



Essex County Council

Summons

To all Members of Essex County Council

You are hereby summoned to attend the meeting of the County Council to be held as shown below to deal with the business set out in the Agenda.

10:00	Tuesday, 13 February 2018	Council Chamber, County Hall, Chelmsford, CM1 1QH
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Gavin Jones
Chief Executive

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Prayers The meeting will be preceded by Prayers led by The Reverend Canon Ivor Moody, Vice Dean and Canon Pastor, Chelmsford Cathedral and Workplace Chaplain, Essex County Council.

Public Questions A period of up to 30 minutes will be allowed for members of the public to ask questions on any business of the Council (Standing Order 16.12.10). No question shall be longer than three minutes and speakers must have registered with the clerk no later than 7 calendar days before the date of the meeting. On arrival, and before the start of the meeting, registered speakers must identify themselves to staff in order to be seated.

Pages

- | | | |
|----------|--|---------------|
| 1 | Apologies for Absence | |
| 2 | Declarations of Interest
To note any declarations of interest to be made by
Members in accordance with the Members' Code of Conduct | |
| 3 | Confirmation of the minutes of the meeting held on 12
December 2017 | 4 - 38 |

4	Chairman’s Announcements and Communications	
5	Receipt of petitions	
6	Budget 2018/2019	39 - 176
7	Scrutiny Activity	177 - 191
8	To receive a report of matters reserved to the Council and to consider any recommendations	192 - 192
9	To receive the Leader's report of Cabinet Issues	193 - 203
10	Clarification of answers provided in response to written questions asked by Members of the Council	
11	Oral questions to the Leader, Cabinet Member or the chairman of a committee	
12	Oral questions to the representative of the Essex Police, Fire and Crime Panel on any matter relevant to the business of that Panel	

Essex County Council and Committees Information

All Council and Committee Meetings are held in public unless the business is exempt in accordance with the requirements of the Local Government Act 1972. If there is exempted business, it will be clearly marked as an Exempt Item on the agenda and members of the public and any representatives of the media will be asked to leave the meeting room for that item.

The agenda is available on the Essex County Council website, <https://www.essex.gov.uk>. From the Home Page, click on ‘Your Council’, then on ‘Meetings and Agendas’. Finally, select the relevant committee from the calendar of meetings.

Attendance at meetings

Most meetings are held at County Hall, Chelmsford, CM1 1LX. A map and directions to County Hall can be found at the following address on the Council’s website: <http://www.essex.gov.uk/Your-Council/Local-Government-Essex/Pages/Visit-County-Hall.aspx>

Access to the meeting and reasonable adjustments

County Hall is accessible via ramped access to the building for people with physical disabilities.

The Council Chamber and Committee Rooms are accessible by lift and are located on the first and second floors of County Hall.

Induction loop facilities are available in most Meeting Rooms. Specialist headsets are available from Reception.

With sufficient notice, documents can be made available in alternative formats, for further information about this or about the meeting in general please contact the named officer on the agenda pack or email democratic.services@essex.gov.uk

Audio recording of meetings

Please note that in the interests of improving access to the Council's meetings, a sound recording is made of the public parts of many of the Council's Committees. The Chairman will make an announcement at the start of the meeting if it is being recorded.

If you are unable to attend and wish to see if the recording is available you can visit this link <https://cmis.essexcc.gov.uk/Essexcmis5/CalendarofMeetings> any time after the meeting starts. Any audio available can be accessed via the 'On air now!' box in the centre of the page, or the links immediately below it.

Should you wish to record the meeting, please contact the officer shown on the agenda front page.

Minutes of the meeting of the Full Council, held in the Council Chamber County Hall, Chelmsford, Essex on Tuesday, 12 December 2017

Present:

