

Essex County Council Organisation Plan

2020/21



Essex County Council

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Foreword by the Leader

This Organisation Plan sets out over 100 commitments we are making in the next year to improve the lives of the people of Essex – from delivering an additional 1700 school places – because a great education is the foundation on which opportunity is built; to planting an ‘Essex Forest’ as part of an ambitious climate action programme; to working collaboratively with our partners to focus on prevention and early intervention to enable more people to live independently for longer.

We have been under enormous financial pressure over the last decade – by the end of this cycle we will have saved in the region of £1billion since the onset of the banking crisis. We have not chosen to retrench to a core minimum service offer, instead we have striven to maintain a more dynamic view of Government - a view of Government that is more positive, optimistic and ambitious for the people and the communities it serves.

We are proud of the fact that we have maintained excellent services in the teeth of these headwinds whilst retaining our ambition to serve all the people of Essex and keep Council Tax rises to a minimum. We have focused relentlessly on reducing bureaucracy and increasing productivity which has led us to be identified consistently as one of the top ten most efficient Councils in the country. And the Plan that we are setting out for the next year demonstrates our renewed commitment to our four strategic aims:

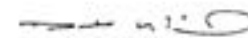
- a. Securing inclusive economic growth – because the only guarantee of long-term future well-being is a strong economy from which everyone can benefit – that is why we are investing in our schools and colleges, our high streets and town centres, and in the places and infrastructure that will underpin our future economic prosperity.
- b. Helping people get the best start and age well – because it is the duty of the Council to support the most vulnerable and to make sure that everyone has the opportunity to live the best life they can, regardless of circumstances – that is why we are pleased that our core Children’s and youth offending services have been recognised as amongst the very best in the country by Ofsted.
- c. Helping create great places – because we are the guardians of the county for future generations and recognise the need to balance the growth demands of our population with maintaining the essence of what makes Essex great – that is why we secured over £300m from Government to support the infrastructure we need to facilitate housing growth whilst maintaining the integrity of our communities.
- d. Transforming the Council – because we believe that striving for efficiency and productivity is not just the right thing to do to maximise investment in front line services but also creates a culture of

resourcefulness and innovation that demands the can-do attitude from our employees that we want – that is why we will continue to invest in our people so that we have the best local government workforce in the country.

Essex is the most entrepreneurial county in the UK. You have a right to expect that your Council will reflect your values, your work ethic and live up to your expectations. We know the very real pressures that you have faced over the last few years – working hard to make ends meet – that is why we have a simple and consistent message – we are on your side. 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, appearing to read 'David Finch', located below the portrait photo.

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 – in fact we have one of the highest employment rates in the country. This success however means that employers have difficulty in attracting people with the skills that they need, and also have skills deficiencies in their existing workforce. Lack of suitable skills to support in work progression is also a barrier for some of our residents to higher wages and economic inclusion.

We 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 want everyone to be able to fulfil their potential. We will work with employers to foster their relationship with Higher, Further, and Adult Education sectors and will 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, we will also support residents, students and employers to benefit from a greater range of industry-relevant higher education courses, apprenticeships across Further Education and Adult Community Learning providers. We will also 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.

Major achievements this year:

- We have delivered more than 2,800 additional school pupil places.
- We have supported colleges on the successful completion of Further Education building schemes including Colchester Centre for Health and Development and Science, Technology, Engineering and Mathematics (STEM) Innovation Campus (Braintree).
- We have developed an Essex Skills Strategy and started delivery of the action plan to support all age workforce skills development.

Key areas of focus for the Council over the next year:

- It is important that we keep pace with the rising demand for school places, so that parents continue to be able to access a school of their preference. In the coming year we will be investing nearly £40m to deliver over 1,700 additional school pupil places.
- Currently, 90% of schools in Essex are rated Good or Outstanding by Ofsted. Our ambition is to support all early years' settings, schools and colleges to be rated Good or Outstanding. Over the coming year, our School-led Improvement Partnership Strategy will further mature so that school to school support will develop to improve and achieve the best long-term outcomes for all children and young people. Evidence of the impact of partnership working between schools is beginning to be recognised in recent Ofsted reports.
- We are committed to supporting the recruitment and retention of the best staff for our settings, schools and colleges. The strategy group established to support this is investing in researching the various ways in which this has been achieved across the county to disseminate best practice.
- We will improve the experience of transition to and between schools for all children and young people including those with SEND; and understand more about the journeys of children through our system and the opportunities we have to influence their outcomes.
- We will build better independence and resilience, particularly in preparing children of school age for the transition into work and strengthening their decision making around career choices.
- We will develop and implement a Lifelong Learning Strategy to ensure that education is accessible for all age groups and abilities.
- We will support parents and carers to develop greater confidence in supporting young people through their education through, for example, further Adult Community Learning family initiatives.
- Work is underway to develop a forecasting mechanism for SEND provision and resources.
- We will develop and implement a new strategy for children with SEND, including the development of a school-led SEND system and the development of additional specialist provision.
- We will develop innovative and cost-effective solutions to maximise access to education for our vulnerable children and young people, harnessing new digital technologies where appropriate.
- We are committed to ensuring that the skills system in Essex supports individuals at all stages of life in developing their skills and also meets the skills needs of local employers. We will be working with employers and skills providers through the new public/private sector Success Essex Board to lead on the skills agenda from an employer perspective. This will include work to support the development of leadership skills in the care sector to boost productivity.
- In order to boost skills, we need to better leverage local investment and resources. We will therefore be working with District Councils and developers to ensure that new housing development money supports skills as well as other community infrastructure, and we will link the use of Apprenticeship Levy funding to our key priorities.
- It is important that everyone, regardless of their circumstances, is able to access meaningful employment. We will therefore continue to ensure that there is a range of employment support services available for people with disabilities, those with mental health needs, and care leavers.

Enable Essex to attract and grow large firms in high growth industries

The challenge

Essex has a very significant small and medium size business sector, with a strong entrepreneurial culture. As well as supporting those businesses, we also want to attract firms to locate to Essex, and, in particular, grow and attract larger companies in rapidly emerging economic sectors. Productivity in Essex remains lower than other areas in the South East but is showing signs of improving - and we want to build on this improvement and support our businesses to take advantage of a post Brexit world, by supporting more economic growth through Artificial Intelligence and data utilisation, new forms of mobility, and responding to the needs of an ageing society. Essex has great connectivity to London, Cambridge and through its ports and airports to Europe and the rest of the world. We are also working hard to ensure our road, rail, and bus infrastructure serves the needs of our communities and a strong and resurgent economy.

Major achievements this year:

- We have secured £318m from the Housing Infrastructure Fund to support infrastructure projects in support of economic growth
- We won the Superfast Award at the Connected Britain Awards 2019 for the delivery of our Broadband UK (BDUK) Superfast roll out programme
- We supported Anglia Ruskin University to deliver the Arise MedTech Innovation Centre at the Harlow Enterprise Zone
- We supported the creation of the Success Essex Board, the new public/private Essex Federated Board of the South East Local Enterprise Partnership (SELEP)
- We delivered the European Regional Development Fund small and medium sized business support programme, delivering over 1,000 new jobs.
- We ensured that the A120 upgrade was positioned as a priority scheme for the Government's Road Investment Strategy 2 Plan
- We secured the identification of the A12 as a Priority Route, confirming Government's commitment to this crucial highway improvement scheme which unlocks North Essex.

Key areas of focus for the Council over the next year:

- We are working with local partners to develop and deliver a Local Industrial Strategy for the South East. This aligns with the Government's plans for implementing a National Industrial Strategy and will set out how the South East Local Enterprise Partnership will address the challenges of infrastructure, housing, and upskilling the workforce to meet our ambitions for growth across the region. It will set out our plans for developing the Essex economy in high growth sectors and will include a pipeline of infrastructure projects making the strongest possible case for the Government to invest in the Essex economy through the UK Shared Prosperity Fund.
- The Essex Economic Commission final report (2018) identified the need for more commercial space to be made available to support existing businesses to grow and new businesses to come to Essex. We are working with our District partners to enhance the availability of commercial and industrial sites focussing on large firms and will bring forward a proposal for new commercial land in South Essex.

Key areas of focus for the Council over the next year: continued

- Essex has recently been granted £318m (the largest sum for any local authority) from the Housing Infrastructure Fund to support significant infrastructure investment including a new railway station for Chelmsford and a rapid transit system for Colchester to get Essex moving. Over the coming year, we will start work with our partners to turn these plans into reality.
- We will be developing a strong investment brand for Essex that will demonstrate the attractions of Essex as a place to do business and encourage businesses to set up and invest in our county.
- Delivery will commence for the new Junction 7A of the M11 to facilitate increased economic growth in Harlow.

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 higher economic growth. As a result, the economic performance in some 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, 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 county.

Major achievements this year:

- We have launched bids for the regeneration of our high streets from the £1bn Government 'Future High Street Fund'. Clacton and Harlow were

successfully shortlisted, and we have received £150,000 to support the development of detailed bids for further funding.

Key areas of focus for the Council over the next year:

- We will continue to work with District and Borough Councils to support the development of their Local Plans to support sustainable local growth for communities
- We are working with Tendring District Council and other partners to support the rejuvenation of the Tendring Coast. We have successfully worked together to be shortlisted for up to £25m of Future High Streets funding which will enable us to bring forward a master plan for Clacton town centre which will enhance the join-up of local public services and provide more job opportunities for local people. We will jointly finalise a Place Plan for Jaywick Sands to make local residents safer, improve housing and improve social infrastructure, and to develop future strategic options for Harwich and Dovercourt.
- We are working with Basildon Borough Council and the National Infrastructure Commission to develop

an Intra-Urban Growth and Connectivity Strategy for Basildon which we will jointly publish in Spring 2020. We will work with our partners to secure the investment needed to implement those proposals.

- We will work in partnership with Colchester Borough Council to get a Town Deal agreed with the Government and we will work together to deliver improvement projects in deprived parts of the borough.
- We will work with Harlow District Council to get a Town Deal agreed with Government, and we will enter into a partnership to develop proposals for town centre regeneration to secure significant additional investment, developing proposals for our own assets in the town centre and continuing to build on recent positive developments, such as the re-location of Public Health England.

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

Our 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. We have one of the most efficient and effective children's services in the country – described by Ofsted as outstanding. The challenge is to continue to deliver good outcomes for children and their families, as demand on our services continues to increase.

Major achievements this year:

- Our Children's Services have been rated outstanding by Ofsted for safeguarding the most vulnerable children in Essex
- We have led and established with partners the Inside Out innovation programme. 'Inside Out' tests a new approach to improving outcomes and stability for looked after children in residential care, enabling them to either 'step down' to less intensive care or return home wherever appropriate and possible.
- Our Youth Services are delivered in a way that builds capacity in the communities our children and young people live and grow up in. This model has been highly successful and in the past year alone we have engaged with 32,000 young people (an increase of 33% compared to last year). The number of youth work sessions we have delivered has increased by 200% over the same period.

Key areas of focus for the Council over the next year:

- We will re-design our support for disabled children and young people. This will include the creation of a 3-year strategy to improve our respite care. This support will help to enable children to develop better independence and life chances.
- Fostering is proven as a successful way of ensuring vulnerable children are looked after in a loving family environment. We will grow the number of foster placements we provide in-house, improving outcomes for young people
- We will review and improve the effectiveness of our early help services to identify issues early on, helping build stable and resilient families in Essex and reduce the chances of a child entering the care system.
- The evidence shows that getting a good start in life is crucial for children in shaping their wellbeing and life chances. We will develop a new Early Years Strategy to ensure that all children are given the best foundations to start school and have the optimal opportunities to achieve what they want in life. We will improve the identification of, and system-wide response to, children who at the age of two are demonstrating signs that they may not be ready to start school or who may require additional support to make a successful start to school.

Key areas of focus for the Council over the next year: continued

- We will review our use, commissioning and procurement, of residential placements to ensure we have an appropriate mix that best meets the needs of our most vulnerable young people.
- Care leavers often have poor long-term outcomes in securing employment. We are revising the support provided to care leavers in the fields of housing, employment and self-resilience. This will include a review our corporate approach, ensuring that the Council plays its role as an employer in supporting care leavers into employment and working with and encouraging our partners to do the same.
- Working with our partners in the Essex Violence and Vulnerability Unit, including Essex Police and Youth Offending Service, we will continue to implement an effective multi-agency response to young people's involvement in gangs and knife crime. We will work to prevent children from being groomed by gangs and we will develop stronger co-operation and intelligence so that gang activity is picked up and tackled across our region and beyond.
- We will improve our multi-agency approach to early intervention in securing good mental health for children and young people. As part of this we will pilot new initiatives to prevent the escalation of need, ensuring that there is good awareness of emotional wellbeing and mental health amongst professionals and the public. We will also recommission our Emotional Wellbeing and Mental Health Services to reflect growing and changing demand and refocus our activity accordingly.
- We will research and pilot targeted initiatives to help those families that are 'just about managing' so that they see the rewards of their hard work pay off and benefit from the growing economy and opportunities in our county.
- Building on the success of our Outstanding Children's Services we will develop a five-year plan to deliver a cohesive and strategic platform with our partners to ensure the sustainability of the services.
- We will develop a package of tools to help, support and offer advice to parents to help them become more self-sufficient and fully enable them to do the best for their children.
- Our Youth Service will continue to increase outreach work, this includes utilising money from the Violence and Vulnerability framework to try to help young people involved in criminal and violent activity.
- We will continue to develop, roll out, and evaluate the Risk Avert programme to support the early intervention and prevention of harmful, risk-taking behaviours and improve young people's resilience and self-belief.

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%. We want people to live healthier lifestyles to help prevent the impact of ageing; reduce health inequalities, especially in deprived communities; and develop initiatives that improve mental health and well-being. We know that Adult Social Care must transform to be sustainable and we are moving actively towards a power-shift so that individuals and communities are empowered to self-support and direct their social care.

We will continue driving towards a service model focused on prevention and early intervention – enabling people to live as independently as possible for as long as possible. We will work collaboratively with partners across the complex health geography in Essex and with the care sector to ensure high quality provision.

Major achievements this year:

- We have designed and built bespoke units for adults with disabilities at Moulsham Lodge and Goldlay Square. We took a lead on both schemes through Essex Housing, our own in-house housing developer and have worked with partners to deliver a wider package of support to complement the high-quality housing offer. The Goldlay Square project was targeted at young adults with disabilities and we worked with partners such as Chelmsford College to encourage integration into the community, alongside employment and training opportunities.
- We have reduced the Delays to Transfers of Care rates substantially - they have been below the national target rate in nearly every month of 2019.
- We have introduced apprenticeships for people with lived experience of Mental Health, and for young people with Learning Disabilities/Autism, resulting in permanent job opportunities at the Council.
- We are working to improve outcomes for people with learning disabilities and autism, reviewing operational practice, shaping the market, improving health outcomes and increasing support for young people as they prepare for adulthood.
- We have strengthened relationships across the highly complex NHS governance in the county, collaborating effectively with the NHS Strategic Transformation Partnerships.
- We have achieved a step change in the development of digital solutions across the county.

Key areas of focus for the Council over the next year

- Continuing our work to improve outcomes for adults with Learning Disabilities and Autism. Over the coming year we will be working with our partners to enhance support for those seeking employment, and/or housing, working with health partners to reduce health inequalities (whether geographic or by cohort), and with the voluntary sector to explore community alternatives to day centres.
- We will work with groups of GP practices (Primary Care Networks) to develop a new Community Care model enabling better joined-up local services and ensuring that the right care is available for people leaving hospital.
- We will improve awareness, information and pathways to access support, for people living with dementia and their carers.
- We will rethink support for people with Mental Health issues so that rather than using a medical model we increasingly use one which addresses the socio-economic determinants of mental health enabling support at an earlier stage; and ensuring where mental health issues do develop, early and effective treatment is available as well as wider support around employment.
- We will develop a strategic approach to prevention: promoting healthy lifestyles, reducing health inequalities and reducing/delaying the impact of changing needs.
- We will build on the progress we have made to integrate our work with health partners and take further steps to meet local priorities for more joined-up services. This will include work to develop shared care records which would reduce the need for multiple requests for the same data, whilst ensuring that personal data is properly secured and protected. We will focus on: one-stop primary care; the smooth transition between hospitals and home (what we call reablement); and the achievement of consistent approaches across the NHS Sustainability and Transformation Partnerships within Essex, particularly with regards to mental health and learning disabilities.
- We recognise the vital role that carers play in looking after family members and friends who require support to live independently. We will commence the re-design of community support for carers and work to build community resilience.
- Technology plays an increasingly important role in helping people to live meaningful independent lives. We are working with our partners to develop practical technologies to support people and integrate these into our care model. We are also working with the winners of the Council's Dementia Challenge Prize to help them turn their winning entries into real products that will make a difference to the lives of dementia sufferers and their families.
- We will invest in community care and in-home reablement in order to improve outcomes, reduce admissions to hospital and care homes, and deliver financial benefits.
- We will explore and evaluate models of support for vulnerable adults outside of traditional Social Care approaches looking to reduce the demand on Adult Services and to promote independent living through intensive care management and increased mutual aid and peer support models (Horizons and Futures in Mind).

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. Wider determinants of health including income, employment, and education are the key drivers of health and inequalities. 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. Reducing inequalities in life expectancy is the key challenge with particular focus on geographies where this is increasing.

Major achievements this year:

- As pledged at Full Council in February 2019, we have invested an additional £1m to support the needs of children and adults with mental health issues.
- Working with Braintree District Council, we have developed a system wide approach to childhood obesity that has led to a reduction in obesity in targeted areas.
- We have developed a new community-led weight loss service that has increased activity by 30% over the previous service model with over 7,000 people helping each other to lose weight.
- We have helped others to develop an independent commissioning charity (the Essex Recovery Foundation) to commission drug and alcohol services.

