the forthcoming three years, but also a reduction in our net revenue streams.

INCREMENTAL IMPACT ON COUNCIL TAX

Another measure of the affordability of the capital programme proposals is their impact upon council tax.

The incremental impact upon council tax (at band D) from continuing with capital schemes started in, and prior to, 2017/18 and the additional amounts that result from commencing new capital projects in the current and subsequent three years is set out in **Annex 3A** and illustrated as follows:



The actual impact upon council tax may be lower than that implied in **Annex 3A** because:

- The indicator is calculated on the basis that the revenue implications of borrowing decisions will be funded entirely from council tax; in reality, the Budget Requirement is funded from a combination of financing sources, including council tax, business rates and general government grants.
- No account has been taken of the savings that may accrue from invest to save / improve schemes.

REVENUE PROVISION FOR THE REPAYMENT OF DEBT POLICY

When the Council finances capital expenditure from borrowing, it does not immediately fund the expenditure from cash resources. Instead, the Council sets cash resources aside from the Revenue Budget each year to repay the borrowing. This practice is referred to as making minimum revenue provision (or MRP) for the repayment of debt.

The Capital Financing Requirement (CFR) provides a measure of the amount of capital expenditure which has been financed from borrowing that the Council has yet to fund from cash resources.

Statutory guidance requires MRP to be provided annually on a prudent basis, and interprets 'prudent' to mean that:

- MRP charges on government **supported** and **pre April 2008** borrowing should (as a minimum) be made over a period commensurate with the period implicit in the determination of the original grant; and
- MRP charges on **unsupported** borrowing should be made over a period commensurate with the period the capital expenditure provides benefit.

The Secretary of State does not rule out or otherwise preclude the use of alternative methods to those listed above if another method is considered more appropriate.

In accordance with the requirement to make a prudent 'revenue provision for the repayment of debt', the Council ensures that debt is repaid over a period that is commensurate with the period over which the capital expenditure provides benefit. This is achieved by applying the methodology set out in **Annex 3C**.

The revenue budget provision for 'revenue provision' charges in 2019/20 has been compiled on a basis consistent with the policy set out in **Annex 3C**.

TREASURY MANAGEMENT INVESTMENTS

INTRODUCTION

The Council's treasury management investment activities must be undertaken in compliance both with the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (referred to as the Treasury Management Code) and with statutory guidance. The Treasury Management Code and statutory guidance require the Council to prepare an annual strategy that explains how the Council will invest its funds, giving priority to security and liquidity, and then to yield.

ECONOMIC OUTLOOK

Looking back on over ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as quantitative easing (QE), where central banks bought large amounts of central government and other debt.

The key issue now is that the period of stimulating economic recovery and warding off the threat of deflation is coming towards its close. A new period has already started of reversing those measures (e.g. by raising central rates) which are required to stop the re-emergence of inflation. The central banks need to unwind their holdings of QE purchases in a way that neither squashes economic recovery nor lets inflation run away.

With so much uncertainty around Brexit, the next move in central rates could be up or down. While it would be expected that the Bank Rate would be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, they could raise the Bank Rate in the same scenario if there was a boost to inflation from a devaluation of sterling, increases in import prices and more expensive goods produced in the UK replacing goods previously imported, and so on. In addition, the Chancellor has held back some spare capacity to provide a further fiscal stimulus if needed.

If the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary and fiscal policy and therefore medium to longer

dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

INVESTMENT PROJECTIONS

The Council has cash backed resources which it has set aside for longer term purposes (such as funds set aside in reserves and balances), and working capital balances, that can either be invested or temporarily utilised to defer the need for external borrowing.

Forecasts of the investment balances for the forthcoming three years, and estimates for interest rates, are set out in **Annex 3C**.

INVESTMENT STRATEGY

When the Council has surplus cash balances, these are invested until they are next required. Usually, this means that funds are invested on a short-term basis (i.e. up to a maximum period of 365 days), but up to **£50m** may be invested for periods beyond 365 days.

In accordance with regulatory requirements, the primary objectives, when investing the Council's funds, are **security** (*protecting the capital sum invested from loss*) and **liquidity** (*ensuring the funds invested are available for expenditure when needed*). The generation of **yield** is distinct from these prudential objectives. However, this does not mean that the Council ignores yield; once proper levels of security and liquidity are determined, yield is then considered.

The Council's funds will primarily be invested according to the Secretary of State's definition of **specified** investments. Specified investments are sterling deposits made for periods of less than one year with investment schemes of high quality and which are not defined by regulation as capital expenditure. Specified investments include deposits with the UK Government, other local authorities, money market funds and bodies of high credit quality.