	Chairman:	Councillor J F Aldridge	
	Vice-Chairman:	Councillor J G Jowers	
J Abbott		I Grundy	G Mohindra
B Aspinell		C Guglielmi	Dr R Moore
T Ball		M Hardware	J Moran
S Barker		D Harris	M Platt
J Beavis		A M Hedley	C Pond
K Bentley		I Henderson	R Pratt
D Blackwell		J Henry	J M Reeves
A Brown		S Hillier	P Reid
M Buckley		P Honeywood	S Robinson
G Butland		A Jackson	C Sargeant
S Canning		E C Johnson	W Schmitt
J Chandler		D J Kendall	L Scordis
T Cutmore		S Lissimore	A Sheldon
A Davies		D Louis	K Smith
J Deakin		M Mackrory	J Spence
M Durham		R A Madden	M Steptoe
B Egan		M Maddocks	A Turrell
A Erskine		B Massey	S Walsh
D Finch		P May	C Weston
R Gadsby		M McEwen	C Whitbread
M Garnett		L McKinlay	A Wood
A Goggin		V Metcalfe	J A Young
R J Gooding		R Mitchell	

Prayers

The meeting was preceded by prayers led by The Right Reverend Hugh Allan o.praem, the Abbot of Beeleigh and Chaplain to the Chairman of Essex.

Public Questions

1. The Chairman welcomed Mr Dave Morgan who spoke concerning the provision of a cycle path from Clacton Pier to Holland Haven. Mr Morgan asked Council to note that Clacton and its surrounding area had both a Promenade at sea level and a Greensward Promenade at road level. The latter was part of the National Cycle Route (NCR) 150 running from Jaywick to Frinton via Clacton and Holland on Sea.

He stated that Essex and Tendring Councils were neglecting the NCR 150 and despite questions previously being raised at Council by Councillor Sergeant, nothing was being done to improve safety and encourage its use. He suggested that the existing path could be easily widened to create separate walking and cycling paths to match those of other seaside towns and such action would be in the interests of cyclists, walkers and indeed all users of the paths and promenades.

He urged the Cabinet Member to instruct officers to make the improvements in the interests of local users.

Councillor Grundy, the Cabinet Member for Highways, thanked Mr Morgan for encouraging cycling and said he shared his enthusiasm. He confirmed he had been having discussions with local Members who also desired that the National Cycling Route 150 should be improved. He assured Mr Morgan that work is being done but it wouldn't happen overnight. In the long term, there was work underway with Tendring District Council to develop a Cycling Action Plan which will assist in the prioritisation of funding for improvements to infrastructure based on local residents' needs. The Action Plan has already identified a number of schemes in the Clacton area including improvements to NCR 150 and this is being progressed through the Local Highways Panel with a variety of funding options being explored. He added that he would be happy to share the details of these improvements with Mr Morgan through his local member, Councillor Sargeant.

2. The Chairman welcomed Mr Gerald Dickinson who stated that he had noticed, whilst walking in Colchester, damage to street furniture, signposts, road-signs and overall deterioration of the condition of roads and footpaths. He questioned if they were being adequately maintained. Whilst acknowledging the scarcity of available funding for all that the Council needed to do, he noted that the Council had a published Highways Maintenance Strategy and he asked the Cabinet Member if he believed there was full, prompt and complete compliance with it across the county. By not doing so he suggested that the Council was failing to meet the needs and expectations of the residents of Essex.

Councillor Grundy, the Cabinet Member for Highways, thanked Mr Dickinson for his question. He wished he could promise to repair all defects on the highways and footpaths across Essex but the reality was that across a network of over 5,000 miles, with more than 1,500 structures and 20,000 streetlights there was a need to prioritise spending. This prioritising was currently targeted at the most heavily used roads. Targeting repairs and maintenance to improve safety was considered to be best practice. He noted that, in fact, the Council had recently

won an award for its road maintenance and that this award would be presented to the Chairman of the Council later at this meeting. He observed that this maintenance work was undertaken by dedicated staff who were hard working but much maligned. In fact, no-one was doing this work better in the UK and they were doing so in the face of extremely challenging circumstances. He asked Mr Dickinson and Council to note that there was continued investment of tens of millions of pounds in improving and maintaining the road network to keep Essex moving.

3. The Chairman welcomed Mr Alan Sanders who spoke concerning the Essex Cycling Strategy and recalled that on 11 July 2017 Councillor Sargeant had raised the subject of the forthcoming visit of the Tour of Britain to Clacton on 7 September and had asked for the support of the Council for the visit; the establishment of a Tour of Essex bike race and for the National Cycle Route 150 to be rationalised and to have an extension to Clacton Rail Station.