Key areas of focus for the Council over the next year:

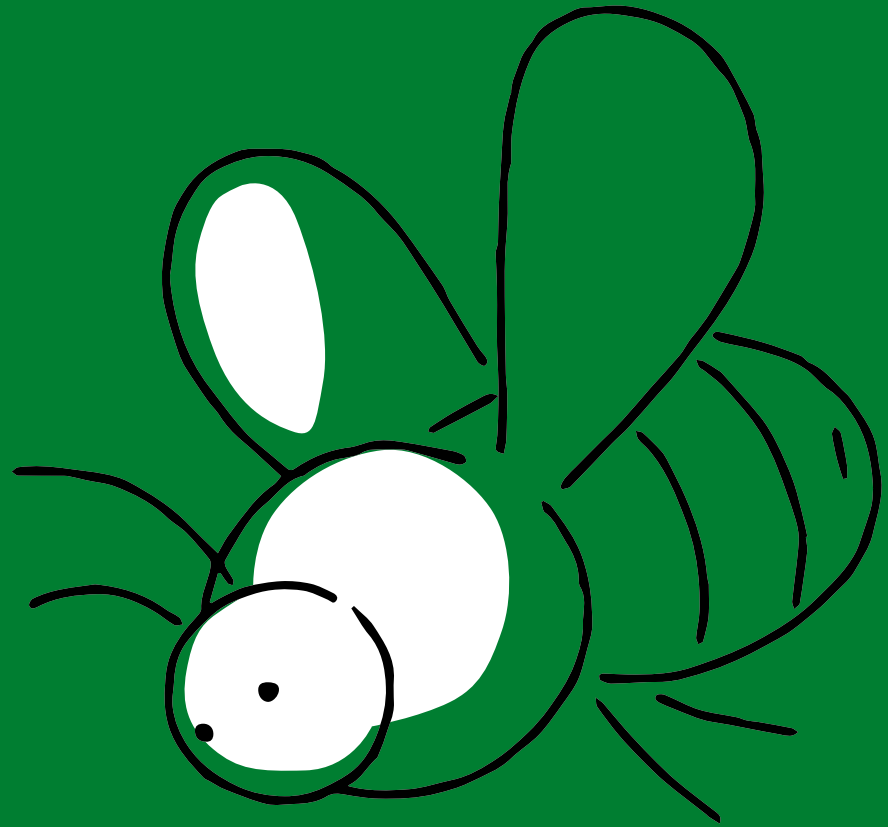
- One in four people experience mental health issues, such as depression, at some point in their lives. We will develop new approaches to address the wider drivers of poor mental health, then begin a ‘test and learn’ phase of potential solutions. This will help ensure that people are able to build their mental health resilience and are able to access early support before their needs escalate.
- We will support the establishment of four new mental health hubs in the county, in partnership NHS Clinical Commissioning Groups, the Office of the Police Fire and Crime Commissioner, and District and Borough Councils, building on the successful example of the Mental Health Hub in Tendring.
- We will test new approaches to targeting early intervention and prevention in areas of deprivation, helping us to better understand the impact of the wider social determinants of health and how to address them.

Key areas of focus for the Council over the next year: continued

- We will further develop the new charitable Essex Recovery Foundation, which will bring together us and our partners and charitable funds and give the community the authority to commission their own services for drug and alcohol recovery.
- We will deliver the first phase of the Local Delivery Pilot, a £10m programme in partnership with Sport England to boost the take up of physical activity in the most inactive groups (families with children, older people and people with poor mental health). Alongside this, we will develop community opportunities around physical activity and obesity and increase the number of residents supported to lose weight to 15,000.
- It is important that local communities are engaged in supporting the wellbeing of their residents. We will therefore be working with 100 Parish Councils to help them develop wellbeing plans for their residents.
- We will be working with over 250 Essex businesses of all sizes including half of all companies with over 500 employees to help them develop targeted and tailored interventions within the workplace to improve the mental and physical health of their employees. 'Working Well' offers a broad range of approaches including Mental Health First Aid Training, stress awareness and resilience, as well as Lifestyle interventions, i.e. smoking cessation, health checks and increased physical activity.
- We will continue to support the development of peer support and mutual aid provision for individuals experiencing poor Mental Health and Substance Misuse recovery outcomes through the Futures in Mind service and explore opportunities to expand and extend the model to others (including people with learning disabilities, autism, and offenders).
- We will start, across the council, to act with partners as anchor institutions to address the wider determinants of health locally.

Our Strategic Priorities

Help create
great places to
grow up, live
and work



Help to 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, we 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. We need 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.

Major achievements this year:

- As pledged at Full Council in May 2019, we have invested an additional £700,000 to improve our footpaths and pavements and we have devolved funding and responsibility to 12 Parish Councils to look after their own highways and footpaths. This puts power in the hands of those who care most about their communities – the people who live there.
- We have invested £500,000 with the Office of the Police and Fire Crime Commissioner to create a Violence and Vulnerability Unit to address issues relating to gangs and associated exploitation of young people and vulnerable adults across Essex. The unit has been successful in receiving significant investment from Government and multi-agency plans are being drawn up and implemented to reduce gang, knife and drug related crime and disorder.
- We have developed an innovative community-based model for addressing social isolation and community wellbeing by working with nearly 300 local Facebook groups. The model provides technical support, training and micro grant funding to support community based actions. In the last three months alone, the model has delivered 80,000 mental health interventions at a local level with six people reporting that the training stopped a person they interacted with taking their own life.

Key areas of focus for the Council over the next year:

- We will be working with partner organisations, businesses and communities to contribute to and support Essex 2020: A Year of Science and Creativity, an Essex-wide year long programme of science and creativity events, activities and festivals.
- We recognise that there are a large number of families in Essex who are working hard and not typically in receipt of welfare benefits or Council services targeted at vulnerable people, but who nonetheless face financial insecurity and pressures. We are taking forward a programme of work to better understand the issues these families are facing and to explore what role we can play in supporting families to flourish and achieve their potential.
- During the last year we adopted a new library strategy. This year we will be implementing the new strategy which includes a significant modernisation programme, the setting up of community run libraries where there is community support and £3m investment in the service.
- We will continue to work with local Facebook groups, the Essex Association of Local Councils the third sector and wider communities to unlock the power and potential of communities whether geographical or communities of interest.
- We will work with our NHS partners to ensure the optimum grasp of new opportunities around social prescribing in the system. This will ensure seamless provision around social prescribing and other initiatives to ensure an asset-based approach within communities.
- Social isolation is recognised as a key factor that contributes to poor health and wellbeing outcomes. We are taking a comprehensive approach to tackling social isolation, working with a range of partners and communities. This includes developing the 'Live Well Link Well' care navigation model - which helps connect people up to community activities in their area; strengthening our befriending service to make it easy for volunteers to connect with older people who are in need of companionship and company; creating our grassroots campaign 'United in Kind' to encourage people to be kind to each other in their daily lives; and putting in place a new loneliness service supported by a social movement of 30,000 Essex residents who will be supported by, and work actively with, 100 place based social media groups. This will include the delivery of a new micro-grant programme.
- We will continue to invest in carriageway repair, footway surfacing, and bridge strengthening to improve access to communities.
- We will continue to support reductions in crime and the fear of crime across Essex by developing a clear and consistent system of effective interventions supporting offenders and victims, working closely with the Office of the Police, Fire and Crime Commissioner, Community Safety Partnerships and other key stakeholders including through the following partnerships:
 - Safer Essex
 - Southend Essex and Thurrock Reducing Re-offending Board
 - Southend Essex and Thurrock Sexual Assault Strategic Partnership
 - Southend Essex and Thurrock Violence and Vulnerability Board
- Through continued close working with HMP Chelmsford and the wider prison estate (in particular women's prisons) we will continue to focus on improving continuity of care for individuals being released from Prison to Essex and more effectively support ongoing engagement with: accommodation; Substance Misuse services; Mental Health community provision; and other Health and Wellbeing support to build on the gains made by individuals whilst in custody.
- We will encourage our public service partners to become signatories to the Faith Covenant so that we can continue to forge effective relationships with faith-based organisations.

Help secure sustainable development and protect the environment

The challenge

We have 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 emitted, more homes and businesses protected from flooding, and the use of green space is maximised. New housing growth in Essex has the potential to deliver more connected, healthier, and economically prosperous communities.

The Clean Growth Strategy has set out a target for zero avoidable waste by 2050. This ambition, and legislative changes following the UK's 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, will reduce the cost to taxpayers of its disposal and will support our own ambitions to respond to the demands of climate

change. 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. We are keen to ensure we are at the forefront of these changes, capturing the benefits for our residents and for future generations.

To help achieve our ambitions, we have set up a new, independent, cross-party Essex Climate Action Commission, to identify ways in which we can mitigate the effects of climate change, improve air quality, reduce waste across Essex and increase the amount of green infrastructure and biodiversity in the county, by drawing on in-house expertise, commissioning research, and forming new external partnerships.

Major achievements this year:

- Waste reduction successes including: total waste arisings have fallen by 0.5% when housing growth is considered; total residual (black bag) waste has fallen by 3.1%; recycling rates have risen by 1.5%
- We have been awarded seven Green Flags across our country parks this year, recognising the great green space available for residents across the county
- Significant investment has been secured from Innovate UK to build the first ultra-rapid fast charging station for Electric Vehicles which is also helping to act as an anchor for the development of the Horizon 120 business and innovation park in Braintree
- We have secured nearly £750,000 grant funding from the Coastal Communities Fund for the delivery of the £1m Essex Path to Prosperity project. This project will promote the Essex coast and sustainable access to it, providing support to tourism businesses and creating apprenticeships to ensure an improved visitor experience.

Key areas of focus for the Council over the next year:

- The new Essex Climate Action Commission will advise on how we can best and most quickly achieve the Government's net zero carbon target, whilst also making Essex a centre for green technologies and enterprise. The Commission is starting its work in early 2020.
- As announced at Full Council in October 2019, we will begin delivering the Essex Forest Initiative, planting 375,000 trees across the county over the next five years, which will capture 60,000 tonnes of Carbon.
- We will begin a new campaign to support residents in making more sustainable travel choices to help increase the use of public transport.
- Alongside this we will be entering into new enhanced partnerships with public transport operators in Essex and developing priority walking routes and flagship cycle networks to improve the environment, health and community wellbeing.
- We will reduce our own environmental footprint by delivering waste reduction programmes and recycling services for our estate buildings. We will also adopt a refreshed environment policy to improve resource efficiency, embracing the "circular economy" principles of keeping resources in use for as long as possible, extracting the maximum value from them whilst in use, then recovering and regenerating products and materials at the end of each service life.
- We will review the public sector waste infrastructure and contract arrangements to identify partnering opportunities; and we will identify funding for a low carbon building programme and develop low carbon Council buildings.
- We recognise that we will not be able to make progress towards a low carbon economy unless we invest in the infrastructure to make it happen. So as well as the initiatives identified above, we will support the uptake of electric vehicles in Essex by delivering more electric vehicle charge points; promoting the Government home and work place charging schemes; identifying localities for electric vehicles charging network
- We will take action to promote a better environment for the people of Essex by supporting the expansion of the Essex Coastal Path, delivering the Path to Prosperity project in Tendring and identifying 20 hectares of new green spaces in Essex.
- We will explore how environmental impact can best be considered when decisions are taken by the Council.

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. We are committed to facilitating that housing growth in such a way that the characteristics of the county we cherish are protected and enhanced. We are not just building new homes but building communities. District Councils' Local Plans are the key to securing good growth and we will work with our Districts to support the local planning process.

Major achievements this year:

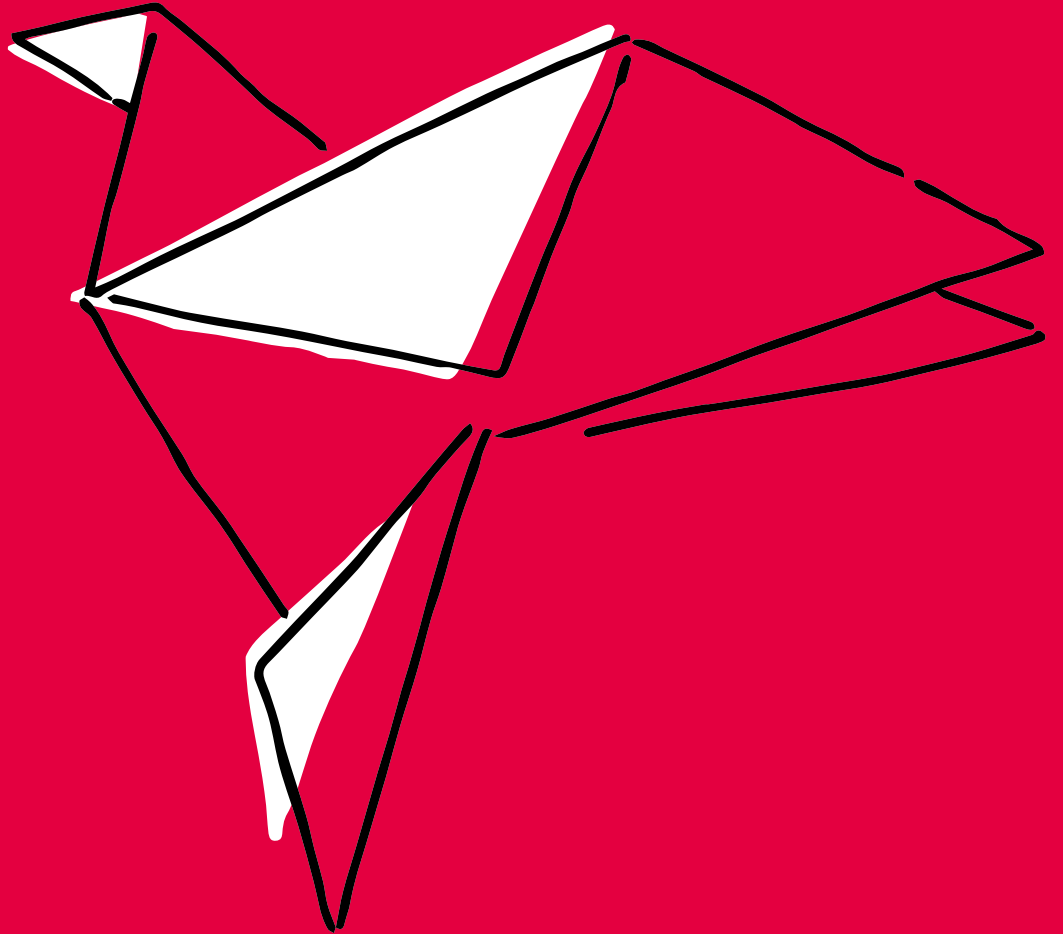
- Successfully bid for more than £318m from the Government's Housing Infrastructure Fund to build and improve new and existing infrastructure to support anticipated housing growth in the county. The funding will help deliver a new railway station for Chelmsford and a rapid transport system for Colchester, alongside the delivery of the North East Bypass and the A120/A133 link road to improve connectivity across the county, region, and beyond
- Won the Design Excellence Award at the 2019 Planning Awards for re-launching the Essex Design Guide, providing an excellent resource for developers and planners in Essex.
- Through Essex Housing, our in-house development team, we have delivered 26 apartments at Moulsham Lodge with sales currently underway, completed the sales at Goldlay Square and secured planning permission for a further 146 homes.
- We have grown the number of future homes that we are bringing forward through Essex Housing with planning permission being sought for a further 236 homes.
- We continue to lead the One Public Estate partnership for Essex, bringing partners across District and Borough councils, Government, NHS, and the Police and Fire authorities together to work closely on identifying how best to make use of the whole public estate to release land for housing and to reinvest into vital public services.

Key areas of focus for the Council over the next year:

- We will work with our District partners to help ensure that Essex meets its targets for housebuilding through Local Plans, ensuring that development plans are supported by larger developer contributions to support infrastructure across the county. We will also work to ensure Local Plans give certainty to eight new Garden Communities.
- We will take action with our partners to tackle homelessness and rough sleeping in the county through better practices agreed with housing authorities, the criminal justice and health partners; providing support services delivered to reduce homelessness and rough sleeping; better use of data tools to identify need earlier; and by reducing the number and vulnerability of homeless people placed into Essex from London.
- We will re-launch 'Essex Housing', growing and adapting the current in-house model to enable it to continue to expand its award-winning house building programme and build additional specialist, affordable and private housing to help address housing needs across the County.
- We will continue to support our public-sector partners through One Public Estate to work closely together and make best use of public sector land and grant-funding to support our house-building ambitions.
- We will launch a new Design Panel to engage on housing sites and continue updating the Essex Design Guide to support developers in building homes that fit into our communities.
- We will bring forward further affordable units for older people, to add to the 73 we have delivered in 2019/20.
- As part of the Government's resettlement schemes for vulnerable people and for vulnerable children, we have settled five refugee families in Essex. We will continue to lead the response to future Government refugee resettlement policy across the county.

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

We continue to face a very challenging economic outlook and needs to maximise the value of every pound of taxpayers' money. We aim to be the most efficient and effective county council in the country. That means getting the best out of its people, assets and technology. As an employer of 6,500 people, we need to invest in and develop its workforce, so we are fit to meet the challenges of the twenty-first century. Essex residents also expect public institutions to take advantage of digital transformation and respond to legitimate expectations of how they should be able to interact with organisations, including accessing services when and where it suits on their preferred device. We need to harness this opportunity, changing how we interact with residents and businesses in an internet age, and making best use of the data assets we hold to achieve better outcomes for our residents.

Major achievements this year:

- For the second year running we have ranked in the Top 10 of the most productive councils in the Country.
- We have held external peer reviews in 2019/20, inviting others to challenge and review how we work so we can learn. Our Ofsted review praised the outstanding Children's Services at Essex, which is delivered at low cost to tax payers. The finance peer review concluded we have strong arrangements for financial management and administration, and the review of our equalities work rated us as excellent.
- We have delivered £60m of new savings and efficiencies to ensure that we continue to provide best value to taxpayers.
- We have delivered an extra £8m in 2019/20 through income received from fees and charges, making sure we have a fair and effective charging approach, and using technology to make it much easier to pay us.
- We have launched the Office of Data Analytics with Essex Police and the University of Essex to harness the power of data science to address some of our greatest challenges; projects are already delivering results on school readiness, domestic abuse, violence and vulnerability.
- We have implemented a new fast payment arrangement with our suppliers giving them better cash flow, but also saving Essex over £1m.
- We strive to keep our spend within Essex, boosting the local economy – over 63% of our £1bn supplier spend is kept in county – the highest of all major counties.
- We have launched the new Essex.gov website which is easy to use and mobile accessible.
- Through our commercial activities we have generated over £13m in 2019/20, some of which we have specifically set aside to look for commercial investment opportunities within Essex.
- We have delivered £10m through the sale of surplus assets and reinvested that money within the county.
- We have delivered substantial savings by bringing permanent recruitment in-house.
- We held the Council's first ever Learning Festival, recognising the importance we place on learning, and took the opportunity during the Festival to launch a new leadership and management development offer.

Key areas of focus for the Council over the next year:

- We will deliver £58m of savings and efficiencies.
- We will deliver improved social value outcomes through how we buy in the market and will be setting targets for this in Summer 2020. We are going to work with suppliers to ensure we have better, and more, employment opportunities for those with learning disabilities or mental health issues; we are also looking to see how we can get better outcomes for green travel through our supply chain. We will improve our public internet facilities to ensure that our major sites and public areas have higher speeds and greater coverage for our residents and workers. By moving to a cloud-based approach we will ensure that as many as possible of our services and systems are available as widely as possible, with increased resilience.
- We will continue to strengthen our new business planning approach as this is critical to the success of the organisation, ensuring that we are focused on key priorities and that we align the budget and other organisational resources to the delivery of these priorities. Over the coming year, we will continue to embed strong business planning across the organisation in our culture and our operations.
- We will deliver a pan Essex piece of work with Districts on business rates. This will ensure we use technology to identify and collect the business rates due and that we can identify and act on avoidance.
- We will continue to have a strong focus on driving efficiencies and productivity, as this reduces cost for the taxpayer whilst maintaining the quality of services provided to the public.
- Working with our partners, we will refocus our strategic partnership boards such as Essex Partnership Board and Essex Chief Executives' Association, improving clarity of purpose and accountability through products such as the system scorecard.
- We will successfully plan, develop, and deliver the Corporate Peer Challenge for the Council.
- We are pioneering new approaches to securing professional talent across our services with a focus on apprenticeships and providing opportunities for those with disabilities, ensuring we better represent the communities we serve.
- We are committed to having an excellent, engaged and productive workforce. We have a strong record in this area, for example being awarded Social Care Employer of the Year in 2018. We will be launching a new resourcing strategy to ensure we attract and retain the best talent and that we identify and develop our future leaders. We will launch a new talent management strategy to identify and develop the future leaders the organisation needs.
- In accordance with our People Plan, we will develop a set of standards which set out our expectations of how managers manage and how employees can expect to be managed, as well as providing more opportunities to seek and respond to employees' feedback and building stronger communities of practice around key organisational capabilities.
- We will embark on developing and launching a positive action campaign aimed at improving our representation of women and Black, Asian and Minority Ethnic people at senior levels within the organisation.
- We will continue to modernise our working practices and environment, and by so doing reduce our carbon footprint and increase the productivity of our staff.
- We will build the technology, tools, estates and culture that allow us to embed a truly mobile and flexible workforce. This will ensure our customers can see our teams where they need to and that our teams can work whenever, wherever and with everyone.