Funds may also be invested according to the Secretary of State's definition of **non-specified investments**. Non specified investments are any financial investments that are not loans and do not meet the criteria to be treated as a specified investment. The inclusion of non-specified investments in the investment strategy is to allow funds (up to a maximum of **£50m**) to be invested for periods of in excess of one year.

A lending list will be compiled to include counterparties satisfying the criteria set out

within **Annex 3D**. The lending limits that will be applied to counterparties satisfying these criteria are also set out within **Annex 3D**. Additional operational market information (e.g. Credit Default Swaps, negative rating watches/outlooks etc.) will also be considered before making any specific investment decisions.

The criteria for choosing counterparties (as set out within **Annex 3D**) provide a sound approach to investing in normal market circumstances. However, the Executive Director for Corporate and Customer Services will determine the extent to which the criteria set out within **Annex 3D** will be applied in practice.

INTEREST RATE EXPOSURE

In order to manage and minimise the impact of movements in interest rates, limits are proposed within **Annex 3B** that will establish the ranges within which fixed and variable rate investments will be undertaken. As noted elsewhere, the majority of the Council's investments are made for periods of less than 365 days, for durations that ensure that the cash is available to meet expenditure when needed. Because of the relatively short term nature of these deposits, there is little to differentiate between fixed and variable rates of interest – funds could equally be invested fully at fixed rates of interest or fully at variable rates.

LIQUIDITY

Liquidity is defined as having adequate, but not excessive cash resources, borrowing arrangements and overdraft or standby facilities to ensure that funds are available, at all times, for the achievement of the Council's objectives. In this respect, the Council will seek to maintain liquid short-term deposits of at least **£20m** available with a week's notice.

PERFORMANCE

Performance on cash invested short term, in order to maintain liquidity of funds, will be benchmarked against the Seven Day London Inter Bank Bid Rate (**7DLIBID**) rate; the aim being to achieve investment returns that are equivalent to, or greater than, the average 7 day LIBID rate for the year.

TREASURY MANAGEMENT ADVISORS

The Council employs **Link Asset Services, Treasury Solutions** to provide it with treasury management advice.

The services provided by Link Asset Services, Treasury Solutions include advice on treasury matters and capital finance issues, economic and interest rate analysis and creditworthiness information. Notwithstanding this, the final decision on all treasury matters remains vested with the Council.

The services received from Link Asset Services, Treasury Solutions are subject to regular review.

OTHER MATTERS

The Council currently provides treasury management support to its local trading companies (principally Essex Cares Ltd) and holds cash balances on behalf of the partnerships for which it is the 'accountable' body (principally the South East Local Enterprise Partnership). As part of the agreement to provide treasury management support to these organisations, the Council may borrow their surplus funds, or lend to them to cover temporary shortfalls of cash. Any amounts borrowed from, or lent to, these organisations are consolidated with the Council's own cash balances on a daily basis, and the Council invests or borrows on the net position. The Council charges interest on amounts lent to these organisations, and pays interest on amounts borrowed, in accordance with the terms of a formal agreement between the respective parties.

New accounting arrangements were introduced from 1 April 2018 which require an increasing range of investments to be classified as 'fair value through profit and loss' (FVPL) and carried at 'fair value'. Statutory regulations allow revaluation gains and losses on investments classified as FVPL to be held in an unusable reserve, but only until 31 March 2021; thereafter, revaluation gains and losses will be recognised in the Revenue Account as they arise. Use of FVPL investments will be considered carefully.

COMMERCIAL INVESTMENTS

Statutory guidance on local authority investments (issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003) classifies local authority investments into the following categories:

- Investments held for treasury management purposes
- Other investments

Investments held for treasury management purposes are dealt with in the 'Treasury Management Investments' section of this document. This section deals with 'other investments', where the intention is for investments to make a contribution to the Council's service delivery objectives and/or place making role of the Council. The following paragraphs provide an overview of the commercial investments already undertaken by the Council.

INVESTMENT PROPERTIES

The Council has acquired three properties at a total cost of **£33.9m** (two in 2017/18 and one in 2018/19) for capital appreciation and/or solely to earn rentals, rather than for the supply of goods or services or for administrative purposes. Such assets are classified as investment properties. These commercial properties are leased to end users on commercial leases.