He further recalled that the response by the Deputy Leader, Councillor Kevin Bentley, was very favourable, and he had expressed both support and belief in the value of such events including the Olympics, Women's Tour and Tour de France as all having benefited Essex. However, he believed that since that time further statements seem to have been more negative and despite having provided a business plan on 29 August at the request of the Councillor Bentley there had been no response.

He noted that the Essex Cycle Strategy stated, 'A branded Cycle Essex website; encouraging high profile local cyclists to endorse cycling in Essex; use high profile events to encourage people to make the step from spectator to cyclist and continue to support and be visibly prominent at regular events to encourage people to give cycling a try.'

Mr Sanders questioned the Deputy Leader's belief in the value of such high profile cycle events in Essex and Councillor Gooding, Member for Education and the Council's Cycling Champion, about his determination to implement the Essex Cycle Strategy. He asked what resources would be offered to implement in the immediate future, one of its key points, i.e. 'a high-profile Essex bike race and festival' and when might the Essex Cycling Strategy be fully implemented?

Councillor Gooding thanked Mr Sanders for his question and stated that the Council was extremely supportive of cycling events in Essex but was hampered by lack of available funding and so was seeking external sponsorship. He urged any organisation who might be interested to enter into a sponsorship partnership with the Council in order to fund such events to contact him.

The Chairman formally opened the meeting**1. Apologies for Absence**

Apologies for absence were received on behalf of Councillors Baker, Channer, Lumley, Souter and Wagland.

2. Declarations of Interest

There were no declarations of interest.

3. Confirmation of the minutes of the meeting held on 10 October 2017**Resolved:**

That the minutes of the ordinary meeting held on 10 October 2017 be approved as a correct record and signed by the Chairman subject to an amendment on page 37, Minute 14 (Oral Questions of the representative of the Essex Fire Authority) regarding the Report to the Constituent Authorities of the meeting on 6 September 2017 to remove reference to Councillor Hedley, and to amend the minute to read:

‘However, Councillor Turrell, noting that the Essex Fire Authority had now been abolished, asked how the work of the Police, Crime and Fire Commissioner was to be properly scrutinised.’

4. Chairman’s Announcements and Communications**Recent Deaths****Former Councillor Robert Sears**

The Chairman informed Members that former Councillor David Fisher had died on Monday, the 16 October at the age of 94.

He had been elected to Essex County Council to represent the Division of Southminster in 1966 and retired in 1997. He had served on numerous committees including Health, Education, Highways, Planning and Social Services as well as being the County Council representative on both the Police and Fire Authorities.

He had been also at various times both the Vice-Chairman and the Chairman of Maldon District Council and the Chairman of Southminster Parish Council as well as serving as a magistrate. He had been made an Honorary Alderman in 2006.

Members stood in remembrance.

Awards

Social Worker Awards – The Dementia Training Team

The Chairman invited Councillor Spence, the Cabinet Member for Health and Adult Social Care, to present an award won by the Dementia Training Team. Councillor Spence explained that this gold award had been won for creative and innovative practice. The training had been developed in the USA and had been commissioned by Essex, the first county in the UK to do so. Almost 650 of Essex' staff had already undergone the training and he wished members to note that the Dementia Training Team did this in addition to the normal duties. He also recommended that members undertook the training and he would be circulating to them available dates. He presented the award to the Chairman and as the team were present in the public gallery members expressed their appreciation by applauding.

Transport Local Authority of the Year

The Chairman invited Councillor Grundy, the Cabinet Member for Highways to present an award won by Highways and Transportation staff at the National Transport Awards. Councillor Grundy explained that the Transport Local Authority of the Year was the top award for transport and recognised Essex as the best in the UK and the council was specifically commended for embracing change. It recognised the success of the Council's strategic partnerships, the major road improvements and the introduction on LED street lighting, the eco-friendly use of bamboo as well as several years of expertise and best practice and he thanked the Highways and Transportation Team for their hard work and dedication. He also noted that the award spanned two other portfolios other than his own, Councillor Bentley's for Infrastructure and Councillor Gooding's for Passenger Transport. As representatives of the team were present in the public gallery the Chairman invited members to express their appreciation with applause.