Equalities

Our 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.

We strive 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.

We recognise that whilst the principles of equality and inclusion are firmly rooted within the corporate health of our organisation, our focus going forward must be on understanding and responding to the drivers of disadvantage, deprivation and inequality across the county.

There is a recognition that we can broaden our reach and work with a wider range of individuals. For example, those that do not meet existing thresholds for statutory services and those who do not engage with our services but may be experiencing inequality in terms of outcomes and access to support. This means working in a different way, focused on the causes as well as the symptoms and on the long-term as well as the short-term. We recognise the need for interventions to be tailored on a locality basis with community engagement as part of our approach.

The following activities support one or more equality objective. This list is not exhaustive.

Major achievements this year:

- Successfully been recredited as 'excellent' under the Equality Framework for Local Government. An improvement plan has been developed from recommendations made by the peer team to further strengthen our position.
- Opened the Accessible Meeting Hub above Chelmsford Library. Disabled people were involved in co-producing this community space.
- Encouraged four additional local authorities to become signatories to the Essex Faith Covenant. Thirty public services and faith organisations are now signatories. This growth has enhanced coverage of the Covenant across the county and widened its reach in promoting open, practical working between public services and faith organisations to strengthen community cohesion.
- Developed a multi-agency working group to ensure a co-ordinated approach to the delivery of the Teenage Pregnancy Prevention Action Plan. Engagement with young people will be a key enabler in its delivery.
- Through Essex Housing, completed the development of Moulsham Lodge which provided 26 apartments, 8 of which were for adults with disabilities

Key areas of focus for the Council over the next year:

- Work to reduce inequality through a range of actions across all our functions, as set out in this Organisation Plan underneath our Strategic Aims Improve the way in which our equality objectives are aligned to the corporate performance framework.
- Begin addressing the challenges faced by lone parent and two parent families falling below the minimum income standard as part of our wider work around hard-pressed families.
- Develop equality profiles for each district to inform good decision making for elected members, partners and community groups.
- Develop a new Early Years Strategy to ensure that all children are given the best foundations to start school and have the optimal opportunities to achieve what they want in life. We will improve the identification of, and response across the whole system to, children who at the age of two are demonstrating signs that they may not be ready to start school or who may require additional support to make a successful start to school.
- Continue to increase the outreach work of the Youth Service, this includes utilising money from the Violence and Vulnerability framework to target young people involved in criminal and violent activity.
- Continue our work to improve outcomes for adults with Learning Disabilities or Autism. Over the coming year, we will be working with our partners to enhance support for those seeking employment, employability, and/or housing, working with health partners to reduce health inequalities (whether geographic or by cohort), and with the voluntary sector to explore community alternatives to day centres.
- Develop a strategic approach to prevention: promoting healthy lifestyles, reducing health inequalities and reducing/delaying the impact of changing needs.
- Develop new approaches to address the wider drivers of poor mental health, then begin a 'test and learn' phase of potential solutions. This will help ensure that people are able to build their mental health and resilience and are able to access early support before their needs escalate.
- Test new approaches to targeting early intervention and prevention in areas of deprivation, helping us to better understand the impact of the wider social determinants of health and how to address them.

-
- Deliver the first phase of the Local Delivery Pilot, a £10m programme in partnership with Sport England to boost the take up of physical activity in the most inactive groups (families with children, older people and people with poor mental health). Alongside this, we will develop community opportunities around physical activity and obesity and increase the number of residents supported to lose weight to 15,000.
 - Start, across the council, to act with partners as anchor institutions to address the wider determinants of health locally.
 - Take action with partners to tackle homelessness and rough sleeping in the county through better practices agreed with housing authorities, the criminal justice and health partners; support services delivered to reduce homelessness and rough sleeping; better use of data tools to identify need earlier; and by reducing the number and vulnerability of homeless people placed into Essex from London.
 - Make better use of workforce analytics to understand current protected characteristic workforce profiles, highlighting any areas for improvement.
 - Deliver improved social value outcomes through how we buy in the market. We are going to work with suppliers to ensure we have better, and more, employment opportunities for those with learning disabilities or mental health issues.
 - Pioneer new approaches to securing professional talent across our services with a focus on apprenticeships and providing opportunities for those with disabilities, ensuring we better represent the communities we serve.
 - Embark on developing and launching a positive action campaign aimed at improving our representation of women and Black, Asian and Minority Ethnic people at senior levels within the organisation.

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 2020/21 – 2023/24

We have a legal responsibility to operate within a balanced budget. With the changes and reductions in Government grant funding over recent years, 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. However, it also provides an opportunity to question how services are currently provided and where necessary, redesign them to better meet the needs of residents and communities now and in the future.

The budget sets out the financial resources that we have available to deliver our statutory requirements, political priorities and the Organisation Plan and therefore achieve the Organisation Strategy. In 2020/21, we will spend a gross budget (including schools) of **£1,944m**, which, after taking income and specific grants into account, amounts to a net cost of services of **£993m**, some £53m or 6% more than in 2019/20, and invest **£235m** in our capital programme. This budget is underpinned by a financial strategy to ensure that we can continue to live within our means, whilst also continuing to deliver essential services to residents and keep council tax as low as possible.

We have a strong record of sound financial management, and over the last 4 years have generated savings to taxpayers of **£300m**. A further **£58m** of new savings are forecast to be delivered by the end of 2020/21 (**6%** of net budget). The planned savings are focussed around continuing to build fostering capacity, implementing new technology, contract efficiencies as well as improving productivity. We have an outstanding track record of delivering savings, generating income and delivering value to our residents, with a constant focus on strategic outcomes and financial prudence. We are listed in the top ten most efficient Councils for the second year in a row.

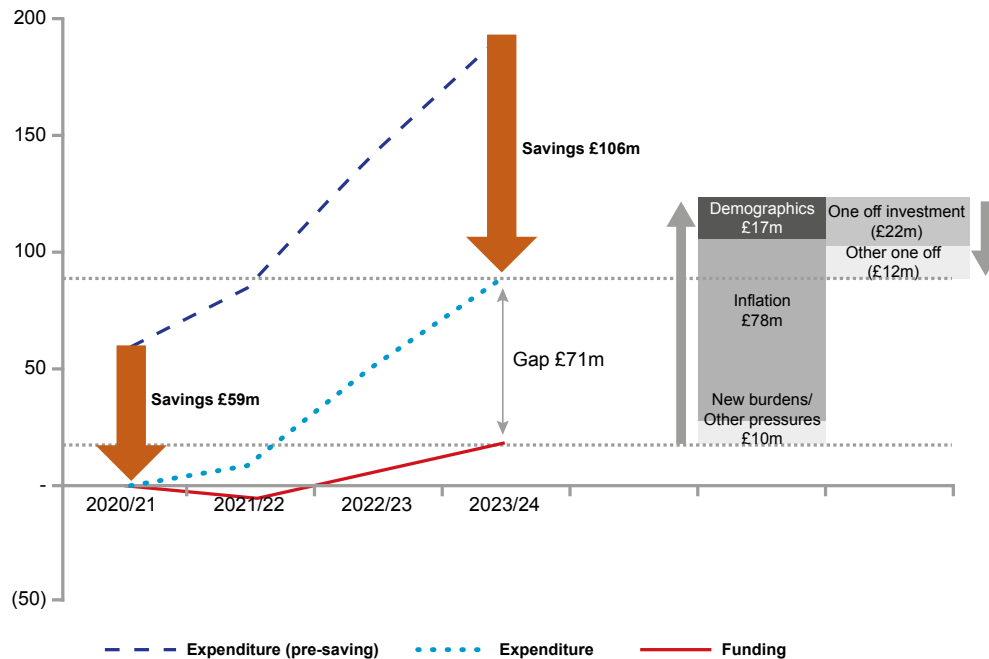
The Provisional Settlement from Government confirmed the announcements in the Autumn Spending Review. This includes continuation of the Revenue Support Grant and existing social care grants, as well as a new grant for social care recognising the pressures in this area.

Our long-term funding position is less clear. There is also no funding certainty beyond 2020/21, which makes it difficult to plan for the longer term. Our medium-term strategy assumes the continuation of Revenue Support Grant (RSG) at the predicted 2020/21 level of **£19m**, and the continuation of the new social care grants based on the Conservative Party manifesto.

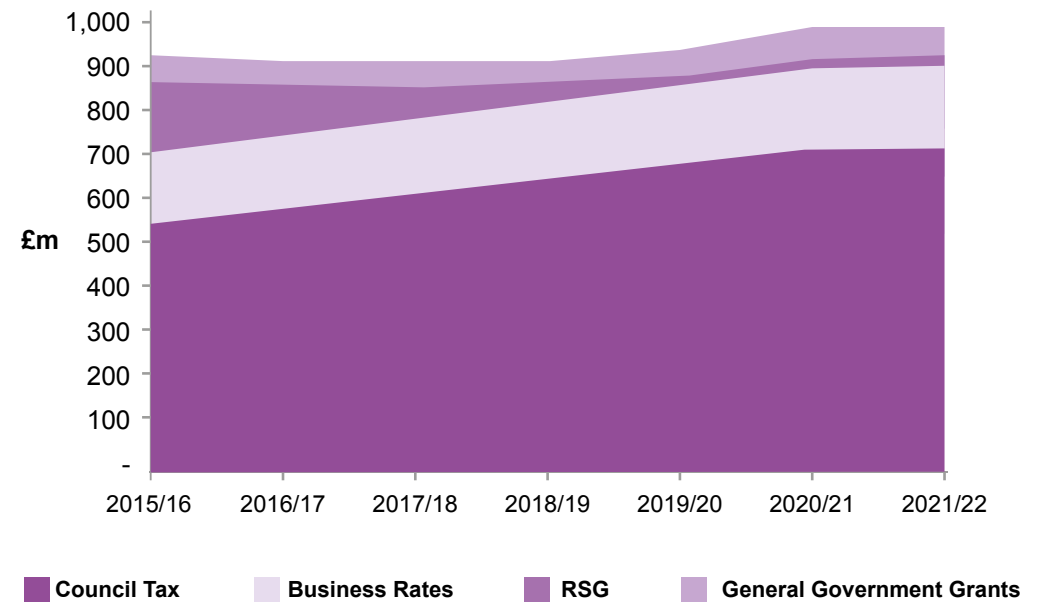
Our budget assumes the utilisation of the 2% Social Care precept facility offered by Government and an increase in council tax of 1.99%. The precept is being used to insulate Adult Social Care from higher savings. Taking these increases into account, the council tax for a band D property will be **£1,321.11; this is an increase of £0.97 per household per week.**

Net expenditure of **£993m** is funded by Council Tax, Business Rates, RSG and General Government Grants. Income from Council Tax is the largest funding stream at **£715m** and will make up **72%** of our funding in 2020/21.

Expenditure / Funding Change Forecast by 2023/24 (£m)



Council Tax as as proportion of total funding



Based on latest intelligence on demand for services, inflation, and likely funding levels, we are forecasting a budget gap of £14m in 2021/22 rising to £71m in 2023/24. The most significant driver of the gap is inflation which accounts for £78m, followed by demographic growth of £17m, then new burdens and other cost pressures (£10m), including financing of the capital programme. These are partially offset by one off expenditure in 2020/21 of £34m, including £22m of new investment in services.

Some progress has been made towards balancing the budget over the medium term, we have identified further savings of £20m in 2021/22 and a further £14m in both 2022/23 and 2023/24, and these initiatives are included in the forecast gap. However, we need to identify options for addressing the budget gap. Work will continue during 2020/21 to identify proposals to close the funding gap beyond the next year. We are fully cognisant of the challenges faced, including the funding uncertainty, and we are determined to continue to transform how we operate to tackle this enormous task. We are committed to delivery of savings and generating the income required to reach a balanced budget position but also to deliver better services for residents.



There will be a continued focus on commercialism, effective contract management and working with partners to secure value for money in delivering our strategic aims and priorities. We will be redesigning 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 2020/21 and provides the current view of the programme for 2021/22 to 2023/24.

The longer-term capital programme aspirations remain significant and we recognise that investments are essential to meet future needs, generate additional income including capital receipts and deliver revenue savings and reductions in cost. We 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, new road junctions and building new schools.

Over the last three years we have invested over £179m on improving the quality of the roads and footways. As a result, we have seen significant improvements in the condition of the main road network which will extend into local roads and improvements to relieve congestion in several key locations.

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. A notable achievement this year was securing Housing Infrastructure Funding to support this ambition. As a result of this achievement we will progress schemes such as Beaulieu Station and Chelmsford North-East bypass that will deliver a new train station and road improvements to unlock homes and Tendring Colchester Borders Garden Community that will deliver a new single carriageway link road and works to unlock the development of new homes.

Over the next three years delivery will also continue on significant packages of improvement work such as new junctions at M11 Junction 7a, M11 Junction 8 and A127 at Fairglen Interchange and packages of transport improvements in Chelmsford.

We will continue to work closely with the Department for Transport and Highways England to secure funding for our longer-term pipeline covering the next 10 to 15 years that is in the development stage, which will provide greater opportunities to leverage external

funding and work with third parties to enable the ambition for Essex.

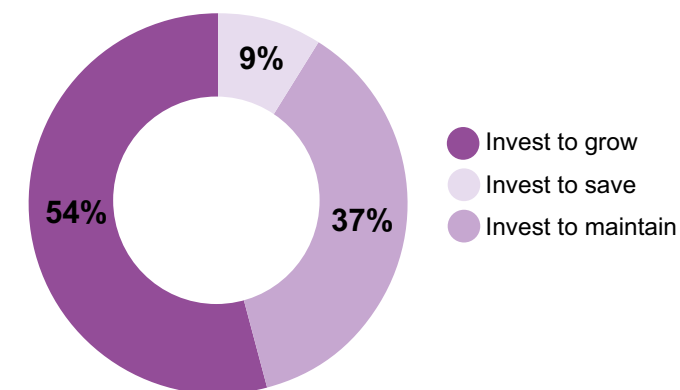
Continued investment into the Superfast Essex Broadband programme will ensure that 96% of all fixed addresses in the county have access to superfast broadband, with many rural installations now being delivered via full-fibre connectivity, capable of ultrafast speeds. The ambitious housing schemes and 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.

Our collaboration with Essex Schools has seen our special school places increase with new schools opening this year such as Lexden Springs Special School in Colchester and Oakview Special School in Loughton. 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 programme continues with a further £54m being spent over the next 4 years. On top of this there is £168m being spent on mainstream education over the next 4 years.

The total of the 2020/21 programme is **£235m**. This can be analysed as follows:

- **Invest to Maintain** totals £87m 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 £21m 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 £127m 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.

Capital Programme 2020/21 £235m



2020/21 Revenue overview

Despite the financial challenges facing local government, the budget for 2020/21 is increasing. Gross expenditure to be incurred in the delivery of Council services in 2020/21 is **£1,944m**. After taking income and specific grants into account, the net costs of services amounts to **£993m**, an increase of **£53m** or 6% over 2019/20.

Budget breakdown

	2019/20 £m	2020/21 £m
Gross Expenditure	1,850.6	1,944.0
Deduct:		
Income	(275.6)	(279.1)
Specific Government Grants (excluding DSG)	(160.3)	(166.4)
Specific Government Grants (DSG)*	(474.8)	(505.8)
Subtotal: Net Cost of Services	939.9	992.7
Deduct:		
Council Tax Requirement	(671.3)	(707.8)
Revenue Support Grant (RSG)	(18.3)	(18.6)
Non-Domestic Rates	(179.8)	(180.2)
Non-Domestic Rates (Surplus)/ Deficit **	(0.7)	0.1
General Government Grants	(61.1)	(79.1)
Council Tax Collection Fund Surplus**	(8.7)	(7.1)
Subtotal: Total Funding	(939.9)	(992.7)
Balanced budget	0.0	0.0

* (The DSG for 2019/20 has been restated following a change in reporting, this now excludes grant that comes into Essex which is passported to academies).

** (Estimate of the variation of actual council tax and non-domestic rates revenue 2019/20 compared to that budgeted (technical adjustment))



Income

Within the budget, income of **£279m** is expected in 2020/21, an increase of **£3.5m** when compared to 2019/20. The breakdown of income streams by portfolio is shown on page 37.

Over **47%** 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. Fees and charges are subject to an annual review.

Although income overall has increased, there is a reduction in fees and charges due to reclassification.

Part of this income is now being classified as Contributions from Other Bodies, the majority relates to income collected by other public sector bodies, which is not a fee or charge issued by us.

A significant proportion (**82%**) of the income recharges relate to the Better Care Fund.

	2019/20 £m	2020/21 £m
Fees and Charges	(135.0)	(131.2)
Contributions from Other Bodies	(48.2)	(53.8)
Interest Receivable	(1.3)	(1.3)
Rents and Lettings	(6.1)	(5.8)
Sales	(0.6)	(2.3)
Other Income:		
Appropriations Income*	(11.4)	(7.5)
Income Recharge	(54.4)	(59.1)
Other Recharges	(18.7)	(18.0)
Capital Grants	(0.0)	0.0
TOTAL	(275.6)	(279.1)

**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.*

Specific Government Grants

The budget also includes **£672m** of specific government grants, the most significant of which is the Dedicated Schools Grant (**£506m**) the majority of which is passed through to schools, and Public Health grant (**£61m**) which is ring-fenced to public health activity.