These investment properties will be measured at their fair value annually (which will ensure the valuation reflects the market conditions at the end of each reporting period). The fair value measurement will enable the Council to assess whether the underlying assets provide security for capital investment. Where the fair value of the underlying assets is no longer sufficient (on a sustained basis) to provide security against loss, mitigating actions will be considered, to ensure that appropriate action is taken to protect the capital sum invested.

There are no immediate plans to acquire further investment properties, beyond those already acquired. Expansion of the property programme will be subject to the approval of the Cabinet.

NORTH ESSEX GARDEN COMMUNITIES PROJECT

The Cabinet agreed in December 2016 that the Council would enter into a joint arrangement with the district and borough councils of Braintree, Colchester and

Tendring to create an overarching body known as North Essex Garden Communities Ltd (NEGC), to coordinate the development of new garden communities in North Essex, and local delivery vehicles (LDV) for each garden community settlement.

There will be a separate decision for Cabinet at a later stage once the funding requirements are clarified.

MEDTECH ACCELERATOR LTD

In October 2017, Cabinet approved the investment in **500,000** ordinary **£1** shares of Medtech Accelerator Ltd, representing **20%** of the shares of the company. The acquisition of the share capital was categorised as capital expenditure.

The aim of Medtech Accelerator is to identify and support the development of new medical technologies so that new companies and new employment opportunities can be formed in the region.

By investing in Medtech Accelerator Limited, the Council has taken a commercial investment risk in order to generate a return on investment which, if successful, will help address the financial challenges that it is facing. The investment will also provide additional benefits by supporting growth within the Lifesciences and Medtech sector which is a key sector for growth not only for the Council, but also by the South East Local Enterprise Partnership (SELEP) and UK Government. This sector of the economy is one of the areas led by the Science and Innovation Audit for the East of England.

Like any investment that potentially offers high levels of return, there are risks that the projects supported by Medtech Accelerator will not all advance or, if they do, will not generate a return on investment. The aim is that some of the investments generate a large enough return to mitigate the impact of losses in projects which fail.

LOANS TO LOCAL ENTERPRISES AND THIRD PARTIES

Loans to local enterprises will be considered, as part of a wider strategy for local economic growth, even though they may not necessarily put security and liquidity above other aims.

Such loans will be considered when all of the following criteria are satisfied:

- The loan is given towards expenditure which would, if incurred by the Council, be capital expenditure;
- The purpose for which the loan is given is consistent with the Council's corporate

/ strategic objectives and priorities;

- Due diligence is carried out that confirms the Council's legal powers to make the loan, and that assesses the risk of loss over the loan term;
- A formal loan agreement is put in place which stipulates the loan period (which will not exceed 20 years), repayment terms and loan rate (which will be set at a level that seeks to mitigate any perceived risks of a loss being charged to the General Fund, and takes appropriate account of state aid rules) and any other terms that will protect the Council from loss;
- No more than **£5m** is awarded as a single loan, with no more than **£20m** being loaned in total to a single entity.
- All loans will be subject to approval by the Executive Director for Corporate and Customer Services.

The Council has provided the following loans for capital purposes to date:

COUNTER PARTY	YEAR OF ADVANCE	LOAN ADVANCED £000	LOAN TERM (YEARS)	INTEREST RATE %	BALANCE O/STANDING AT 31 MARCH 2019 £000
Stow Maries Great War Aerodrome Ltd	2013/14	200	8 YEARS	BANK RATE + 1.5%	150
SELEP Growing Places Fund Loans:					
• Colchester Northern Gateway	2018/19	1,350	3 YEARS	N/A	1,350
Essex University – Centre for Advanced Engineering	2017/18	2,000	4 YEARS	1.04%	2,000
Total		3,550			3,500

SUPPORT TO SUBSIDIARIES

The Council currently provides treasury management support to its local trading

companies (principally Essex Cares Ltd). As part of the agreement to provide treasury management support to these organisations, the Council may borrow their surplus funds, or lend to them to cover temporary shortfalls of case (the Council has provided a **£5m** overdraft facility to Essex Cares Ltd for this purpose).

In addition to providing Essex Cares with an overdraft facility, the Council has also agreed to the following longer term loans to its subsidiary:

COUNTER PARTY	LOAN ADVANCED £000	FINANCIAL YEAR ADVANCED	LOAN TERM (YEARS)	INTEREST RATE %	LOAN O/STANDING AT 31 MARCH 2019 £000
Refurbishment of Freebournes	610	2014/15	10	4%	366
Refurbishment of Walter Boyce Centre	314	2016/17	10	4%	220
Total	924				586

LOCAL AUTHORITY MORTGAGE SCHEME (LAMS)

The Council agreed to participate in the Local Authority Mortgage Scheme in May 2013. This national scheme is aimed at first time buyers, providing help for potential buyers who can afford mortgage payments - but not the initial deposit – to get onto the property ladder. The scheme is standard and there is very little flexibility for Local Authorities to vary the terms set out by the lender.