MoD Employer Recognition Scheme

The Chairman invited Councillor Barker, the Cabinet Member for Culture, Communities and Customer, to present an award received by the Council under the MoD Employer Recognition Scheme. Councillor Barker stated that she was very proud to present the award that recognised that the Council was committed to the military covenant was continuing work through the military partnership, with serving staff at Carver Barracks, Wimbish, Colchester Garrison and with veterans throughout the County.

The Royal Engagement

The Chairman informed Council of the letter that he had written to HRH Prince Henry of Wales KCVO on the occasion of his engagement to Ms Meghan Markle and to wish them both a lifetime of happiness together.

5. Receipt of petitions and deputations

The Chairman received a petition presented by Councillor Smith concerning the provision of buses in the Division of Basildon Westley Heights. The petition was passed for the attention of Councillor Gooding, the Cabinet Member for Education.

The Chairman also received a petition presented by Councillor Mackrory concerning the condition of pavements in Kingston Avenue and Kingston Crescent, Chelmsford. The petition was passed for the attention of Councillor Grundy, the Cabinet Member for Highways.

6. Executive Statement

The Leader of the Council, Councillor Finch, presented an Executive Statement entitled 'Reflections on the Budget and year to date' the text of which is to be found published on the County Council's website with the documents for this meeting.

7. Motions

1. Improving Air Quality

It was moved by Councillor Abbott and seconded by Councillor Pond that

'This Council calls upon the Administration to

1. Adopt an overarching Council Air Quality Improvement Policy.
2. Ensure that services provided or commissioned by the Council are conducted with proper regard to their effects on air quality, and that contractors abide by the provisions of the overarching policy.
3. Phase out the payment of expenses to those driving the most polluting vehicles, and enhance cycle and car-sharing mileage provision
4. Encourage Her Majesty's Government to institute a scrappage scheme for the most polluting private and commercial vehicles.
5. Ensure that the Council's comments on any Local Plan require public transport infrastructure, modal shift, and electric vehicle facilities be a central part of that Plan.
6. Enter dialogue with Her Majesty's Government and Local Planning Authorities to ensure that reduction of air pollution is properly considered in planning determination.
7. Support inter-urban and rural cycling and walking (including PROW) so as to provide safer off-road routes.'

It was moved by Councillor Robinson and seconded by Councillor Kendall that the motion be amended to read as follows:

'This Council calls upon the Administration to

1. Adopt an overarching Council Air Quality Improvement Policy.
2. Ensure that services provided or commissioned by the Council are conducted with proper regard to their effects on air quality, and that contractors abide by the provisions of the overarching policy.
3. Phase out the payment of expenses to those driving the most polluting vehicles, and enhance cycle and car-sharing mileage provision.
4. Encourage Her Majesty's Government to institute a scrappage scheme for the most polluting private and commercial vehicles.
5. Ensure that the Council's comments on any Local Plan require public transport infrastructure, modal shift, and electric vehicle facilities be a central part of that Plan.
6. Enter dialogue with Her Majesty's Government and Local Planning Authorities to ensure that reduction of air pollution is properly considered in planning determination.
7. Support inter-urban and rural cycling and walking (including PROW) so as to provide safer off-road routes.
8. For this County Council and its partners to go for low carbon options when buying its own vehicles.'

It was moved by Councillor Harris and seconded by Councillor Scordis that the motion be amended to read as follows:

'This Council calls upon the Administration to

1. Adopt an overarching Council Air Quality Improvement Policy.
2. Ensure that services provided or commissioned by the Council are conducted with proper regard to their effects on air quality, and that contractors abide by the provisions of the overarching policy.
3. Subject to the successful introduction of (4.) below: Phase out the payment of expenses to those driving the most polluting vehicles, and enhance cycle and car-sharing mileage provision
4. Encourage Her Majesty's Government to institute a scrappage scheme for the most polluting private and commercial vehicles.
5. Ensure that the Council's comments on any Local Plan require public transport infrastructure, modal shift, and electric vehicle facilities be a central part of that Plan.
6. Enter dialogue with Her Majesty's Government and Local Planning Authorities to ensure that reduction of air pollution is properly considered in planning determination.
7. Support inter-urban and rural cycling and walking (including PROW) so as to provide safer off-road routes.'