Revenue Budget Summary

2018/19 Actuals £'000	2019/20 Original Budget £'000	2019/20 Latest Budget £'000	Portfolio	2020/21			
				Gross Expenditure £'000	Income £'000	Specific Grants £'000	Total Net Expenditure £'000
116,199	122,735	121,059	Children and Families	149,806	(7,807)	(12,957)	129,041
17,467	18,546	18,077	Customer, Communities, Culture and Corporate	28,193	(9,876)	(0)	18,317
6,887	6,641	7,094	Economic Development	6,783	(520)	(0)	6,262
79,170	75,213	78,629	Education and Skills	667,619	(34,701)	(554,587)	78,331
87,006	80,642	79,407	Environment and Climate Change Action	86,854	(8,428)	(122)	78,304
14,011	15,226	16,553	Finance, Property and Housing	24,939	(7,944)	(256)	16,739
399,310	407,398	419,573	Health and Adult Social Care	683,929	(158,167)	(102,744)	423,018
54,295	42,818	49,456	Infrastructure	63,809	(18,031)	(1,521)	44,257
5,508	6,152	6,609	Leader	7,551	0		7,551
50,576	80,694	43,873	Other Operating Costs	111,682	(8,810)		102,872
1,285	1,940	2,248	Performance, Business Planning and Partnerships	1,902	0		1,902
56,377	58,808	63,610	Customer, Communities, Culture and Corporate RSSS	71,932	(13,490)		58,442
18,480	14,293	19,804	Finance, Property and Housing RSSS	26,543	(10,806)		15,737
2,124	2,110	2,039	Leader RSSS	2,306	(14)		2,292
7,884	6,722	9,326	Performance, Business Planning and Partnerships RSSS	10,103	(500)		9,603
916,579	939,936	937,357		1,943,950	(279,094)	(672,186)	992,669

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.

2020/21 Capital Programme overview

The Capital Programme for 2020/21 is **£235m**. We will deliver our education programme, with over 1,700 places required across primary and secondary schools in 2020/21 and continue delivering the new special school places for children with special educational needs. We will continue to 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. Significant investment for maintaining and improving the highway network will continue ensuring the county keeps moving. We will continue investing in the Superfast Essex Broadband programme which will ensure more of the county have access to superfast broadband.

2018/19 Actuals £'000	2019/20 Latest Budget £'000	Portfolio	2020/21 Budget £'000	2021/22 Aspirational £'000	2022/23 Aspirational £'000	2023/24 Aspirational £'000	Four Year Total £'000
515	571	Children and Families	1,040	1,000	750	700	3,490
6,282	8,053	Customer, Communities, Culture and Corporate	5,564	5,222	5,100	5,100	20,986
11,771	9,406	Economic Development	11,165	6,000	4,000	4,000	25,165
93,981	60,271	Education and Skills	58,163	79,920	55,649	29,845	223,577
4,604	4,101	Environment and Climate Change Action	4,469	3,028	2,310	500	10,307
12,521	3,869	Finance, Property and Housing	9,805	57,584	39,641	21,713	128,743
1,870	664	Health and Adult Social Care	421	1,052			1,473
121,972	119,484	Infrastructure	143,098	168,354	251,619	303,449	866,520
253,516	206,418	ECC Capital Programme	233,725	322,159	359,070	365,307	1,280,262
(296)	296	Schools Cash Balance					
1,376	3,296	Devolved Formula Capital	1,061	366			1,428
1,080	3,591	Total School Balances	1,061	366			1,428
254,596	210,010	Capital Programme	234,786	322,526	359,070	365,307	1,281,689

2018/19 £'000	2019/20 £'000	Financing	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Four Year Total £'000
4,536	13,217	Capital Receipts	14,580	13,653	8,157	19,677	56,067
19,682	13,396	Contributions	10,219	17,912	10,948	5,956	45,035
124,207	91,511	Grants	101,188	103,408	195,198	249,648	649,442
5,038	4,700	Reserves	6,242	8,366	6,974	7,074	28,656
101,133	87,186	Unsupported borrowing	102,557	179,187	137,793	82,952	502,489
254,596	210,010		234,786	322,526	359,070	365,307	1,281,689

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

	£
Net cost of Services	992,669,097
General Government Grants*	(79,059,088)
Budget requirement	913,610,009
Less funding available:	
Revenue Support Grant	18,598,205
Non-Domestic Rates	180,155,087
Non-Domestic Rates deficit	(116,760)
Council Tax Collection fund surplus	7,110,202
	205,746,734
Council tax requirement	707,863,275
Tax base (Band D equivalent properties)	535,809
Band D council tax	1,321.11

* (General Government Grants includes £23m PFI grants, Social Care Support Grant £33m, New Homes Bonus £5m)

Provisional council tax charge by band

The Band D council tax charge is **£1,321.11**.

The provisional council tax charge by band is set out in the table below.

Council Tax Band	2019/20 £	2020/21 £
Band A	846.96	880.74
Band B	988.12	1,027.53
Band C	1,129.28	1,174.32
Band D	1,270.44	1,321.11
Band E	1,552.76	1,614.69
Band F	1,835.08	1,908.27
Band G	2,117.40	2,201.85
Band H	2,540.88	2,642.22

Annex 1

Revenue and capital budgets

Enable Inclusive Economic Growth

Economic Development portfolio (Cllr Tony Ball)

Revenue Budget

2018/19 Actuals £'000	2019/20 Original Budget £'000	2019/20 Latest Budget £'000		2020/21			
				Gross Expenditure £'000	Income £'000	Specific Grants £'000	Total Net Expenditure £'000
2,784	2,749	2,861	Economic Regeneration	3,104	(70)		3,034
648	911	926	Environmental Planning	1,251	(256)		995
313	385	817	Housing Growth and Strategic Sites	434	0		434
498	447	332	Inward Investment	336		(0)	336
2,096	1,545	1,473	Skills	804	0		804
421	545	560	Strategic Spatial Planning	646	(49)		597
127	59	125	Tourism	208	(145)	(0)	63
6,887	6,641	7,094	Total Economic Development	6,783	(520)	(0)	6,262

Enable Inclusive Economic Growth

Economic Development Portfolio (Cllr Tony Ball)

Capital Programme

2018/19 Actuals £'000	2019/20 Latest Budget £'000		2020/21 Budget £'000	2021/22 Aspirational £'000	2022/23 Aspirational £'000	2023/24 Aspirational £'000
342	83	Basildon Craylands	964			
	1,350	Colchester Northern Gateway	650			
	850	Digital Technologies Campus	1,300			
		Essex Strategic Employment Space Programme	5,251			
		Harlow Town Centre Regeneration		2,500	2,500	2,500
		Tendring Regeneration Projects		1,500	1,500	1,500
		University of Essex Parkside Phase 3	3,000	2,000		
11,429	7,123	Schemes completing in 2019/20 or earlier				
11,771	9,406	Total Economic Development	11,165	6,000	4,000	4,000

Enable Inclusive Economic Growth

Education and Skills Portfolio (Cllr Ray Gooding)

Revenue Budget

2018/19 Actuals £'000	2019/20 Original Budget £'000	2019/20 Latest Budget £'000		Gross Expenditure £'000	2020/21 Income £'000	Specific Grants £'000	Total Net Expenditure £'000
			Education and Life Learning DSG				
1,215	(401)	(401)	Early Years Block	82,959	(0)	(83,360)	(401)
8,493	(73)	7,743	Schools and Central Services Block*	325,761	(238)	(325,596)	(73)
(8,889)	(2,589)	(10,161)	High Needs Block	130,626	0	(133,215)	(2,589)
			Education and Life Learning Non DSG				
42,138	41,371	41,972	Access To Education	59,940	(13,050)		46,890
(1,113)	(1,366)	(1,271)	Adult Community Learning	9,719	(2,938)	(7,875)	(1,094)
2,167	1,979	1,944	Early Years	2,335	(133)	(0)	2,202
(947)	2,954	5,222	Schools**	13,328	(8,155)	(3,354)	1,819
29,492	30,049	30,399	Passenger Transport	35,611	(5,746)	(1,186)	28,679
5,919	2,777	2,733	Special Educational Needs	6,367	(4,012)		2,355
695	512	448	Strategic Management	974	(432)		542
79,170	75,213	78,629	Total Education and Skills	667,619	(34,701)	(554,587)	78,331

* Includes borrowing costs for some capital projects in schools

**Includes Youth Services

Enable Inclusive Economic Growth

Education and Skills Portfolio (Cllr Ray Gooding)

Capital Programme

2018/19 Actuals £'000	2019/20 Latest Budget £'000		2020/21 Budget £'000	2021/22 Aspirational £'000	2022/23 Aspirational £'000	2023/24 Aspirational £'000
63,007	27,616	Basic Need Schemes	36,073	49,094	31,149	18,613
1,013	254	Early Years	1,154			
372	166	Schools Feasibilities	300	300	300	300
21,378	14,781	Special Schools including Pupil Referral Unit	12,049	22,676	16,350	3,082
1,419	1,474	Temporary Accommodation and Relocatable Replacement	1,988	1,250	1,250	1,250
6,757	6,350	Schools Capitalised Building Maintenance	6,600	6,600	6,600	6,600
35	9,629	Schemes completing in 2019/20 or earlier				
93,981	60,271	Total Education and Skills	58,163	79,920	55,649	29,845

Enable Inclusive Economic Growth

Infrastructure Portfolio (Cllr Kevin Bentley)

Revenue Budget

2018/19 Actuals £'000	2019/20 Original Budget £'000	2019/20 Latest Budget £'000		Gross Expenditure £'000	2020/21 Income £'000	Specific Grants £'000	Total Net Expenditure £'000
		430	Superfast Broadband	22	(0)		22
			Highways and Transportation				
2,276	(0)	1,490	Additional pothole works	(0)			(0)
1,366	1,156	1,219	Bridges	1,293	(48)		1,245
(273)	959	946	Congestion	8,306	(8,102)		204
3,453	(1,273)	(1,152)	Highways Management and Administration	810	(3,233)		(2,423)
12,980	12,631	12,631	Ongoing Operator Payments for A130 PFI*	13,810			13,810
1,557	624	1,224	Localism	510			510
533	308	308	Park and Ride	2,732	(2,119)		613
1,546	1,856	1,794	Public Rights of Way	1,982	(183)		1,798
443	731	701	Road Safety	959	(10)	(221)	727
547	503	569	Highways Asset Management	612			612
16,831	11,923	15,488	Roads and Footways	15,439	(155)	(1,300)	13,984
7,277	8,502	8,581	Street Lighting	8,787	(686)		8,101

Enable Inclusive Economic Growth

Infrastructure Portfolio (Cllr Kevin Bentley)

Revenue Budget - continued

2018/19 Actuals £'000	2019/20 Original Budget £'000	2019/20 Latest Budget £'000		2020/21			
				Gross Expenditure £'000	Income £'000	Specific Grants £'000	Total Net Expenditure £'000
(1,821)	(121)	(28)	Traffic Management Act	3,385	(3,494)		(109)
2,724	3,130	3,130	Winter Service	3,206			3,206
225	(0)	224	International Trade	(0)			(0)
4,630	1,890	1,901	Transport Strategy	1,956	(0)		1,956
54,295	42,818	49,456	Total Infrastructure	63,809	(18,031)	(1,521)	44,257

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

Enable Inclusive Economic Growth

Infrastructure Portfolio (Cllr Kevin Bentley)

Capital Programme

2018/19 Actuals £'000	2019/20 Latest Budget £'000		2020/21 Budget £'000	2021/22 Aspirational £'000	2022/23 Aspirational £'000	2023/24 Aspirational £'000
1,228	650	A120 Millennium Way Slips	350	5,750	5,653	
1,653	200	A120 Preferred Route	78			
	-	A127 Autonomous and Connected Highway for South Essex	750	750	6,000	8,000
1,703	1,300	A127/A130 Fairglens New Link Road	3,866	13,258	5,010	
579	2,588	A133 Colchester to Clacton Route Based Strategy	248			
	1,380	A133/A120 Link Road	1,000	7,500	30,000	17,886
5,562	4,020	Advanced Scheme Design	3,717	5,500	5,500	6,000
	-	Army and Navy, Chelmsford	1,250	1,750	5,000	20,000
519	3,650	Basildon Integrated Transport Package	1,648			
5,262	2,719	Broadband Delivery UK Essex Superfast Programme	11,139	2,213		
	-	Broadband Delivery UK Ultrafast Local Full Fibre Network	2,130			
682	1,500	Beaulieu Park Station	2,452	7,273	53,784	64,008
8,690	9,655	Bridges	8,450	9,450	9,450	9,450
393	272	Bus and Passenger Transport Infrastructure	500			
71	159	Bus Lane Camera Enforcement	150	150	150	150

Enable Inclusive Economic Growth

Infrastructure Portfolio (Cllr Kevin Bentley)

Capital Programme - continued

2018/19 Actuals £'000	2019/20 Latest Budget £'000		2020/21 Budget £'000	2021/22 Aspirational £'000	2022/23 Aspirational £'000	2023/24 Aspirational £'000
2,994	5,106	Chelmsford Growth Area	5,397	500		
17	1,950	Chelmsford North Eastern Bypass	3,911	4,899	45,346	37,255
2,428	3,710	Colchester Integrated Transport Plan (Borough Wide)	1,779			
	-	Colchester Rapid Transit	1,000	3,500	6,000	41,500
506	750	Cycling Infrastructure	750	1,000	1,250	2,000
7,711	9,466	Footway Maintenance	8,300	8,000	8,000	8,000
	3,897	Harlow Enterprise Zone and A414 Pinch Point Delivery Package Two	1,000			
	-	Harlow Sustainable Transport Corridors North/South (Phase 1:Gilston to Town Centre)	1,000	1,750	2,250	34,000
2,728	1,100	LED Rollout	9,056	13,726		
4,572	4,778	Local Highways Panels	4,150	4,000	4,000	4,000
4,375	5,640	M11 Junction 7A and Gilden Way Upgrading	14,600	22,250	11,686	
1,938	525	M11 Junction 8	2,924	2,881	1,000	
	-	Park and Ride Maintenance		300	300	300
308	250	Passenger Transport	250	250	250	250

Enable Inclusive Economic Growth

Infrastructure Portfolio (Cllr Kevin Bentley)

Capital Programme - continued

2018/19 Actuals £'000	2019/20 Latest Budget £'000		2020/21 Budget £'000	2021/22 Aspirational £'000	2022/23 Aspirational £'000	2023/24 Aspirational £'000
	-	Passenger Transport - Transport Asset Advertising	1,053	1,054	341	
279	521	Public Rights Of Way	400	400	400	400
49,732	38,430	Road Maintenance	40,750	40,750	40,750	40,750
2,853	2,735	Safety Barrier Replacement	2,000	2,000	2,000	2,000
3,224	3,500	Street Lighting Replacement	2,500	3,000	3,000	3,000
2,734	2,500	Surface Water Alleviation	2,500	2,500	2,500	2,500
	35	Town Centre Improvements	50			
1,464	2,070	Traffic Signal Refurbishment	2,000	2,000	2,000	2,000
7,765	4,430	Schemes completing in 2019/20 or earlier				
121,972	119,484	Total Infrastructure	143,098	168,354	251,619	303,449

Help People get the Best Start and Age Well

Children and Families Portfolio (Cllr Louise McKinlay)

Revenue Budget

2018/19 Actuals £'000	2019/20 Original Budget £'000	2019/20 Latest Budget £'000		2020/21			
				Gross Expenditure £'000	Income £'000	Specific Grants £'000	Total Net Expenditure £'000
			Childrens Services				
10,724	11,843	12,574	Childrens Adoption and Special Guardianship Orders	13,901	(358)	(1,076)	12,467
14,039	13,298	13,320	Childrens Family Support	14,819	(92)		14,727
28,095	26,851	26,877	Childrens Fieldwork	32,906	(1,223)	(3,012)	28,671
46,702	48,257	49,563	Children Looked After	61,457	(0)	(7,246)	54,211
5,405	6,241	6,987	Childrens Strategic Management and Development	8,498	(793)	(393)	7,312
	4,556	0	Childrens Sustainability*				
209	341	343	Domestic Violence	939	(596)		344
6,861	7,334	7,334	Early Years and Childcare	11,214	(4,141)		7,073
1,932	1,957	1,959	Emotional Wellbeing and Mental Health Service	2,131	(167)		1,964
2,232	2,056	2,102	Youth Offending Service	3,940	(437)	(1,231)	2,272
116,199	122,735	121,059	Total Children and Families	149,806	(7,807)	(12,957)	129,041

*Childrens Sustainability Funding was Transferred to Reserves During 2019/20

Help People get the Best Start and Age Well

Children and Families Portfolio (Cllr Louise McKinlay)

Capital Programme

2018/19 Actuals £'000	2019/20 Latest Budget £'000		2020/21 Budget £'000	2021/22 Aspirational £'000	2022/23 Aspirational £'000	2023/24 Aspirational £'000
225	245	Adaptations	300	150	150	150
290	276	Children With Disabilities	225	200	200	200
	-	Expansion of Fostering Service	450	650	400	350
	50	Family Centres	65			
515	571	Total Children and Families	1,040	1,000	750	700

Help People get the Best Start and Age Well

Health and Adult Social Care Portfolio (Cllr John Spence)

Revenue Budget

2018/19 Actuals				2019/20 Latest budget					2020/21			
Gross Expenditure £'000	Income £'000	Specific Grants £'000	Total Net Expenditure £'000	Gross Expenditure £'000	Income £'000	Specific Grants £'000	Total Net Expenditure £'000		Gross Expenditure £'000	Income £'000	Specific Grants £'000	Total Net Expenditure £'000
								Access Assessment and Care Management				
7,820	(11)	(50)	7,759	7,916	0		7,916	Countywide Teams	8,625	(3)		8,622
6,619	(75)		6,544	7,172	(158)		7,014	Mid Teams	7,979	(161)		7,818
12,022	(5,089)		6,933	12,511	(5,384)		7,127	North East Teams	13,552	(5,486)		8,066
7,959	(455)		7,504	8,236	(437)		7,799	South Teams	8,915	(464)		8,451
5,207	(93)		5,114	5,094	(93)		5,001	West Teams	5,771	(95)		5,676
								Care and Support				
204,954	(15,213)		189,741	213,929	(15,254)		198,675	Learning Disabilities	219,815	(15,454)		204,361
233,319	(109,802)	(39,926)	83,591	247,579	(119,662)	(42,318)	85,600	Older People	251,145	(123,868)	(39,097)	88,180
48,203	(4,502)		43,701	51,153	(4,859)		46,294	Physical and Sensory Impairment	50,595	(4,543)		46,052
175			175	190			190	Corporate and Democratic Core	139			139
680		(328)	352	560		(328)	232	Health Watch	420		(328)	92
123	(124)		(0)	202			202	Health Reform and Integration	252			252
4,633		(448)	4,185	3,970		0	3,970	Housing Related Support	3,793			3,793

Help People get the Best Start and Age Well

Health and Adult Social Care Portfolio (Cllr John Spence)