If a potential buyer meets the strict credit criteria applied by the lender, and meets the criteria set out by the Council to qualify for a mortgage under the scheme, the Council provided an indemnity to the value of the difference between **75%** of the value of the property and the amount borrowed. The potential buyer thereby obtained a mortgage of up to **95%** LTV on similar terms as a **75%** mortgage which enabled people to borrow with only a **5%** deposit – if they met the other lending criteria.

Under this scheme, the Council was required to place **£1m** with Lloyds Bank to cover the indemnities provided under the scheme.

The indemnities were in place for a fixed 5 year period for each mortgage granted under the scheme, which may be extended for a further 2 years if a mortgage were in arrears in the last 6 months of the initial 5 year period.

Assuming no default by the buyer, the indemnity liability terminates on the earliest of the end of the agreed indemnity period or an early repayment of the mortgage (e.g. if the buyer subsequently moves house). The fixed term deposit of **£1m** will be repaid to the Council at the date of maturity (January 2019) plus interest due.

The indemnity provided by the Council will only be called upon if a loss is crystallised by the lender, which would only arise if a property is repossessed. To date, the indemnity provided by the Council has not been called upon.

KNOWLEDGE AND SKILLS

The Council recognises the importance of ensuring that all officers involved in the treasury management function (including commercial investment activities) are fully equipped to undertake the duties and responsibilities allocated to them. The Executive Director for Corporate and Customer Services is responsible for recommending and implementing the necessary arrangements and does this by:

- **Appointing individuals who are both capable and experienced**
All individuals involved in the delivery of the treasury management function are required to be professionally qualified accountants, who have a responsibility to undertake continuing professional development.
- **Providing training and technical guidance**
All individuals involved in the delivery of the treasury management function are provided with access to relevant technical guidance and training necessary to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills to undertake the duties and responsibilities allocated to them.
- **Appointing treasury management and other professional advisors**
By employing external providers of treasury management services, the Executive Director for Corporate and Customer Services ensures that the individuals involved in delivery of the Council's treasury management activities have access to specialist skills and resources. In addition, professional advisors are employed as required to ensure that the Council has access to the specialist skills and resources necessary to undertake commercial investment activities. A professional property advisor was appointed to assist the Council with the acquisition and management of investment properties.

The Executive Director for Corporate and Customer Services will ensure that elected members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The statement by the Executive Director for Corporate and Customer Services is set out in Part 1 of Organisational Plan and Budget 2019/20 report.

ANNEX 3A – PRUDENTIAL INDICATORS

SUMMARY OF PRUDENTIAL INDICATORS		2017/18 ACTUAL	2018/19		2019/20 ESTIMATE	2020/21 FORECAST	2021/22 FORECAST
			ORIGINAL ESTIMATE	UPDATED ESTIMATE			
CAPITAL EXPENDITURE & FINANCING							
Capital Expenditure	£m	268	299	263	249	248	241
Capital Financing							
Borrowing	£m	117	176	116	128	96	121
Grants and contributions	£m	128	104	133	106	134	97
Capital receipts and earmarked reserves	£m	23	19	14	15	18	23
Total capital financing	£m	268	299	263	249	248	241
CAPITAL FINANCING REQUIREMENT							
Capital financing requirement (CFR)							
Opening CFR	£m	901	1,090	992	1,070	1,154	1,181
Add							
Additional borrowing	£m	117	176	116	128	96	121
Additional credit liabilities (PFI / Finance leases)	£m	3	-	-	-	-	-
		1,021	1,266	1,108	1,198	1,250	1,302
Less							
Revenue provision for debt repayment	£m	(29)	(38)	(33)	(37)	(42)	(47)
Capital receipts applied to repay debt	£m	-	-	(5)	(7)	(27)	(11)
Capital Financing Requirement	£m	992	1,228	1,070	1,154	1,181	1,244