It was moved by Councillor Walsh and seconded by Councillor Cutmore that the motion be amended to read as follows:

'This Council notes that the Place Services and Economic Growth Policy and Scrutiny Committee is undertaking a review of air quality issues and asks that Committee to consider the following suggestions and make appropriate recommendations to the Cabinet Member, as part of the review:

1. Adopt an overarching Council Air Quality Improvement Policy.
2. Ensure that services provided or commissioned by the Council are conducted with proper regard to their effects on air quality, and that contractors abide by the provisions of the overarching policy.
3. Phase out the payment of expenses to those driving the most polluting vehicles, and enhance cycle and car-sharing mileage provision
4. Encourage Her Majesty's Government to institute a scrappage scheme for the most polluting private and commercial vehicles.
5. Ensure that the Council's comments on any Local Plan require public transport infrastructure, modal shift, and electric vehicle facilities be a central part of that Plan.
6. Enter dialogue with Her Majesty's Government and Local Planning Authorities to ensure that reduction of air pollution is properly considered in planning determination.
7. Support inter-urban and rural cycling and walking (including PROW) so as to provide safer off-road routes.'

There being general consent and with the agreement of Councillors Abbott and Pond the amendments were accepted and with the approval of Council the original motion was amended to read:

'This Council notes that the Place Services and Economic Growth Policy and Scrutiny Committee is undertaking a review of air quality issues and asks that Committee to consider the following suggestions and make appropriate recommendations to the Cabinet Member, as part of the review:

1. Adopt an overarching Council Air Quality Improvement Policy.
2. Ensure that services provided or commissioned by the Council are conducted with proper regard to their effects on air quality, and that contractors abide by the provisions of the overarching policy.
3. Subject to the successful introduction of (4.) below: Phase out the payment of expenses to those driving the most polluting vehicles, and enhance cycle and car-sharing mileage provision
4. Encourage Her Majesty's Government to institute a scrappage scheme for the most polluting private and commercial vehicles.
5. Ensure that the Council's comments on any Local Plan require public transport infrastructure, modal shift, and electric vehicle facilities be a central part of that Plan.
6. Enter dialogue with Her Majesty's Government and Local Planning Authorities to ensure that reduction of air pollution is properly considered in planning determination.
7. Support inter-urban and rural cycling and walking (including PROW) so as to provide safer off-road routes.
8. For this County Council and its partners to go for low carbon options when buying its own vehicles'

The motion as amended was put to the vote and **carried**.

2. All Night Lighting

It was moved by Councillor Davies and seconded by Councillor Henderson that:

‘At the July 2014 council meeting a motion was moved by Councillor Henderson calling on this authority to discontinue the £6.5m part night lighting strategy and to consult and gather views on alternative lighting strategies and technologies such as LED lighting.

Council notes with interest that Kent County Council has now converted all 118,000 street lights to LED bulbs providing All Night Lighting whilst saving £5.2m in energy costs every year. Kent County Council’s decision is based on LED technology being more efficient, reducing energy and maintenance costs, carbon emissions, light pollution and the need for customers to report faulty street lights.

This Council calls on the administration to follow the example of Kent County Council by converting all Essex street lights to LED bulbs and reinstating All Night Lighting across Essex making our county safer while making much needed financial savings and improving the environment.’

Prior to the Motion being put, ten Members demanded a named vote by standing in their places.

The Motion having been put to the meeting it was declared to be **lost** by 16 votes for, 51 against and 1 abstention.

Those voting for the Motion were Councillors:

B Aspinell	I Henderson	S Robinson
D Blackwell	D J Kendall	C Sargeant
A Davies	M Mackrory	L Scordis
J Deakin	P May	K Smith
D Harris	P Reid	A Turrell
		J A Young

Those voting against the Motion were Councillors:

J Abbott	M Garnett	L McKinlay
J F Aldridge	A Goggin	V Metcalfe
T Ball	R J Gooding	R Mitchell
S Barker	I Grundy	G Mohindra
J Beavis	C Guglielmi	Dr R Moore
K Bentley	A M Hedley	J Moran

A Brown	J Henry	M Platt
M Buckley	S Hillier	R Pratt
G Butland	P Honeywood	J M Reeves
S Canning	A Jackson	W Schmitt
J Chandler	E C Johnson	A Sheldon
T Cutmore	J G Jowers	J Spence
M Durham	S Lissimore	M Steptoe
B Egan	D Louis	S Walsh
A Erskine	R A Madden	C Weston
D Finch	B Massey	C Whitbread
R Gadsby	M McEwen	A Wood

Councillor Pond abstained.