Revenue Budget - continued

2018/19 Actuals				2019/20 Latest budget					2020/21			
Gross Expenditure £'000	Income £'000	Specific Grants £'000	Total Net Expenditure £'000	Gross Expenditure £'000	Income £'000	Specific Grants £'000	Total Net Expenditure £'000		Gross Expenditure £'000	Income £'000	Specific Grants £'000	Total Net Expenditure £'000
22,409	(3,449)		18,960	23,839	(3,100)		20,739	Mental Health	23,599	(2,741)		20,857
								Other Social Care				
252	(275)		(23)	283	(279)		4	Essex Vulnerable Adults	326	(326)		0
3,030	(223)	(470)	2,337	3,682		(470)	3,213	Third Sector Funding	3,459	(25)	(470)	2,964
67,492	(3,824)	(64,385)	(718)	66,566	(3,831)	(62,735)	0	Public Health	63,923	(3,938)	(62,735)	(2,750)
22,302	(32)	(124)	22,145	25,544	(735)	(144)	24,665	Service Management Costs	20,511	(923)	(114)	19,474
382			382	349			349	Social Fund	348			348
0			0	(0)			(0)	Support to Carers	0			0
814	(187)		627	752	(169)		583	Sports Development	763	(141)		621
648,396	(143,355)	(105,731)	399,310	679,529	(153,962)	(105,994)	419,573	Net Cost of Services	683,929	(158,167)	(102,744)	423,018

Help People get the best Start and Age Well

Health and Adult Social Care Portfolio (Cllr John Spence)

Capital Programme

2018/19 Actuals £'000	2019/20 Latest Budget £'000		2020/21 Budget £'000	2021/22 Aspirational £'000	2022/23 Aspirational £'000	2023/24 Aspirational £'000
	13	Independent Living Older People Ninefields Waltham Abbey	414	401		
	648	Pollysfield		648		
(8)	4	Independent Living Older People Coppins Court	7	4		
1,878	-	Schemes completing in 2019/20 or earlier				
1,870	664	Total Health and Adult Social Care	421	1,052		

Help Create Great Places to Grow up, Live and Work

Customer, Communities, Culture and Corporate Portfolio (Cllr Susan Barker)

Revenue Budget

2018/19 Actuals £'000	2019/20 Original Budget £'000	2019/20 Latest Budget £'000		2020/21			
				Gross Expenditure £'000	Income £'000	Specific Grants £'000	Total Net Expenditure £'000
1,031	617	714	Communities	629			629
978	(0)	144	Community Initiatives Fund	(0)	(0)		(0)
2,492	2,849	2,462	Coroners	3,357	(793)		2,564
170	1,653	1,766	Customer Services and Member Enquiries	2,000	(302)	(0)	1,698
(322)	(328)	(457)	Deputyship Service	847	(1,333)		(485)
(60)	542	491	Emergency Planning	572	(23)		549
1,244	869	891	Heritage and Cultural Services	1,720	(810)		910
12,410	12,460	12,495	Libraries	14,140	(1,619)		12,521
(1,623)	(1,458)	(1,809)	Registrars	2,541	(4,042)		(1,501)
960	991	1,006	Trading Standards	1,321	(271)	(0)	1,051

Help Create Great Places to Grow up, Live and Work

Customer, Communities, Culture and Corporate Portfolio (Cllr Susan Barker)

Revenue Budget – continued

2018/19 Actuals £'000	2019/20 Original Budget £'000	2019/20 Latest Budget £'000		2020/21			
				Gross Expenditure £'000	Income £'000	Specific Grants £'000	Total Net Expenditure £'000
186	351	373	Travellers	1,065	(683)		382
17,467	18,546	18,077	Customer, Communities, Culture and Corporate	28,193	(9,876)	(0)	18,317
7,527	8,081	8,626	Business Support	8,123			8,123
2,104	1,977	1,521	Customer Services	1,465	0		1,465
748	794	778	Democratic Services	907	(216)		691
5,069	3,718	5,508	Human Resources	7,771	(2,377)		5,394
22,285	24,261	27,713	Information Services	23,720	(1,206)		22,514
4,178	4,843	4,210	Legal Services	6,158	(1,254)		4,904
14,141	14,671	14,800	Property	22,916	(8,008)		14,908
325	462	453	Risk Management	871	(429)		442
56,377	58,808	63,610	Customer, Communities, Culture and Corporate RSSS	71,932	(13,490)		58,442
73,843	77,354	81,686	Total Customer, Communities, Culture and Corporate	100,125	(23,366)	(0)	76,759

Help Create Great Places to Grow up, Live and Work

Customer, Communities, Culture and Corporate Portfolio (Cllr Susan Barker)

Capital Programme

2018/19 Actuals £'000	2019/20 Latest Budget £'000		2020/21 Budget £'000	2021/22 Aspirational £'000	2022/23 Aspirational £'000	2023/24 Aspirational £'000
100	100	Changing Places	100	100	100	100
122	122	Next Generation Networks	122	122	-	-
4,763	5,000	Capitalised Building Maintenance (Non School estate)	5,000	5,000	5,000	5,000
(1)	-	Libraries Self Service	342	-	-	-
1,298	2,831	Schemes completing in 2019/20 or earlier	-	-	-	-
6,282	8,053	Total Customer, Communities, Culture and Corporate	5,564	5,222	5,100	5,100

Help Create Great Places to Grow up, Live and Work

Environment and Climate Change Action Portfolio (Cllr Simon Walsh)

Revenue Budget

2018/19 Actuals £'000	2019/20 Original Budget £'000	2019/20 Latest Budget £'000		2020/21 Gross Expenditure £'000	2020/21 Income £'000	2020/21 Specific Grants £'000	2020/21 Total Net Expenditure £'000
1,305	1,217	1,346	Development Management	1,364	(119)		1,245
(0)	(0)	(0)	Environmental Strategy	(0)	0	0	(0)
			Leisure				
95	95	95	Contributions To Other Bodies*	95			95
139	(136)	(240)	Country Parks	2,898	(2,980)	(122)	(203)
(129)	(74)	13	Cressing Temple	261	(154)		107
(22)	(113)	(106)	Management and Support Services	150			150
175	178	178	Rural Issues	178			178
			Waste Management				
13,214	10,731	10,731	Civic Amenity Service	11,194			11,194
1,621	3,018	3,018	Courtauld Road Waste Treatment	2,951			2,951
147	91	91	Exceptional Waste	94			94
430	383	383	Landfill Aftercare	533	(256)		276
22,379	24,585	23,209	Recycling Initiatives	24,141	(750)		23,391

Help Create Great Places to Grow up, Live and Work

Environment and Climate Change Action Portfolio (Cllr Simon Walsh)

Revenue Budget - continued

2018/19 Actuals £'000	2019/20 Original Budget £'000	2019/20 Latest Budget £'000		2020/21 Gross Expenditure £'000	2020/21 Income £'000	2020/21 Specific Grants £'000	2020/21 Total Net Expenditure £'000
686	309	309	Tipping Away Payments	499			499
(2,514)	(2,807)	(2,807)	Trade Waste Income		(3,141)		(3,141)
47,808	42,104	42,104	Waste Disposal	41,523	(1,028)		40,495
(14)	(188)	(175)	Waste Management and Support Services	(137)	(0)		(137)
1,688	1,247	1,257	Waste Strategy	1,110	(0)		1,110
87,006	80,642	79,407	Total Environment and Climate Change Action	86,854	(8,428)	(122)	78,304

**Contributions to external bodies including Woodland Trust*

Help Create Great Places to Grow up, Live and Work

Environment and Climate Change Action Portfolio (Cllr Simon Walsh)

Capital Programme

2018/19 Actuals £'000	2019/20 Latest Budget £'000		2020/21 Budget £'000	2021/22 Aspirational £'000	2022/23 Aspirational £'000	2023/24 Aspirational £'000
4,011	3,552	Flood Management	3,500			
591	266	Country Parks		2,000	2,000	500
	95	Country Parks Maintenance	549	360	60	
		LoCase II		228	200	
		Empower 2.0	100			
		Energy Efficiency Heating	10	150		
		Energy Efficiency Lighting Replacement	300	150		
		Energy generation and storage	10	140	50	
2	188	Schemes completing in 2019/20 or earlier				
4,604	4,101	Total Environment and Climate Change Action	4,469	3,028	2,310	500

Transform the Council to Achieve More with Less

Performance, Business Planning and Partnerships (Cllr Dick Madden)

Revenue Budget

2018/19 Actuals £'000	2019/20 Original Budget £'000	2019/20 Latest Budget £'000		2020/21			
				Gross Expenditure £'000	Income £'000	Specific Grants £'000	Total Net Expenditure £'000
942	1,940	2,160	Service Design	1,902			1,902
344	0	87	Strategic Partnerships	(0)	0		(0)
1,285	1,940	2,248	Performance, Business Planning and Partnerships	1,902		-	1,902
3,587	3,089	4,332	Performance, Business Intelligence, Planning and Partnerships	4,730	(500)		4,231
4,297	3,633	4,994	Transformation Support Unit	5,372	(0)		5,372
7,884	6,722	9,326	Performance, Business Planning and Partnerships RSSS	10,103	(500)	-	9,603
9,169	8,662	11,574	Total Performance, Business Planning and Partnerships	12,005	(500)	-	11,505

Transform the Council to Achieve More with Less

Leader Portfolio (Cllr David Finch)

Revenue Budget

2018/19 Actuals £'000	2019/20 Original Budget £'000	2019/20 Latest Budget £'000		Gross Expenditure £'000	2020/21 Income £'000	Specific Grants £'000	Total Net Expenditure £'000
	88	263	EU Exit	0			0
1,212	1,057	1,044	Corporate Policy	932	0		932
987	913	983	Democratic Core	1,009			1,009
100	680	680	Garden Communities	1,577			1,577
208	361	361	Initiatives and Partnerships	239			239
6	0	198	Innovation Fund	(0)			(0)
			Locality Fund	750			750
1,738	1,769	1,796	Members Support	1,788	0		1,788
1,258	1,284	1,284	Olympics and Sports Development	1,256			1,256
5,508	6,152	6,609	Leader	7,551		-	7,551
1,831	1,630	1,597	Communications and Customer Relations	1,830	(0)		1,830
292	480	442	Equality And Diversity	477	(14)		462
2,124	2,110	2,039	Leader RSSS	2,306	(14)		2,292
7,632	8,261	8,648	Total Leader	9,857	(14)	-	9,843

Transform the Council to Achieve More with Less

Finance, Property and Housing Portfolio (Cllr David Finch - Interim)

Revenue Budget

2018/19 Actuals £'000	2019/20 Original Budget £'000	2019/20 Latest Budget £'000		2020/21			
				Gross Expenditure £'000	Income £'000	Specific Grants £'000	Total Net Expenditure £'000
			Central Services To The Public				
6,043	6,353	6,353	Council Tax Sharing Scheme	6,374			6,374
6,103	7,320	7,320	Other Services	12,473	(2,249)	(256)	9,968
785	373	1,033	Housing	0	0	0	0
(122)	(536)	(415)	Outdoor Education	3,622	(4,344)		(722)
			Precepts				
1,626	1,694	1,694	Environmental Agency	1,721			1,721
384	388	388	Kent and Essex Sea Fisheries	384			384
(781)	(366)	179	Traded Strategy	309	(1,351)		(1,042)
(28)			Vehicle Lease Management	56			56
14,011	15,226	16,553	Finance, Property and Housing	24,939	(7,944)	(256)	16,739
1,047	938	973	Capital Programme, Implementation and Delivery	1,302	(300)		1,002
(126)	55	57	Car Provision Scheme	2,772	(2,772)		0
9,597	4,992	10,111	Finance	10,896	(5,096)		5,800

Transform the Council to Achieve More with Less

Finance, Property and Housing Portfolio (Cllr David Finch - Interim)

Revenue Budget – continued

2018/19 Actuals £'000	2019/20 Original Budget £'000	2019/20 Latest Budget £'000		2020/21			
				Gross Expenditure £'000	Income £'000	Specific Grants £'000	Total Net Expenditure £'000
4,539	4,661	4,661	Insurance	7,254	(2,563)		4,691
3,423	3,647	4,002	Procurement	4,319	(75)		4,244
18,480	14,293	19,804	Finance, Property and Housing RSSS	26,543	(10,806)	-	15,737
32,491	29,519	36,357	Total Finance, Property and Housing	51,482	(18,750)	(256)	32,477

Transform the Council to Achieve More with Less

Finance, Property and Housing Portfolio (Cllr David Finch - Interim)

Capital Programme

2018/19 Actuals £'000	2019/20 Latest Budget £'000		2020/21 Budget £'000	2021/22 Aspirational £'000	2022/23 Aspirational £'000	2023/24 Aspirational £'000
631	400	Essex County Hospital	2,540	7,473	7,373	10,373
	355	Essex Housing Programme	1,452	17,574	11,532	937
281	424	Essex Outdoors Centres	10	805		
	200	Harlowbury	229	6,215	4,733	497
	99	Loughton Library	434	5,972	5,869	294
46	153	Maldon Friary	463	3,622	229	
3,085	970	Moulsham Lodge				
63	171	Purford Green	250	4,000	1,777	
679	385	Rocheway	2,767	1,300		
144	204	Shernbroke Hostel	856	1,998		
289	328	St Peters College	500	8,488	8,119	9,606
	75	Westfield	128	137	9	6
	85	Shenfield Library	176			
7,304	19	Schemes completing in 2019/20 or earlier				
12,521	3,869	Total Finance, Property and Housing	9,805	57,584	39,641	21,713

Other Operating Costs

The revenue budget in 2020/21 is **£103m**. The expenditure includes the net appropriations to reserves and restricted funds as described in the Reserves section (starting on page 71) of **£50m** and the costs of financing the capital programme of **£54m**.

The movement since 2019/20 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.

2018/19 Actuals £'000	2019/20 Original Budget £'000	2019/20 Latest Budget £'000		2020/21			
				Gross Expenditure £'000	Income £'000	Specific Grants £'000	Total Net Expenditure £'000
24,493	30,837	27,637	Capital Financing	30,989			30,989
	4,000	4,000	Contingencies	0			0
			Interest Payable				
(738)	(523)	(523)	Contributions - Transferred Debt		(671)		(671)
19,660	24,991	21,053	External Interest Payable	23,334			23,334
(81)	(47)	(47)	Loan Charges Grant		0		0
			Interest Receivable				
(3,612)	(2,536)	(2,536)	External Interest Receivable	100	(2,879)		(2,779)
1,459	1,279	1,279	Interest Reallocated	(1)	1,532		1,531
			Approps To/(From) Reserves and Restricted Use Funds*				
(3,332)	(3,413)	(3,413)	A130 PFI Reserve		(4,652)		(4,652)
(1,644)		(3,417)	Adults Digital Programme	0			0
387		342	Building Schools for the Future				
879			Capital Receipts Pump Priming	1,000			1,000

Other Operating Costs

2018/19 Actuals £'000	2019/20 Original Budget £'000	2019/20 Latest Budget £'000		2020/21			
				Gross Expenditure £'000	Income £'000	Specific Grants £'000	Total Net Expenditure £'000
(303)	(2,256)	(2,294)	Carbon Reduction Reserve		(76)		(76)
6,855	(4,884)	(17,819)	Carry Forwards Reserve	0	(0)		(0)
(331)		(497)	Clacton PFI Reserve		(0)		(0)
358		(456)	Community Initiatives Fund	350	(0)		350
(198)	(0)	(469)	Debden PFI Reserve		(0)		(0)
			Emergency	10,000			10,000
300			Emergency Planning Reserve				
		250	Essex Climate Change Commission	5,000			5,000
1,850		(2,383)	Grant Equalisation Reserves				
250			Health And Safety Reserve				
			Highways	5,000			5,000
(1,000)			Insurance Reserve		(1,151)		(1,151)
(150)			Partnership Reserves				
(206)			Pension Deficit Reserve				
326	326	326	Property Investment	326			326
500	500	473	Quadrennial Elections Reserve	500			500
4,138	4,074	2,339	Reserve For Future Capital Funding	4,074			4,074

Other Operating Costs

2018/19 Actuals £'000	2019/20 Original Budget £'000	2019/20 Latest Budget £'000		2020/21			
				Gross Expenditure £'000	Income £'000	Specific Grants £'000	Total Net Expenditure £'000
(3,623)			Schools Reserves				
	6,420	3,720	Service Improvement Reserve	2,750			2,750
			Technology Solutions	5,000			5,000
(3,125)	(338)	(338)	Trading Activities Reserves		(413)		(413)
3,177	14,395	10,453	Transformation Reserve	23,260	(500)		22,760
3,898	7,869	9,245	Waste Reserve				
			Reserves Closed				
3,053		(3,053)	Digital Infrastructure Reserve		(0)		(0)
(1,795)			Innovation Reserve				
(867)			Local Projects Reserve				
50,576	80,694	43,873	Total Other Operating Costs	111,682	(8,810)		102,872

* 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. For 2020/21, the Trading Activities have a target operating surplus of **£496,000**.

	Revenue reserve 1 April 2020 £'000	Income £'000	Expenditure £'000	(Surplus) / deficit £'000	Appropriations		Revenue reserve 31 March 2021 £'000
					To County Revenue Account £'000	To Trading Activity reserve £'000	
Place Services	(418)	(2,774)	2,391	(383)	(300)	(83)	(501)
Music Services Traded	(168)	(4,744)	4,631	(113)	(113)	-	(168)
Total	(586)	(7,518)	7,022	(496)	(413)	(83)	(669)

Reserves

Any organisation which is being prudently managed, whether in the 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.

We have 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.

We also use these specific cash backed reserves to generate interest receipts and minimise the cost of debt. We expect to earn **£3m** in 2020/21 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 2020/21, it is estimated that this will enable us to avoid borrowing costs of **£7m**, thereby allowing funds to be used instead for front line service delivery.

Reserves

	Balance at 1 April 2019 £'000	Balance at 1 April 2020 £'000	Estimated closing balances				
			2020/21			2021/22	2022/23
			Budgeted Contributions/ Withdrawals £'000	Assumed usage £'000	Closing balance £'000	£'000	£'000
General Balance	(56,610)	(56,610)	-	-	(56,610)	(56,610)	(56,610)
Reserves earmarked for future use							
Adults Digital Programme	(5,256)	(1,839)	-	1,839	-	-	-
Capital Receipts Pump Priming	(3,204)	(2,704)	(1,000)	500	(3,204)	(3,704)	(4,204)
Carbon Reduction	(2,303)	(309)	76	-	(233)	(119)	(9)
Carry Forward	(23,250)	(5,431)	-	5,431	-	-	-
Collection Fund Risk	(1,412)	(1,412)	-	-	(1,412)	(1,412)	(1,412)
Commercial Investment in Essex Places*	-	-	-	-	-	-	-
Community Initiatives Fund	(1,153)	-	(350)	350	-	-	-
Digital Infrastructure	(3,053)	-	-	-	-	-	-
EES Pensions	-	(4,000)	-	-	(4,000)	(4,000)	(4,000)
Emergency	-	-	(10,000)	4,000	(6,000)	(6,000)	(6,000)
Emergency Planning	(300)	(300)	-	-	(300)	(300)	(300)

Reserves - continued

	Balance at 1 April 2019 £'000	Balance at 1 April 2020 £'000	Estimated closing balances				
			2020/21			2021/22	2022/23
			Budgeted Contributions/ Withdrawals £'000	Assumed usage £'000	Closing balance £'000	£'000	£'000
Essex Climate Change Commission	-	(250)	(5,000)	1,500	(3,750)	(2,500)	-
Future Capital Funding	(12,061)	(9,838)	(4,074)	4,074	(9,838)	(9,838)	(9,838)
Health and Safety	(881)	(631)	-	-	(631)	(631)	(631)
Highways	-	-	(5,000)	5,000	-	-	-
Insurance	(8,061)	(8,061)	1,151	-	(6,910)	(6,910)	(6,910)
Property Investment	(326)	(652)	(326)	-	(978)	(1,304)	(1,630)
Quadrennial Elections	(618)	(1,091)	(500)	-	(1,591)	(91)	(591)
Service Improvement	-	(3,720)	(2,750)	-	(6,470)	(9,670)	(12,870)
Technology Solutions	-	-	(5,000)	5,000	-	-	-
Tendring PPP	(496)	-	-	-	-	-	-
Transformation	(25,193)	(29,387)	(22,760)	18,000	(34,147)	(29,767)	(25,387)

* Reserve will hold the proceeds of sale of EES. Closing balance 2019/20 is subject to final accounting entries relating to the sale.