SUMMARY OF PRUDENTIAL INDICATORS		2017/18 ACTUAL	2018/19		2019/20 ESTIMATE	2020/21 FORECAST	2021/22 FORECAST
			ORIGINAL ESTIMATE	UPDATED ESTIMATE			
Analysis of the Capital Financing Requirement							
Supported borrowing and pre 2008/09 unsupported borrowing	£m	478	466	466	454	442	430
Unsupported borrowing							
General	£m	360	509	455	554	608	683
Deferred (loans, housing and investment properties)	£m	8	15	11	18	12	25
Sub total – borrowing	£m	846	990	932	1,026	1,062	1,138
Credit arrangements (PFI / Finance leases)	£m	146	238	138	128	119	106
Total	£m	992	1,228	1,070	1,154	1,181	1,244
Gross borrowing and the CFR							
Medium term forecast of CFR	£m	1,154	1,317	1,181	1,244	1,178	1,126
Forecast external debt (long term) and credit arrangements	£m	662	824	653	640	612	587
Headroom	£m	492	493	528	604	566	539
EXTERNAL DEBT							
Authorised limit							
Borrowing	£m	620	910	810	950	1,010	1,090
Other long term liabilities	£m	284	237	137	128	117	106
Total authorised limit	£m	904	1,147	947	1,078	1,127	1,196
Operational boundary							
Borrowing	£m	520	800	690	850	890	970
Other long term liabilities	£m	265	217	128	108	98	86
Total operational boundary	£m	785	1,017	818	958	988	1,056
Actual external debt (incl. credit arrangements)	£m	511	N/A	N/A	N/A	N/A	N/A

SUMMARY OF PRUDENTIAL INDICATORS		2017/18 ACTUAL	2018/19		2019/20 ESTIMATE	2020/21 FORECAST	2021/22 FORECAST
			ORIGINAL ESTIMATE	UPDATED ESTIMATE			
FINANCING TO NET REVENUE STREAMS							
Financing to Net Revenue Streams	%	7.0%	6.9%	7.9%	8.2%	8.8%	9.1%
INCREMENTAL IMPACT ON COUNCIL TAX							
Effect of capital schemes starting in:							
2016/17 and earlier years	£	£78.34	£84.71	£85.00	£90.89	£99.43	£106.57
2017/18	£	£1.86	£7.67	£1.60	£7.08	£7.77	£7.68
2018/19	£		£0.30	-	£0.45	£2.75	£3.51
2019/20	£		-	-	-	-	-
2020/21	£		-	-	-	-	-
2021/22	£		-	-	-	-	-
2022/23	£		-	-	-	-	-
Total	£	£80.20	£92.68	£86.60	£98.42	£109.95	£117.76

ANNEX 3B – TREASURY MANAGEMENT SUMMARY

TREASURY MANAGEMENT SUMMARY		2017/18 ACTUAL	2018/19		2019/20 ESTIMATE	2020/21 FORECAST	2021/22 FORECAST
			ORIGINAL ESTIMATE	UPDATED ESTIMATE			
ESTIMATED DEBT AND INVESTMENTS							
Investments (estimated balance at each 31 March)	£m	313	200	224	181	203	200
External debt (operational boundary for borrowing)	£m	520	800	690	850	890	970
EXPECTED MOVEMENT IN INTEREST RATES							
Bank Rate (at each 31 March)	%		0.50%	0.75%	1.25%	1.50%	1.75%
PWLB (borrowing) rates							
5 year	%		1.70%	2.10%	2.30%	2.60%	2.80%
10 year	%		2.40%	2.50%	2.80%	3.00%	3.20%
25 year	%		3.00%	2.90%	3.20%	3.40%	3.60%
50 year	%		2.80%	2.70%	3.00%	3.20%	3.40%
Source: Link Asset Services (Treasury Solutions) (December 2018)							
EFFECT OF 1% INCREASE IN INTEREST RATES							
Interest on borrowing	£000		765	450	1,885	3,150	3,875
Interest on investments	£000		(1,991)	(2,231)	(1,800)	(2,014)	(1,893)
Interest attributed to reserves & balances	£000		2,493	2,716	1,363	1,651	1,616
Interest attributed to other bodies	£000		10	23	23	23	23
Net total	£000		1,277	958	1,471	2,810	3,621
BORROWING REQUIREMENT (EXTERNAL BORROWING)	£m	-	153	90	197	56	89

TREASURY MANAGEMENT SUMMARY		2017/18 ACTUAL	2018/19		2019/20 ESTIMATE	2020/21 FORECAST	2021/22 FORECAST
			ORIGINAL ESTIMATE	UPDATED ESTIMATE			
INTEREST RATE EXPOSURES							
Upper limits for exposure to fixed rates							
Net exposure	£m	620	910	810	950	1,010	1,090
Debt	%	100%	100%	100%	100%	100%	100%
Investments	%	100%	100%	100%	100%	100%	100%
Upper limits for exposure to variable rates							
Net exposure	£m	186	273	243	285	303	327
Debt	%	30%	30%	30%	30%	30%	30%
Investments	%	100%	100%	100%	100%	100%	100%
MATURITY STRUCTURE OF BORROWING (UPPER LIMIT)							
Under 12 months	%	1%	40%	40%	40%	40%	40%
12 months and within 24 months	%	1%	40%	40%	40%	40%	40%
24 months and within 5 years	%	4%	40%	40%	40%	40%	40%
5 years and within 10 years	%	10%	40%	40%	40%	40%	40%
10 years and within 25 years	%	26%	60%	75%	70%	62%	60%
25 years and within 40 years	%	23%	40%	40%	40%	40%	40%
40 years and within 50 years	%	12%	20%	20%	20%	20%	20%
50 years and above	%	15%	20%	20%	20%	20%	20%
MATURITY STRUCTURE OF BORROWING (LOWER LIMIT)							
All maturity periods	%	0%	0%	0%	0%	0%	0%
TOTAL SUMS INVESTED FOR MORE THAN 364 DAYS							
Upper limit for sums invested for more than 364 days	£m	4	50	50	50	50	50

ANNEX 3C — REVENUE PROVISION FOR THE REPAYMENT OF DEBT POLICY

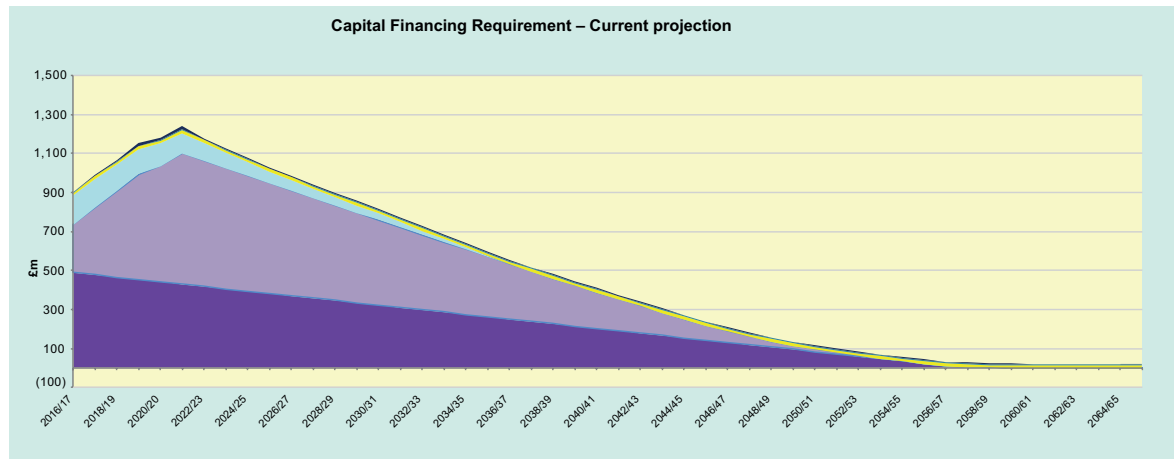
In accordance with the requirement to make a prudent ‘revenue provision for the repayment of debt’, the Council ensures that debt is repaid over a period that is commensurate with the period over which the capital expenditure provides benefit. This is achieved by applying the following methodology:

BORROWING	MRP REPAYMENT BASIS
Pre 1 April 2008 debt	This element of the Capital Financing Requirement is being repaid on a 50 year ‘ Equal instalments ’ basis, with commencement of the 50 year term in 2007/08.
Government supported debt – 2008/09 onwards	This element of the Capital Financing Requirement is being repaid on a 50 year ‘ Equal Instalments ’ basis, with commencement of the 50 year term in the financial year following the capital expenditure.
Unsupported borrowing - General	This element of the Capital Financing Requirement is being repaid using the Asset Life method. This spreads the unsupported borrowing over the useful life estimated at the start of the relevant asset lives (or over a shorter period where use of the standard useful life would not be supportable as prudent).
Loans awarded for capital purposes	<p>Where the Council gives a loan to a third party towards expenditure which would, if incurred by the Council, be capital expenditure, the amounts paid out count as capital expenditure for capital financing purposes. The expenditure is therefore included in the calculation of the Council’s Capital Financing Requirement.</p> <p>When the Council receives the repayment of an amount loaned, the income will be classified as a capital receipt.</p> <p>Where the capital receipts will be applied to reduce the Capital Financing Requirement, there will be no revenue provision made for the repayment of the debt liability (i.e. unless the eventual receipt is expected to fall short of the amount expended).</p>
Assets acquired or developed for resale	<p>Where expenditure is incurred to acquire and/or develop properties for resale, the Capital Financing Requirement will increase by the amount expended.</p> <p>Where the Council will subsequently recoup the amount expended via the sale of an asset, the income will be classified as a capital receipt.</p> <p>Where the capital receipts will be applied to reduce the Capital Financing Requirement, there will be no revenue provision made for the repayment of the debt liability (i.e. unless the fair value of the properties falls below the amount expended).</p>
Credit arrangements	MRP is met by a charge equal to the element of rent/charge that goes to write down the balance sheet liability.