Restricted Funds

	Balance at 1 April 2019 £'000	Balance at 1 April 2020 £'000	Estimated closing balances				
			2020/21			2021/22	2022/23
			Budgeted Contributions/ Withdrawals £'000	Assumed usage £'000	Closing balance £'000	£'000	£'000
Long Term Contractual Commitment							
PFI Reserves							
A130 PFI	(42,136)	(31,916)	4,652	(1,101)	(28,366)	(19,589)	(9,643)
Building Schools for the Future PFI	(2,267)	(0)	-	(155)	(155)	(314)	(477)
Clacton Secondary Schools' PFI	(2,518)	0	-	(95)	(95)	(199)	(306)
Debden School PFI	(3,633)	0	-	(363)	(363)	(876)	(1,404)
Waste Reserve	(103,631)	(109,618)	-	-	(109,618)	(109,618)	(109,618)
Grant Equalisation Reserve	(12,636)	(10,253)	-	-	(10,253)	(10,253)	(10,253)
Trading Activities	(653)	(653)	413	(413)	(653)	(653)	(653)
Partnerships and Third Party	(1,815)	(1,815)	-	-	(1,815)	(1,815)	(1,815)
Schools	(38,025)	(38,025)	-	-	(38,025)	(38,025)	(38,025)

Annex 2

Performance

How we intend to measure the progress we make towards the achievement of our strategic aims

This annex provides detail on how we intend to measure the progress we make towards the achievement of our strategic aims.

For each of our four strategic aims it sets out the key measures and milestones on which we will focus attention and on which we will base assessments of our progress, performance and impact.

Enable Inclusive Economic Growth



Our work to secure inclusive economic growth is focused on investing in places to increase productivity; supporting economic growth in specific opportunity areas and improving the skills of Essex residents.

Over the long-term we will measure the success of our work with reference to measures of:

- **Economic prosperity** – we will use a basket of indicators that reflect the economic prosperity of places across Essex. These indicators will include measures of the value of economic output (including Gross Value Added (GVA)), productivity (GVA per job), average earnings, business turnover, foreign investment and employment in the knowledge economy. We will target significant improvement in the overall position of Basildon, Chelmsford, Colchester, Harlow and Uttlesford relative to districts across England by the mid-2030s.
- **Economic inclusion** – we will use a basket of

indicators that reflect economic inclusion in places across Essex. This will include measures of poverty and inequality (including deprivation scores, child poverty levels, fuel poverty), measures of economic participation (e.g. employment rates, benefit claimant rates, the number of people who are not in education, employment and training), and measures of housing affordability and homelessness.

We will target significant improvement in the overall position of Basildon, Colchester, Harlow and Tendring relative to districts across England by the mid-2030s.

- **Deprivation** – seeking to ensure that, by the mid-2030s, no neighbourhoods in Essex are within England's most deprived 10% as identified by the Index of Multiple Deprivation;
- **Skills levels within the workforce** – we want to increase the percentage of people with higher-level skills (level 4) living in Basildon, Colchester, Harlow and Tendring.

Much of our initial work will focus on building a strong foundation for this longer-term change. We will do this by ensuring children and young people in Essex receive an outstanding education, and by setting the right conditions to unlock significant public and private investment across our towns and cities. We have therefore set the

following milestones and indicators for the next financial year.

We will use the following indicators and targets to measure the success of our work to secure an outstanding education for children and young people in Essex:

Measure	Baseline	Target for 2020/21
Percentage of early years settings rated 'good' or 'outstanding' by Ofsted	96.4% (Sept 2019)	100%
Percentage of children 'ready for school' (achieving at least grade expected across all prime areas of learning)	74.4% (2019)	Top quartile (the top quartile benchmark was 74.1% in AY 2018-19)
Percentage of schools rated 'good' or 'outstanding' by Ofsted	89% (Sept 2019)	100%
Percentage of children achieving expected levels at KS2 (reading, writing, maths)	66% (2019)	Top quartile (the top quartile benchmark was 68.1% in AY 2018-19)
Percentage of children achieving a standard pass in English and Maths at KS4	63.6% (2019)	Top quartile (the top quartile benchmark was 68.3% in AY 2018-19)
Number of young people who are not in education employment or training	4.9% (Sept 2019)	Top quartile (the top quartile benchmark was 3.8% in AY 2018-19)

We have identified the following milestones, to be achieved over the 2020/21 financial year, as we work to setting the conditions to unlock investment across our town and cities.

By March 2021 we will have:

- scoped and planned out a new, targeted Essex Investment Programme, that includes our approach to the following projects:
 - Quantum Engineering and Space Technology Campus;
 - Bradwell B;
 - Clacton Health Campus;
 - Basildon economic land project including securing of university presence;
 - North Essex energy opportunities;
 - Essex Garden Communities; and
 - M11 and West Essex Life Sciences Medtech clustering.
- published an intra-urban growth and connectivity strategy, and a supporting delivery plan, with Basildon Borough Council and the National Infrastructure Commission;
- agreed a Harlow Regeneration Strategy and town centre master plan;
- agreed, adopted and published an action plan for the Colchester Town Deal with Colchester Borough Council;
- agreed, adopted and published a ‘place plan’ and a long-term transformation strategy for Clacton-on-Sea with Tendring District Council; and
- agreed a ‘place plan’ and long-term financial strategy for Jaywick Sands with the Integrated Steering Board.

Help People Get the Best Start and Age Well



Our work to help people get the best start and age well is focused on protecting the most vulnerable people in Essex and improving the health of all people across the county. We work to help keep vulnerable children safe and enable them to fulfil

their potential and we work to enable vulnerable adults to live independently of social care support. We also work to improve the health of the population of Essex.

We will use the following indicators to measure the success of our work to ensure the safety of vulnerable children:

Measures	Baseline	Management thresholds 2021/22*
The number of children known to social care per 10,000 of the population	188.9 (March 2019)	185-195
The number of children subject to Children in Need plans (at any one time)	2,643 (March 2019)	2500-2800
The number of children subject to child protection plans	589 (March 2019)	550-600
The percentage of children subject to child protection plans for the second or subsequent time	8.9% (March 2019)	<12%
The number of children in unregistered accommodation a) age under 16; and b) aged 16+	a) 0 b) 160 (March 2019)	a) 0 b) 140 - 180 (March 2019)
The number of care leavers aged 19-25	835 (March 2019)	825-875
The number of care leavers in suitable accommodation	88.7% (March 2019)	85%-95%

**It would be inappropriate to manage our work with vulnerable children to specific targets – the decisions we take regarding the welfare and safety of children must reflect the needs and interests of the child*

rather than targets. We have however, defined a set of thresholds to enable us to manage our work within defined parameters.

We will use the following indicators and targets to measure the success of our work to improve the mental and physical health of children.

Measures	Baseline	Target/ thresholds for 2020/21
Percentage of children who are overweight or obese (year 6)	31.4% (2018/19)	30%
Take up of immunisations	77.8% (March 2019)	75% - 80%
Under 18 Conception rates per 1000 girls (15-17years)	16.7 (2017)	15
Inpatient admission rate for mental health disorders per 100,000 population aged 0-17 year olds	51.60 (2018)	51
Number Children in Care receiving health checks	91.9% (March 2019)	85% - 95%
Percentage of Children in Care receiving dental checks	81.1% (March 2019)	75% - 85%

We will use the following indicators and targets to measure the success of our work to improve the opportunities available to vulnerable children.

Measures	Baseline	Target for 2020/21
Overall school absence rate	4.7% (2018)	Top quartile (the top quartile benchmark was 4.7% in 2018)
Permanent exclusion rate	0.05% (2018)	Top quartile (the top quartile benchmark was 0.10% in 2018)
Percentage of disadvantaged children achieving expected levels at KS2 (reading, writing, maths)	49% (2018)	Top quartile (the top quartile benchmark was 56.1% in AY 2017-18)
Percentage of disadvantaged children achieving a standard pass at KS4 (Attainment 8)	35.2% (2018)	Top quartile (the top quartile benchmark was 38.7% in AY 2017-18)
Percentage of children with SEND achieving expected levels at KS2 (reading, writing, maths)	9% (2018)	Top quartile (the top quartile benchmark was 11.1% in AY 2017-18)
Percentage of children with SEND achieving a standard pass at KS4 (Attainment 8)	15% (2018)	Top quartile (the top quartile benchmark was 15.3% in AY 2017-18)
Percentage of Children in Care achieving expected levels at KS2 (reading, writing maths)	32.0% (2018)	Top quartile (the top quartile benchmark was 44.1% in AY 2017-18)
Percentage of Children in Care achieving a standard pass in English and Maths at KS4 (Attainment 8)	21.1% (2018)	Top quartile (the top quartile benchmark was 26.0% in AY 2017-18)
Number of care leavers who are in education, employment and training	49% (2018)	Top quartile (the top quartile benchmark was 58.1% in 2018)

We will use the following indicators and targets to measure the success of our work to improve outcomes for vulnerable adults.

Measures	Baseline	Target for 2020/21
Gap in the employment rate learning disability and the wider population	67.6% (2017/18)	66%
Gap in employment rate between people receiving secondary mental health support and the wider population	74.2% (2017/18)	72%
Percentage of people with learning disabilities in paid employment	16% (2018/19)	18%
Percentage of people known to secondary mental health services in paid employment	4% (2018/19)	6%
Rate of admissions to residential/nursing homes (per 100,000)	393 (2017/18)	380
Percentage of people still at home 91 days after reablement	88% (2017/18)	82% (Target set for Essex at the national level)
Diagnosis rate for dementia	64.5% (March 2019)	67%
Percentage of care homes rated good or outstanding	82% (Nov 2019)	85%
Number of delayed transfers of care (per 100,000)	2.9 (2018/19 average)	2.4
Percentage of people over 65 in receipt of long-term services who are satisfied with these services (captures satisfaction with the whole care system – not just our services)	62.9% (2017/18)	63%
Adult Social Care vacancy rate	20% (Oct 2019)	15%

We will use the following indicators and targets to measure the success of our work to improve public health.

Measures	Baseline	Target for 2020/21
Percentage of children who are overweight or obese (year 6)	31.4% (2018/19)	30%
Referral rates for people at risk of diabetes	3,000 (2019/20)	6,000
Percentage of primary schools delivering the 'daily mile'	36% (Jan 2019)	70%
The number of people supported through weight management programmes	10,000 (2019/20)	15,000
Percentage of adults who are physically active adults (19+)	66.1% (2017/18)	67%
Major employers (500+ employees) committed to strengthen their role as 'anchor institutions'	N/A (New measure)	12
Stroke - all ages prevalence	1.8% (2018/19)	1.8%
Emergency hospital admissions due to falls in people aged 65 and over	2,059 (2017/18)	2000
Percentage of residents who are lonely	8% (2018)	6%
The number of businesses engaged in healthy workplace initiatives	258 (2019/20)	300

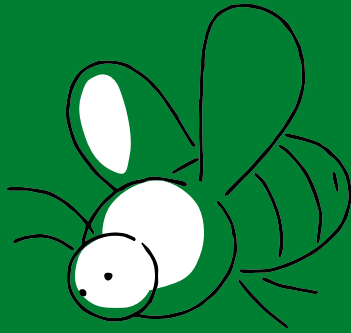
We have also identified the following milestones, to be achieved over the 2020/21 financial year, in support of our work to improve public health. By March 2021 we will have:

- Agreed a strategic approach with Public Health England, to maximise the economic and social benefits of the organisation's relocation to Harlow.
- Progressed work to attract a government department to locate in Clacton.

Over the long-term we will measure the success of our work to improve health across Essex with reference to:

- **Measures of life expectancy** – seeking increases in life expectancy across Essex that are 10% greater than the national rate by the mid-2030s;
- **Reducing health inequalities** – seeking a 50% reduction in the life expectancy gap between the national average and key localities in Essex (including Clacton, Harwich, Basildon town, Colchester town and Canvey). We want to secure significant progress by the mi-2030s.
- **Reducing suicide rates in Essex** – seeking to reduce the suicides to a rate of 10.7 per 100,000 people by 2024; and
- **Reducing disadvantage** – we want to ensure that, by the mid-2030s, people with mental health issues and/or learning disabilities have no disadvantages linked to employment and lifestyle opportunities, that might impact on life expectancy.

Help create great places to grow up, live and work



We will invest in quality homes and building communities' capacity and capability to support themselves. We recognise the threats posed by climate change and will support low carbon and

sustainable travel options for the people of Essex. By looking after our natural environment, and by taking care of the waste we produce, we will secure a sustainable environment for everyone to enjoy.

Over the long-term we will measure the success of our work with reference to measures of:

- Development in new communities – seeking to secure 33,000 new homes across new garden communities by 2035.
- Sustainable travel – we are targeting:
 - increases in the share of journeys taken using sustainable modes of transport in key urban centres (Colchester, Chelmsford, Basildon, Harlow, Braintree) by the mid-2030s;
 - a reduction in sedentary / inactive travel to 15% of journeys over the same timeframe.
- Carbon emissions – ensuring that Essex is 65% of the way to becoming net carbon neutral by 2035, and on track to be net carbon neutral by 2050;
- Landfilled waste – we are targeting zero household waste to landfill by 2035;

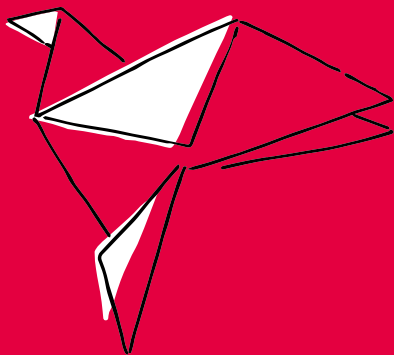
- Environmental stewardship – in particular:
 - delivering all sections of the Essex Coastal path by 2024;
 - planting 1 million trees across the county by 2035;
 - establishing Clean Air Zones in major urban centres (Chelmsford, Colchester, Basildon, Harlow); and
 - creating green space to reduce the impact of transport pollution in highways and redevelopment schemes.

We recognise these are ambitious targets to transform Essex, and to deliver our long-term plans for the county. The groundwork needs to be laid over the next year. We have therefore set the following milestones for the next financial year.

By March 2021 we will have:

- secured £500m of infrastructure funding to enable Garden community delivery in North Essex and Chelmsford;
- built 550 homes in new garden communities;
- helped secure the adoption of Local Plans to provide the statutory planning policy framework and land allocations for all Essex Garden Communities;
- enabled 100 parish councils to deliver local wellbeing plans and initiatives;
- established a network of 100 Social Media Groups to support community level public health initiatives;
- identified Strategic Electric Vehicles charging point locations across Essex;
- submitted a successful bid to the Government's Electric Bus Fund;
- delivered Essex's Climate Action Commission - carrying out extensive engagement to build a strong evidence base and deliver ambitious and implementable recommendations;
- implement plans for circular economy approach and increased recycling across our core estate;
- implemented measures to improve air quality on the A127;
- created one green space/feature in Air Quality Management Areas to reduce the impact of transport pollution;
- established an initial section of the Essex Coastal Path (Maldon – Salcott); and
- planted 25,000 trees as part of the Essex Forest initiative.

Transform the Council to achieve more with less



Our work to transform the Council to achieve more with less is focussed on four key areas, income, social value, our workforce and our digital services.

We will use the following indicators and targets to measure the success of our work:

Measures	Baseline	Targets 2021/22*
Income generated from sales, fees and charges	£37.3m (2019/20)	£39.2m
Social value achieved through our procurement and workforce practices, focussing on: <ul style="list-style-type: none"> the number of new jobs (full time equivalent) created for people with physical disabilities and/or mental health issues; the number of new employees taken on who are care leavers; the number of car miles saved on the project (e.g. through cycle to work, public transport and car-pooling arrangements); and the number of miles driven by no or low emission staff vehicles 	N/A – Pilot measure	Target to be set in Summer 2020
Return of investment/costs avoided through our portfolio of business design, organisation design and continuous improvement projects	N/A – Pilot Measure	Target to be set in Summer 2020
Workforce productivity – based on indices that quantify the effectiveness and efficiency of our workforce (we propose to develop this measure further within 2020/21 to include measures of supplier productivity.)	N/A – Pilot Measure	Target to be set in July 2020

Measures	Baseline	Targets 2021/22*
<p>Digital completion rates - the number of digital transactions that our customers complete as a proportion of the total number of digital transactions started</p> <p>(measurement will focus on transactions relating to Highways, Blue Badges, Schools, Registrations, Libraries and Trading Standards.)</p>	<p>30% (2018/19 average across all channels)</p>	<p>Target will be set in September 2020</p>
<p>The digital take up rate - the number of customers completing transactions online as a proportion of those customers who carry out the same transactions through other all channels (i.e. digital, telephone or paper)</p> <p>(measurement will focus on transactions relating to Highways, Blue Badges, Schools, Registrations, Libraries and Trading Standards.)</p>	<p>N/A – programme in early stages</p>	<p>Targets will be set from March 2020</p>

Annex 3

Capital and Treasury Management Strategy

Capital and Treasury Management Strategy

This Strategy explains how decisions are made about capital expenditure, investments and treasury management. The Strategy contains several elements as follows:

- **Capital expenditure**
In this section, the process for approving, monitoring and financing capital projects is explained.
- **Capital financing and borrowing**
This section provides a projection of our Capital Financing Requirement and the external borrowing required. It also explains how we will discharge our duty to repay debt.
- **Treasury management investments**
This section explains how and where funds will be invested to ensure that the funds are protected from loss and are available when needed.
- **Commercial investments**
This section contains an overview of our approach to commercial investment activities, including processes, due diligence and defining our risk appetite in respect of these, including proportionality in respect of overall resources.
- **Knowledge and skills**
The final section explains the knowledge and skills available to us in relation to management of borrowing and investment activities.

Further details are provided in the following sections.