Revenue provision is chargeable in the first financial year after the relevant capital expenditure is incurred.

Where it is practical or appropriate to do so, the Council may make voluntary revenue provision, or apply capital receipts, to reduce debt over a shorter period.

On the basis of the MRP policies outlined above, and the capital programme proposals outlined elsewhere within the Capital and Treasury Management Strategy, the longer term forecast of the Capital Financing Requirement is as follows:



The revenue budget provision for ‘revenue provision’ charges in 2019/20 has been compiled on a basis consistent with this policy.

ANNEX 3D — COUNTERPARTY CRITERIA FOR INVESTMENTS

1. CONTEXT

In order to minimise the risk to investments, the Council stipulates the minimum acceptable credit quality of counterparties for inclusion on its lending list. Where applicable, it does this by reference to the credit ratings, watches and outlooks published by all three ratings agencies (i.e. Fitch, Standard and Poor's and Moody's). Definitions of the credit ratings of the three main rating agencies are available upon request.

2. BANKS AND BUILDING SOCIETIES

The Council will invest funds with UK banks and building societies, and non UK banks domiciled in a country with a minimum sovereign rating of **AA**, that have credit ratings equivalent to, or better than, the following:

RATING CATEGORY	CREDIT RATING AGENCIES		
	FITCH	STANDARD & POOR'S	MOODY'S
Short term	F1	A-1	P-1
Long term	A	A	A2

These ratings will be used to determine the pool of counterparties with whom the Council can transact for **term/call deposits** and **certificates of deposit**. This will ensure that funds are invested with high quality counterparties.

Where counterparties are rated by more than one credit rating agency, the lowest ratings will be used to determine whether they are included on the counterparty list.

The short and long-term ratings will be further applied to determine the maximum amount that will be invested with each of the counterparties in the 'pool', and for what duration.

Credit rating information is supplied by Link Asset Services, our treasury advisors, on all active counterparties that comply with the criteria above. Credit ratings will

be kept under review. Counterparties will be removed from the Council's lending list in the event that they receive a downgrading to their credit rating below the minimum criteria outlined above.

Counterparties placed on '**negative ratings watch**' (which indicate a likely change in the counterparty's credit rating) will remain on the Council's lending list at the discretion of the Executive Director for Corporate and Customer Services, in consultation with the Cabinet Member for Finance, Commercial and Traded Services.

Although non-UK banks domiciled in a country with a minimum sovereign rating of **AA** may be included on the lending list, due regard will be given to the country exposure of the Council's investments.

In the event that the Council's own banker falls below the minimum credit rating criteria outlined above, and is not nationalised or part nationalised, the bank will be used for transactional purposes only, and not as an active outlet for investments.

3. FINANCIAL INSTITUTIONS NATIONALISED (OR PART NATIONALISED) BY THE UK GOVERNMENT

UK banks that do not fully meet the credit rating criteria outlined in the previous paragraph, but which have been nationalised or part nationalised, will remain on the counterparty list whilst they continue to be nationalised (or part nationalised).

4. MONEY MARKET FUNDS

Money Market Funds (MMFs) are short term, pooled investments that are placed, by a manager, in a wide range of money market instruments. The size of the investment pool of a MMF enables the manager to not only offer the flexibility of overnight and call money, but also the stability and returns of longer dated deposits.

Strict rules and criteria are set down by the official rating agencies, covering the types of investment counterparties used, the maturity distribution of the funds and investment concentrations.

The Money Market Fund Regulation was published in June 2017. This applies to new funds with effect from 21 July 2018 and to existing funds by no later than 21 January 2019. The Regulation permits three structural options for money market funds, as follows:

- Constant Net Asset Value (CNAV)
- Low Volatility Net Asset Value (LVNAV)
- Variable Net Asset Value (VNAV)

The Council will only use **CNAV** and **LVNAV** MMFs with an **AAA** credit rating that are denominated in sterling and regulated within the EU and **VNAV** MMFs with an **AAA** credit rating and a minimum credit score of **1.25** that are denominated in sterling and regulated within the UK.

5. UK GOVERNMENT

No restrictions are placed on the amounts that can be invested with the UK Government (i.e. with the Debt Management Office or via UK Treasury bills or Gilts with less than 1 year to maturity).

6. OTHER LOCAL AUTHORITIES

Other local authorities are included within the counterparty 'pool'. However, the amount that can be invested will be determined with regard to their size. For this purpose, top tier local authorities will include county councils, unitary and metropolitan authorities and London boroughs and lower tier local authorities will include district / borough councils and police and fire authorities.

7. OTHER PRODUCTS

A range of other investment products may be used for investing the Council's underlying / core cash balances, including:

- **Property Funds** – this is a long term, and relatively illiquid investment, which is expected to yield both rental income and capital gains.
- **Corporate bonds** – bonds issued by companies to raise long term funding other than via issuing equity. Investing in corporate bonds offers a fixed stream of income, paid at half yearly intervals, in exchange for an initial investment of capital.
- **Corporate bond funds** – these are pooled funds investing in a diversified

portfolio of corporate bonds, so provide an alternative to investing directly in individual corporate bonds.

- **UK Government Gilts / Gilt Funds** – with greater than 1 year maturity
- **UK Government Treasury bills** – with greater than 1 year maturity

The risks associated with the use of any combination of these investment products may include:

- **Liquidity risk** – Ability to realise assets in a timely manner, at an appropriate price.
- **Security or credit risk** – Capital preservation (principal is returned at contractual maturity); Payments of interest or principal not being made, or not being made in full.
- **Valuation or 'mark to market' risk** – Paper losses may be reported in year-end accounts; liquidating assets prior to maturity could lead to losses being crystallised.

The investment instruments listed above will each demonstrate some combination of these risks – they therefore all need to be weighed against potential rewards of higher returns.

The Executive Director for Corporate and Customer Services will work with the Council's treasury advisors to determine the use of these alternative investment products, taking into account the acceptability or otherwise of the risks associated with their use.

8. TIME AND MONETARY LIMITS APPLYING TO INVESTMENTS

The time and monetary limits for counterparties satisfying the criteria outlined in the previous paragraphs will be determined with reference to the counterparties' short and long term credit ratings (or to other criteria where applicable), as outlined in the table overleaf.

Notwithstanding these limits, the Executive Director for Corporate and Customer Services will ensure appropriate operational boundaries are in place to avoid over exposure in any particular country, sector or group.

TIME AND MONETARY LIMITS

COUNTERPARTY TYPE	SHORT AND LONG TERM CREDIT RATING CRITERIA						INVESTMENT LIMIT £M	MAXIMUM DURATION (NO. YEARS)
	FITCH		STANDARD & POOR'S		MOODY'S			
	SHORT TERM	LONG TERM	SHORT TERM	LONG TERM	SHORT TERM	LONG TERM		
UK Banks & building societies	F1+	AA-	A-1+	AA-	P-1	AA3	70	3 YEARS
	F1	A	A-1	A	P-1	A2	60	1 YEAR
UK banks & building societies (nationalised)							60	1 YEAR
Non UK financial institutions	F1	A	A-1	A	P-1	A2	35	1 YEAR
‘AAA’ rated Money Market Funds (CNAV)							50	NOT FIXED
‘AAA’ rated Money Market Funds (LVNAV)							25	NOT FIXED
‘AAA’ rated / 1.25 credit score Money Market Funds (VNAV)							25	NOT FIXED
UK Government							NO LIMIT	1 YEAR
Local authorities – upper tier							50	3 YEARS
Local authorities – lower tier							35	3 YEARS
Property Funds							20	NOT FIXED
‘AAA’ rated Corporate Bonds							20	3 YEARS
Corporate Bond Funds							20	3 YEARS
UK Government Gilts / Gilt Funds							20	3 YEARS
UK Government Treasury Bills							20	3 YEARS

NOTES:

Property Funds – these do not have a defined maturity date and the Property Fund may need to sell its underlying assets in order to repay the funds invested by the Council, so this is an illiquid form of investment.

Forward deals –If forward deposits are made, the forward period plus the deal period should not exceed the maximum duration specified above.

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