Capital Expenditure

Capitalisation Policies

Capital expenditure is expenditure on the acquisition or construction of land, buildings, roads and bridges, vehicles, plant and equipment and other assets 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 us 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 still be treated as capital expenditure, including:

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

We operate several limits for capital expenditure which 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 Leader (who is currently the Cabinet Member for Finance, Property and Housing), in conjunction with the Executive Director for Finance and Technology, manages the preparation of a capital programme, on behalf of the Council, on an annual basis in accordance with our 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 Leader (who is currently the Cabinet Member for Finance, Property and Housing) (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 payment approvals for a capital project are not over spent; 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 Finance and Technology 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 Finance and Technology will also monitor performance against our approved capital programme on an on-going basis and will advise upon the overall financial position. Specifically, the Executive Director for Finance and Technology will prepare financial overview reports for the Leader (who is currently the Cabinet Member for Finance, Property and Housing) to present to Cabinet on a regular basis. These financial overview reports will provide a comparison of our 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 **£235m** for the 2020/21 programme, with an indicative programme for the subsequent three years totalling **£1.047bn**. These planning levels represent a continued major investment in the infrastructure and economy of Essex. Further details are presented elsewhere within our 2020/21 Organisation Plan.

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

- **Capital grants and contributions** – amounts awarded to us 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 we do not need to fund immediately from cash resources, but instead charges to the revenue budget over several years into the future.

Actual capital expenditure and financing sources for 2018/19, together with the original and updated plans for 2019/20, proposals for 2020/21 and the indicative guidelines for the subsequent three years, are summarised in Annex 3A, with detailed plans presented within the Organisation Plan.

Capital Financing Requirement and Borrowing

Context

We are required by regulation to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') when assessing the affordability, prudence and sustainability of our capital investment plans.

Fundamental to the prudential framework is a requirement to set a series of prudential indicators. These prudential indicators are intended to collectively build a picture that demonstrates the impact over time of our 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 2018/19 through to 2023/24 is provided in Annex 3A. Explanatory comments are provided in the following paragraphs.

Capital Financing Requirement

When we finance capital expenditure from borrowing, this means that we can charge the expenditure to the revenue budget over several years into the future. We do this in accordance with our policy for the repayment of debt (see Annex 3C).

The actual Capital Financing Requirement (CFR) for 2018/19 provides a measure of the amount of capital expenditure that we have already spent that has yet to be funded from cash resources. That is, it provides a measure of our indebtedness, and hence of our need to borrow for capital financing purposes.

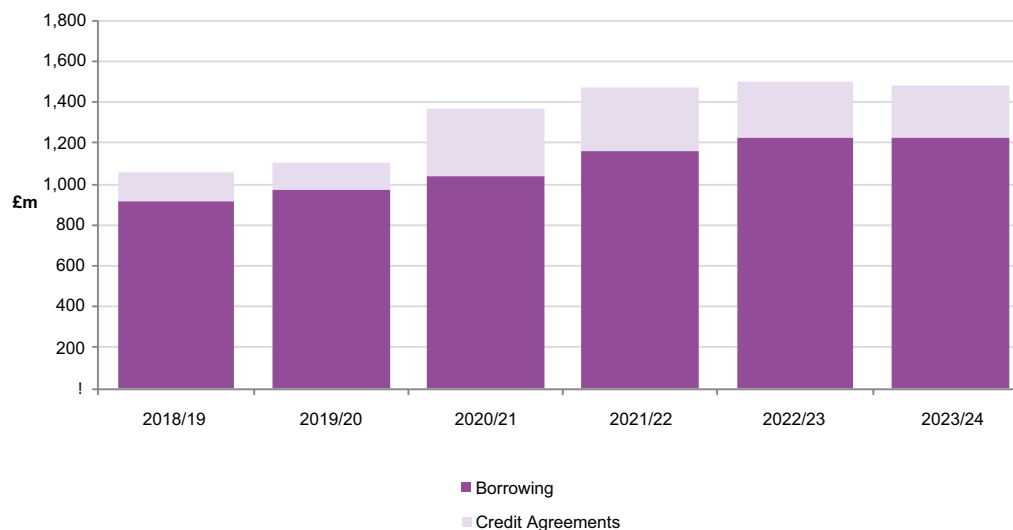
Credit arrangements are also included in the calculation of the CFR because they have the same practical impact as borrowing; credit arrangements are those that enable us to acquire the use of assets on deferred payment terms – typical examples include finance leases and Private Finance Initiative schemes.

The forward projections of the CFR reflect:

- Our 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 2018/19 and forward projections for the current and forthcoming years are illustrated in the graph below:

Capital Financing Requirement – current projection



This graph shows that the estimates of the CFR are on an upward trajectory. This is because the amount of capital expenditure that we intend to finance from borrowing exceeds the annual provision for the repayment of debt each year up to and including 2023/24. In addition, there is a substantial increase in credit arrangements in 2020/21, reflecting the estimated impact of bringing leases currently classified as operating leases onto our Balance Sheet in that financial year, which is a requirement of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020.

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
- We will repay debt on the basis set out in Annex 3C.

External Borrowing Limits

We are permitted to borrow externally (including via credit arrangements) up to the level implied by our Capital Financing Requirement (CFR).

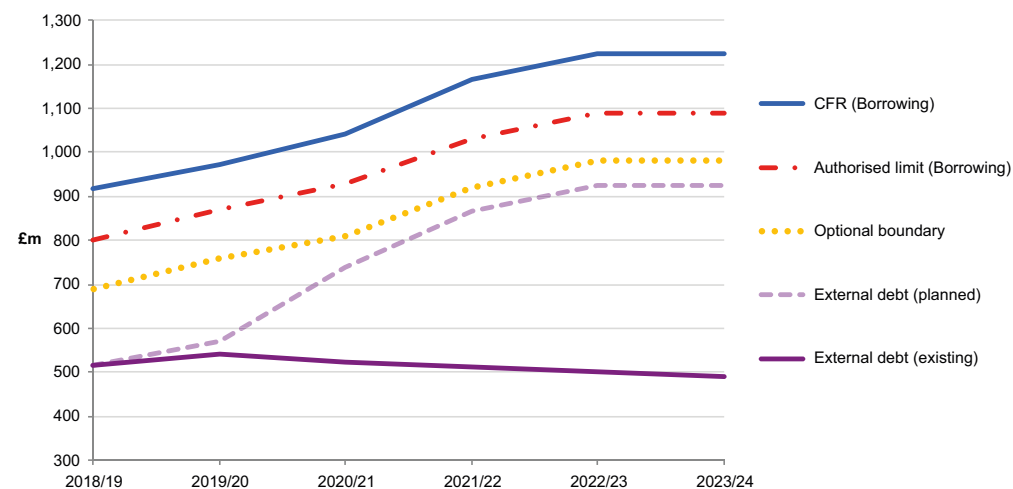
To ensure that external borrowing does not exceed the CFR, other than in the short term, limits are established for external debt, as follows:

- **Authorised limit** – this defines the maximum amount of external debt permitted by us, and represents the statutory limit determined under section 3 (1) of the Local Government Act 2003. This is set at **£1,255m** for 2020/21.
- **Operational boundary** – this is an estimate of the probable level of our 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 enough headroom for fluctuations in the level of cash balances and in the level of the Capital Financing Requirement.

As illustrated in the graph below, the authorised limit and operational boundary related to external borrowing are below the current estimates of the Capital Financing Requirement for borrowing.

CFR, borrowing limits and external debt



This graph also shows the current level of external borrowing and how this is expected to increase as a result of our current capital expenditure plans.

We can sustain external borrowing at a level below our Capital Financing Requirement because we are 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 our need to borrow in order to manage the cash flow implications of incurring capital expenditure that we do not immediately fund from cash resources.

Currently, long-term external borrowing amounts to **£542m**, which will equate to around **56%** of the estimated CFR at 31 March 2020. It is however possible (and assumed, for the purposes of this Strategy) that further external borrowing (up to **£30m**) will be undertaken before 31 March 2020.

We can maintain external borrowing at a level below its CFR by temporarily using the cash we have set aside for other purposes (a practice referred to as ‘internal borrowing’).

The use of internal borrowing has:

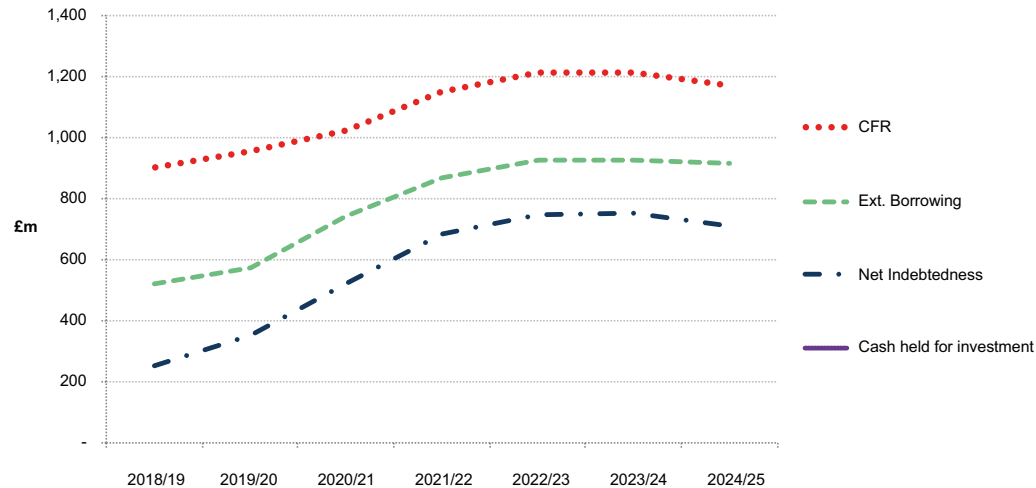
- Enabled us to avoid significant external borrowing costs (*i.e. making it possible to avoid net interest payments of around **£8.6m** per annum*); and
- Mitigated significantly the risks associated with investing cash in what has often been a volatile and challenging market.

However, it is necessary to keep under review our 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 to ensure that our underlying cash balances are maintained at around **£200m**. Maintaining our underlying balances at this level will provide enough headroom to enable us to temporarily defer new long-term borrowing should it be considered advantageous to do so.

The graph below provides a graphical representation of this position – that is, it shows that we expect to maintain external borrowing at a level well below our Capital Financing Requirement. The graph also shows that that net indebtedness is lower than external borrowing because we expect to maintain cash balances for investment:

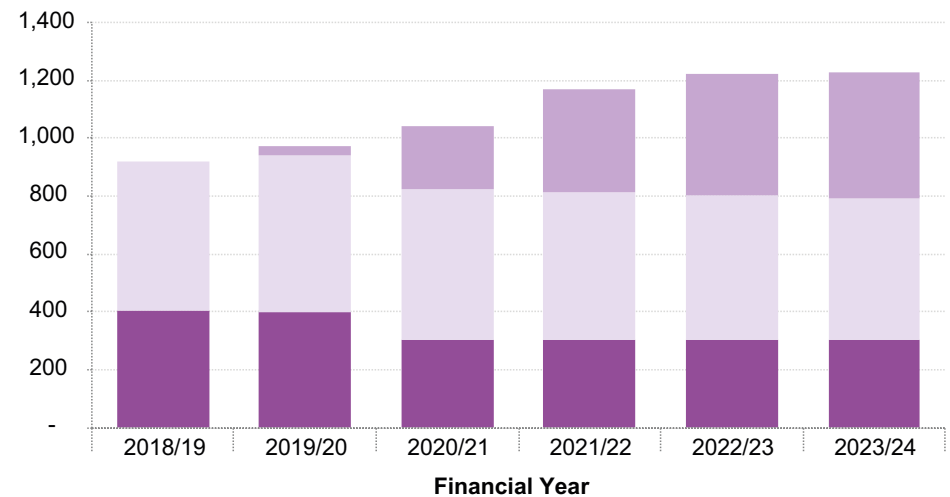
Capital Financing Requirement and External Borrowing



The following graph shows how we anticipate funding the Capital Financing Requirement:

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

Borrowing (£m)



Key

New loans required
 Existing external borrowing
 Internal borrowing

Type of borrowing	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
New loans required	-	30	216	355	424	435
Existing external borrowing	515	542	523	511	500	490
Internal borrowing	403	401	301	301	301	301

That is, it shows how much will be funded from internal borrowing and how external borrowing is expected to increase.

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

Current Forecast	Long term borrowing requirement				
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Existing external loans	541,710	523,360	510,723	500,296	489,735
Requirement for further borrowing					
2019/20	30,000	30,000	30,000	30,000	30,000
2020/21	-	186,000	186,000	186,000	186,000
2021/22	-	-	139,000	139,000	139,000
2022/23	-	-	-	69,000	69,000
2023/24	-	-	-	-	11,000
Total new borrowing	30,000	216,000	355,000	424,000	435,000
Total external borrowing	571,710	739,360	865,723	924,296	924,735
Internal borrowing	401,772	300,922	300,854	300,833	300,521
Total borrowing	973,482	1,040,282	1,166,577	1,225,129	1,225,256

Further long-term external borrowing may be undertaken, in excess of the amounts shown above, if 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.

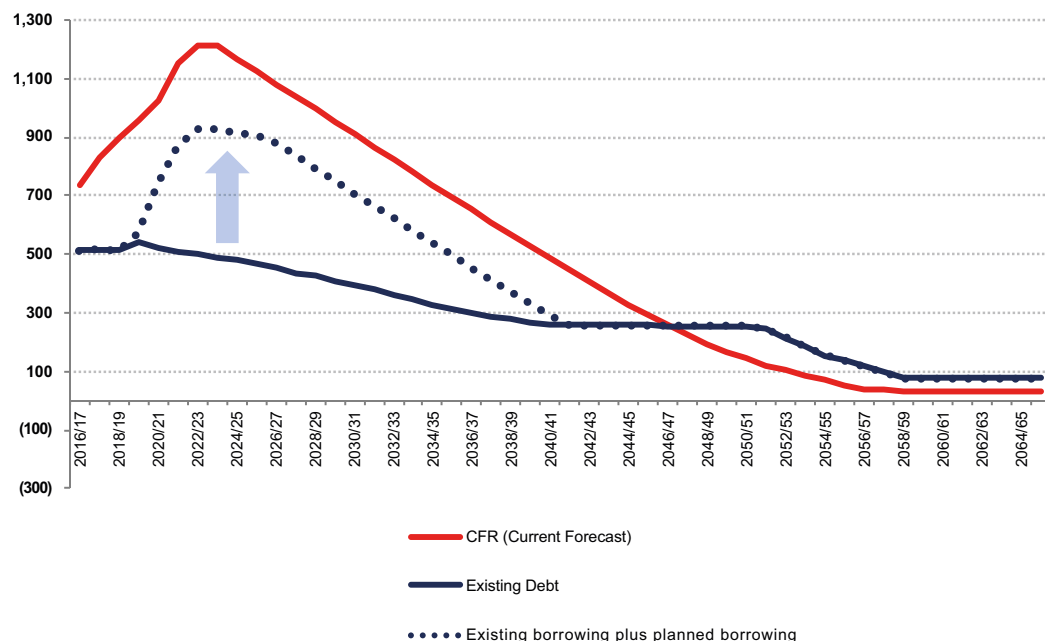
Maturity Structure of Borrowing

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 we do not have:

- A large amount of debt maturing in any one year that 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 2046/47; in 2046/47, the CFR falls below existing loans on a sustained basis, as illustrated in the graph below:

Capital Financing Requirement and External Borrowing



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 2046/47, 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.

We usually secure our long-term loans at fixed rates of interest, to provide certainty over the cost of maintaining the loans over their lifetime (indeed, all our 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 we wish to defer locking into fixed rate loans when interest rates are high but are forecast to reduce in the near term.

Performance Indicators

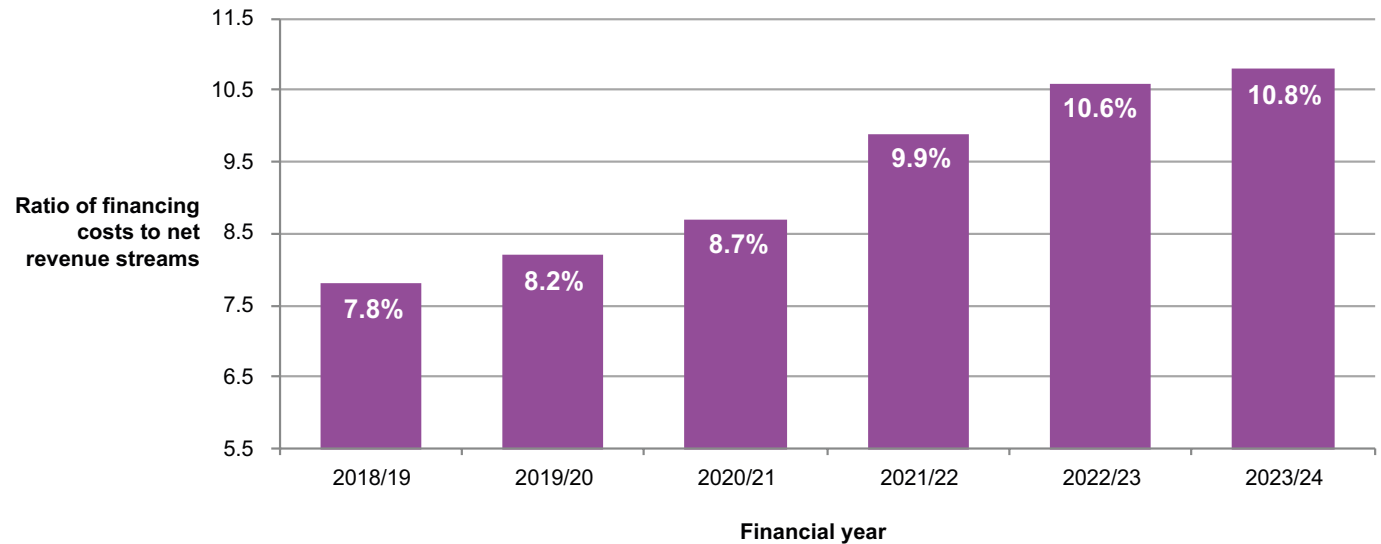
If long-term borrowing is undertaken, performance will be assessed against the average PWLB rate for the year for the applicable loan type and interest rate banding.

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 2018/19, 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:



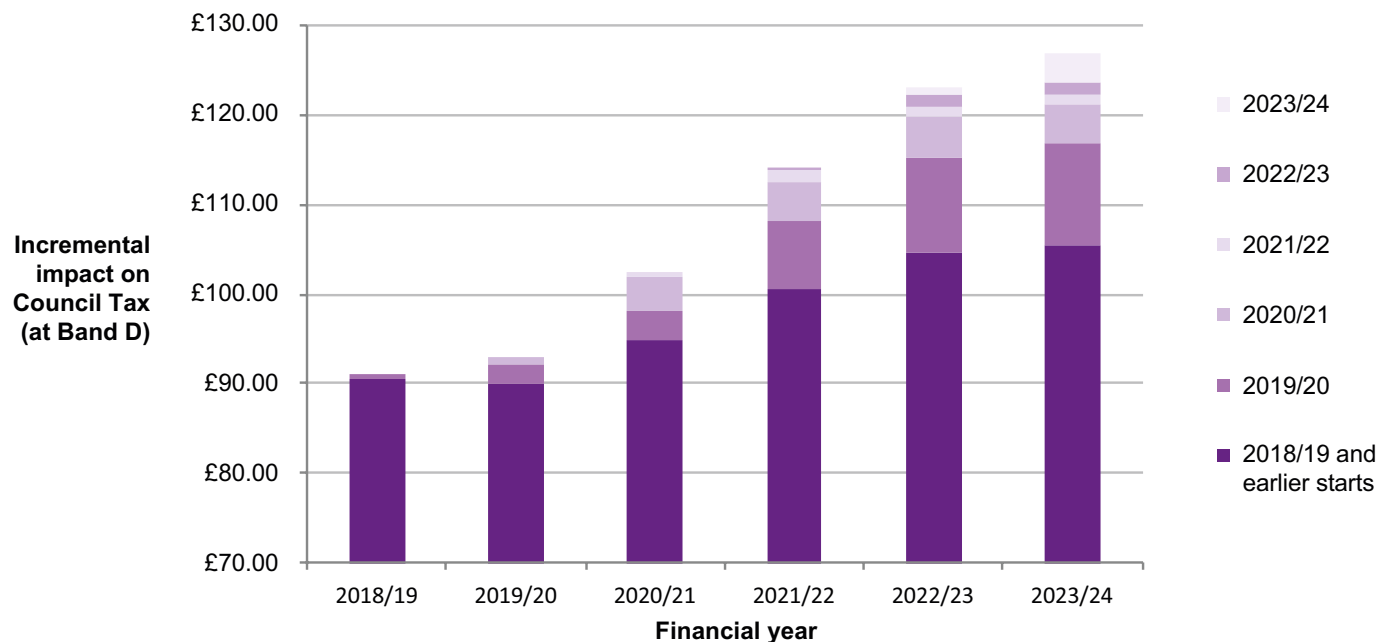
This shows that the proportion of the revenue budget that is required to fund borrowing costs is expected to increase from **7.8%** in 2018/19 to **10.8%** by 2023/24. This increase largely reflects the impact of our capital programme proposals over the forthcoming four years.

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, 2018/19 and the additional amounts that result from commencing new capital projects in the current and subsequent three years is set out in Annex 3A.

The graph below shows the amount of council tax income required to meet debt financing costs, split between the amounts that arise because of capital projects that started in 2018/19 or earlier years, and the amounts arising as a consequence of commencing additional capital projects in each year of our current planning horizon:

Incremental impact on Council Tax of starting new capital projects



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; 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 we finance capital expenditure from borrowing, we do not immediately fund the expenditure from cash resources. Instead, we set 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 we have 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', we ensure 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 explained in Annex 3C.

The revenue budget provision for 'revenue provision' charges in 2020/21 has been compiled on a basis consistent with the policy set out in Annex 3C.

Treasury Management Investments

Introduction

Our 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 us to prepare an annual strategy that explains how we will invest our funds, giving priority to security and liquidity, and then to yield.

Economic Outlook

Forecasts of future interest rates are provided in Annex 3C. These forecasts are predicated on the assumption of an agreement being reached on UK's exit from the EU.

An agreement on the EU exit is likely to lead to a boost in consumer and business confidence which could, in turn, increase inflationary pressure in the economy and lead the Bank of England to gently increase the Bank Rate. Just how fast interest rates will rise will depend on the nature of the UK's exit from the EU:

- In the event of an **orderly non-agreement exit**, it is likely that the Bank of England would act to cut the Bank Rate, in order to help economic growth.
- If there was a **disorderly EU exit**, then any cut in the Bank Rate would be likely to last for a longer period and also depress short and medium-term gilt yields. Quantitative Easing could also be restarted to act as a fiscal stimulus to protect economic growth.

The overall balance of risks to economic growth in the UK is probably to the downside, due to the weight of all the uncertainties over the EU exit, as well as a softening global economic picture.

Investment Projections

We have cash backed resources which we have 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 are set out in Annex 3C.

Investment Strategy

When we have 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 our 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 we ignore yield; once proper levels of security and liquidity are determined, yield is then considered.

Our 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 Finance and Technology 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, most of our 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 always available for the achievement of our objectives. In this respect, we 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

We employ **Link Asset Services, Treasury Solutions** to provide us 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 us.

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

Other Matters

We currently provide treasury management support to our local trading companies (principally Essex Cares Ltd) and holds cash balances on behalf of the partnerships for which we are ‘accountable’ body (principally the South East Local Enterprise Partnership). As part of the agreement to provide treasury management support to these organisations, we 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 our own cash balances daily, and we invest or borrow on the net position. We charge interest on amounts lent to these organisations, and pay interest on amounts borrowed, in accordance with the terms of a formal agreement between the respective parties.

Accounting arrangements require some 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 2023**; 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 contribute to our service delivery objectives and/or place making role. The following paragraphs provide an overview of the commercial investments already undertaken.

Investment Properties

We have acquired three properties, at a total cost of **£33.9m** (two in 2017/18 and one in 2018/19), which are held solely for capital appreciation and/or to earn rental income. These commercial properties are leased to end users on commercial leases.

These properties are measured at their fair value annually (which ensures the valuation reflects the market conditions at the end of each reporting period). The fair value measurements enable us to assess whether the underlying assets provide security for capital investment. Where the fair value of the underlying assets is no longer enough (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.

Expansion of the property programme will be subject to the approval of the Cabinet.

North East Garden Communities Project

The Cabinet agreed in December 2016 that we 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 East 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, we have 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 by us, 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 us, be capital expenditure;
- The purpose for which the loan is given is consistent with our corporate / strategic objectives and priorities;
- Due diligence is carried out that confirms our 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 us 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 Finance and Technology.

We have agreed the following loans for capital purposes to date:

Counterparty	Year of advance	Loan amount £'000	Loan term (years)	Interest rate %	Balance o/ standing at 31 March 2020 £'000
Stow Maries Great War Aerodrome Ltd	2013/14	200	8 years	Bank rate + 1.5%	125
South East Local Enterprise Partnership Loans					
Essex University – Centre for Advanced Engineering	2017/18 and 2018/19	2,000	4 years	1.04%	2,000
Colchester Northern Gateway	2019/20	1,350	3 years	N/A	1,350
Total		3,550			3,475

Support to Subsidiaries

We currently provide treasury management support to our local authority trading companies (principally Essex Cares Ltd). As part of the agreement to provide treasury management support to these organisations, we may borrow their surplus funds, or lend to them to cover temporary shortfalls of cash (we have provided a **£5m** overdraft facility to Essex Cares Ltd for this purpose).

In addition to providing Essex Cares' with an overdraft facility, we have also agreed to the following longer-term loans to its subsidiary:

Counterparty	Loan advanced £'000	Financial year advanced	Loan term (years)	Interest rate %	Balance o/ standing at 31 March 2020 £'000
Refurbishment of Freebournes	610	2014/15	10	4%	305
Refurbishment of Walter Boyce Centre	314	2016/17	10	4%	189
Total	924				494

Knowledge and Skills

We recognise 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 Finance and Technology 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 a treasury management and other professional advisors**
By employing external providers of treasury management services, the Executive Director for Finance and Technology ensures that the individuals involved in delivery of our treasury management activities have access to specialist skills and resources. In addition, professional advisors are employed as required to ensure that we have access to the specialist skills and resources necessary to undertake commercial investment activities. A professional property advisor was appointed to assist us with the acquisition and management of investment properties.

The Executive Director for Finance and Technology 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 Finance and Technology is set out in Part 1 of Organisational Plan and Budget 2020/21 report.

Annex 3a – Prudential Indicators

Summary of prudential indicators		2018-19	2019-20		2020-21	2021-22	2022-23	2023-24
		Actual	Original Estimate	Updated Estimate	Estimate	Forecast	Forecast	Forecast
CAPITAL EXPENDITURE & FINANCING								
Capital Expenditure	£m	255	249	210	235	323	359	365
Capital Financing								
Borrowing	£m	101	128	87	103	179	138	83
Grants and contributions	£m	144	106	105	111	122	206	255
Capital receipts and earmarked reserves	£m	10	15	18	21	22	15	27
Total capital financing	£m	255	249	210	235	323	359	365
CAPITAL FINANCING REQUIREMENT								
Capital Financing Requirement (CFR)								
Opening CFR	£m	992	1,070	1,057	1,104	1,365	1,470	1,506
Add								
Additional borrowing	£m	101	128	87	103	179	138	83
Additional credit liabilities (PFI / Finance leases)	£m	2	-	1	207	-	-	-
		1,095	1,198	1,145	1,414	1,544	1,608	1,589
Less								
Revenue provision for debt repayment	£m	(33)	(37)	(37)	(44)	(55)	(61)	(64)
Capital receipts applied to repay debt	£m	(5)	(7)	(4)	(5)	(19)	(41)	(42)
Capital Financing Requirement	£m	1,057	1,154	1,104	1,365	1,470	1,506	1,483

Summary of prudential indicators		2018-19	2019-20		2020-21	2021-22	2022-23	2023-24
		Actual	Original Estimate	Updated Estimate	Estimate	Forecast	Forecast	Forecast
Analysis of the Capital Financing Requirement								
Supported borrowing and pre 2008/09 unsupported borrowing	£m	466	454	454	442	430	418	406
Unsupported borrowing								
General	£m	444	554	511	585	685	758	791
Deferred (loans, housing and investment properties)	£m	8	18	9	13	51	49	29
Sub total - borrowing	£m	918	1,026	974	1,040	1,166	1,225	1,226
Credit arrangements (PFI / Finance leases)	£m	139	128	130	325	304	281	257
Total	£m	1,057	1,154	1,104	1,365	1,470	1,506	1,483
Gross borrowing and the CFR								
Medium term forecast of CFR	£m	1,365	1,244	1,470	1,506	1,483	1,420	1,358
Forecast external debt (long term) and credit arrangements	£m	654	640	673	848	814	782	747
Headroom	£m	711	604	797	658	669	638	611
EXTERNAL DEBT								
Authorised limit								
Borrowing	£m	620	950	870	930	1,030	1,090	1,090
Other long term liabilities	£m	284	128	130	325	302	281	257
Total authorised limit	£m	904	1,078	1,000	1,255	1,332	1,371	1,347

Summary of prudential indicators		2018-19	2019-20		2020-21	2021-22	2022-23	2023-24
		Actual	Original Estimate	Updated Estimate	Estimate	Forecast	Forecast	Forecast
Operational boundary								
Borrowing	£m	520	850	760	810	920	980	980
Other long term liabilities	£m	265	108	121	305	283	261	238
Total operational boundary	£m	785	958	881	1,115	1,203	1,241	1,218
Actual external debt (incl. credit arrangements)	£m	511	N/A	N/A	N/A	N/A	N/A	N/A
Financing to net revenue streams								
Financing to Net Revenue Streams	%	7.3%	8.2%	8.2%	8.7%	9.9%	10.6%	10.8%
Incremental impact on Council Tax								
Effect of capital schemes starting in:								
2018/19 and earlier years	£	£78.34	£90.89	£90.48	£90.00	£94.80	£100.49	£104.76
2019/20	£	£1.86	£7.08	£0.54	£2.15	£3.42	£7.79	£10.56
2020/21	£		£0.45	-	£0.88	£3.82	£4.32	£4.37
2021/22	£		-	-	-	£0.29	£1.11	£1.10
2022/23	£		-	-	-	-	£0.38	£1.44
2023/24	£		-	-	-	-	-	£0.88
Total	£	£80.20	£98.42	£91.02	£93.03	£102.33	£114.09	£123.11

Annex 3b – Treasury Management Summary

Treasury Management Summary		2018-19	2019-20		2020-21	2021-22	2022-23	2023-24
		Actual	Original Estimate	Latest Estimate	Estimate	Forecast	Forecast	Forecast
Estimated debt and investments								
Investments (estimated balance at each 31st March)	£m	259	181	213	212	176	170	170
External debt (operational boundary for borrowing)	£m	520	850	760	810	920	980	980
Expected movement in interest rates								
Bank Rate (at each 31st March)	%		1.25%	0.75%	0.75%	1.00%	1.25%	1.25%
PWLB (borrowing) rates								
5 year	%		2.30%	2.30%	2.50%	2.80%	3.10%	3.20%
10 year	%		2.80%	2.60%	2.70%	3.10%	3.30%	3.50%
25 year	%		3.20%	3.20%	3.40%	3.74%	4.00%	4.10%
50 year	%		3.00%	3.10%	3.30%	3.60%	3.90%	4.00%
Source: Link Asset Services (Treasury Solutions) (December 2019)								
Effect of 1% increase in interest rates								
Interest on borrowing	£'000		1,885	2,736	1,897	1,683	1,659	1,659
Interest on investments	£'000		(1,800)	-	-	-	-	-
Interest attributed to reserves & balances	£'000		1,363	(2,229)	(2,211)	(1,852)	(1,799)	(1,764)
Interest attributed to other bodies	£'000		23	150	1,230	2,855	3,895	4,295
Net total	£'000		1,471	657	916	2,686	3,755	4,190

Treasury Management Summary		2018-19	2019-20		2020-21	2021-22	2022-23	2023-24
		Actual	Original Estimate	Latest Estimate	Estimate	Forecast	Forecast	Forecast
Borrowing requirement (external borrowing)	£m	-	197	60	186	139	69	11
Interest rate exposures								
Upper limits for exposure to fixed rates								
Net exposure	£m	620	950	870	930	1,030	1,090	1,090
Debt	%	100%	100%	100%	100%	100%	100%	100%
Investments	%	100%	100%	100%	100%	100%	100%	100%
Upper limits for exposure to variable rates								
Net exposure	£m	186	285	261	279	309	327	327
Debt	%	30%	30%	30%	30%	30%	30%	30%
Investments	%	100%	100%	100%	100%	100%	100%	100%
Maturity structure of borrowing (upper limit)								
Under 12 months	%	1%	40%	40%	40%	40%	40%	40%
12 months and within 24 months	%	1%	40%	40%	40%	40%	40%	40%
24 months and within 5 years	%	4%	40%	40%	40%	40%	40%	40%
5 years and within 10 years	%	10%	40%	40%	40%	40%	40%	40%
10 years and within 25 years	%	26%	60%	79%	78%	67%	63%	60%
25 years and within 40 years	%	23%	40%	47%	40%	40%	40%	40%
40 years and within 50 years	%	12%	20%	20%	20%	20%	20%	20%

Treasury Management Summary		2018-19	2019-20		2020-21	2021-22	2022-23	2023-24
		Actual	Original Estimate	Latest Estimate	Estimate	Forecast	Forecast	Forecast
50 years and above	%	15%	20%	20%	20%	20%	20%	20%
Maturity structure of borrowing (lower limit)								
All maturity periods	%	0%	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	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’, we ensure 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:

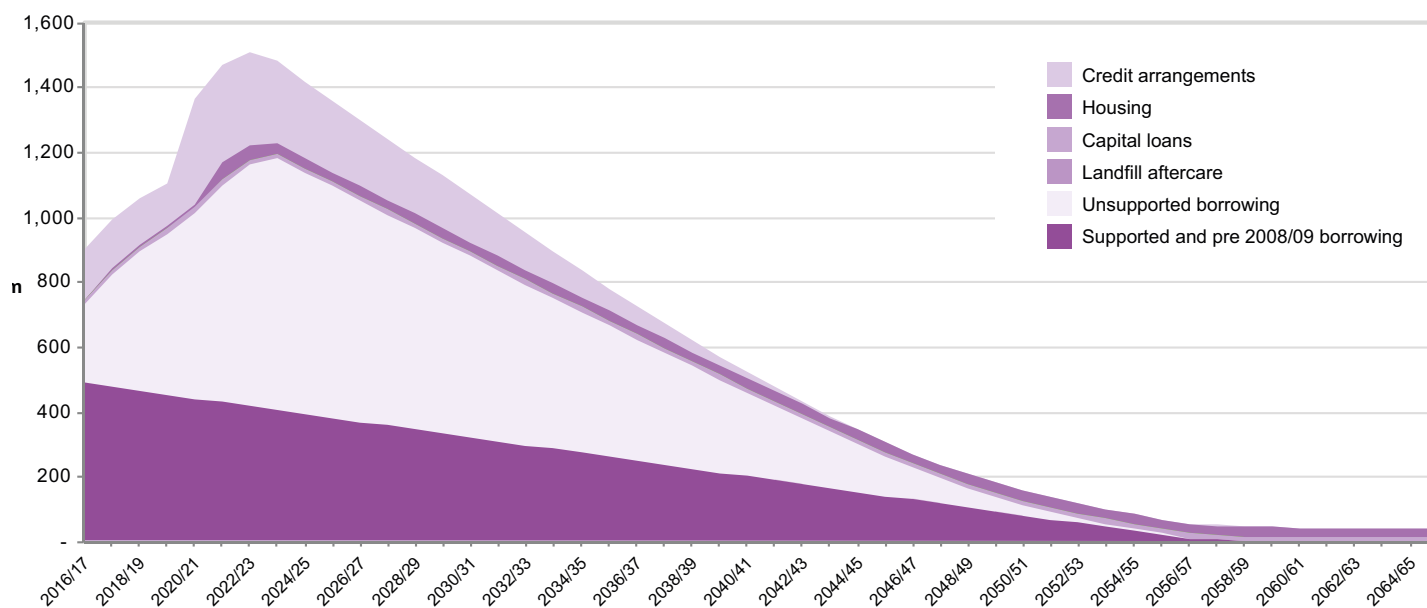
Borrowing	MRP repayment basis
Pre 1st April 2008 debt	This element of the Capital Financing Requirement is being repaid on a 50 year ‘ Equal instalments ’ basis, with commencement of the 50-year term in 2007/08.
Government supported debt (2008/09 onwards)	This element of the Capital Financing Requirement 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).
Unsupported borrowing Loans awarded for capital purposes	Where we give a loan to a third party towards expenditure which would, if incurred by us, be capital expenditure, the amounts paid out count as capital expenditure for capital financing purposes. The expenditure is therefore included in the calculation of our Capital Financing Requirement. When we receive the repayment of an amount loaned, the income will be classified as a capital receipt. 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).
Unsupported borrowing Assets acquired or developed for resale (including Essex Housing projects)	Where expenditure is incurred to acquire and/or develop properties for resale, the Capital Financing Requirement will increase by the amount expended. Where we will subsequently recoup the amount expended via the sale of an asset, the income will be classified as a capital receipt. 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).
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, we 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:

Capital Financing Requirement – Current projection



The revenue budget provision for ‘revenue provision’ charges in 2020/21 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, we stipulate the minimum acceptable credit quality of counterparties for inclusion on its lending list. Where applicable, we do this by reference to the credit ratings, watches and outlooks published by all three ratings agencies (i.e. Fitch, Standard and Poor and Moody's). Definitions of the credit ratings of the three main rating agencies are available upon request.

2. Banks and building societies

We 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 we 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 our 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 our lending list at the discretion of the Executive Director for Finance and Technology, in consultation with the Leader (who is currently the Cabinet Member for Finance, Property and Housing).

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 our investments.

In the event that our 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.

There are three permitted structural options for money market funds, as follows:

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

We 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 our 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 instrument 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 Finance and Technology will work with our 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 Finance and Technology 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 and 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)							35	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 us, 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.

This information is issued by:
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