3 Business Rate Retention Scheme

It was moved by Councillor McKinlay and seconded by Councillor Spence that:

‘With the phasing out of the revenue support grant, ECC welcomes government plans to introduce pilot programmes for the retention of business rates and expresses its continuing commitment to engage in such schemes. The 100% Business Rate Retention scheme, due to come in in 2020/21 will provide additional financial support to local government, with an anticipated national annual surplus of £6.25 billion.

This money is currently unallocated. The Council calls upon the government to use this pot of money for the funding of pressures in Social Care, and is proposing to work with central government to ensure the final arrangements work both nationally and for the benefit of Essex residents.’

It was moved by Councillor Mackrory and seconded by Councillor Deakin that the motion be amended to read as follows:

‘With the phasing out of the revenue support grant, ECC welcomes government plans to introduce pilot programmes for the retention of business rates and expresses its continuing commitment to engage in such schemes. The 100% Business Rate Retention scheme, due to come in in 2020/21 will provide additional financial support to local government, with an anticipated national annual surplus of £6.25 billion.

This money is currently unallocated. The Council calls upon the government to use all of this pot of money for the funding of pressures in Social Care, and is proposing to work with central government to ensure the final arrangements work both nationally and for the benefit of Essex residents.’

The amendment moved by Councillor Mackrory and seconded by Councillor Deakin having been put to the meeting was **lost**.

The original motion was put to the meeting and was **carried**.

4 Greater infrastructure devolution to deliver growth

It was moved by Councillor Mohindra and seconded by Councillor Bentley that:

‘This Council recognises with gratitude the huge investment that the Government and SELEP have already pledged to invest into Essex with such schemes as the new Junction 7A on the M11 and improvements to existing junctions 7 and 8, not to mention the collaborative working with DFT in joint financing with ECC on the A120 consultation and preparation work plus the improvements planned to the A12.

This Council now calls on the Government to go further and help with funding other schemes such as the A127 and the A13 as major corridors of economic growth and to enter into joint working to deliver these and other vital projects. To also, where possible, devolve the monies needed to ECC to enable consultation and design work needed, emulating the close working relationship as witnessed over the A120 work.’

It was moved by Councillor Mackrory and seconded by Councillor Turrell that the motion be amended to read as follows:

‘This Council recognises the huge investment that the Government and SELEP have already pledged to invest into Essex with such schemes as the new Junction 7A on the M11 and improvements to existing junctions 7 and 8, not to mention the collaborative working with DFT in joint financing with ECC on the A120 consultation and preparation work plus the improvements planned to the A12.

This Council now calls on the Government to go further and give specific commitments by the end of the next financial year with funding other schemes, such as the A127 and the A13 as major corridors of economic growth and to enter into joint working to deliver these and other vital projects. To also, where possible, devolve the monies needed to ECC to enable consultation and design work needed, emulating the close working relationship as witnessed over the A120 work.’

It was moved by Councillor Scordis and seconded by Councillor Young that the motion be amended to read as follows:

‘This Council recognises that the Government and SELEP have already pledged to invest into Essex with such schemes as the new Junction 7A on the M11 and improvements to existing junctions 7 and 8, not to mention the collaborative working with DFT in joint financing with ECC on the A120 consultation and preparation work plus the improvements planned to the A12.

This Council now calls on the Government to go further and help with funding other schemes such as the A127 and the A13 as major corridors of economic growth and to enter into joint working to deliver these and other vital projects. To also, where possible, devolve the monies needed to ECC to enable consultation and design work needed, emulating the close working relationship as witnessed over the A120 work.

This Council also calls on the government to invest further in rail infrastructure; preparing for the introduction of Crossrail, linking the North and South of Essex and opening previously closed train stations. This Council would also welcome more investment in other forms of public transport, such as buses, to stimulate our economy for the future and tackle congestion, as well as carbon emissions.'

The amendment moved by Councillor Mackrory and seconded by Councillor Turrell having been put to the meeting was **lost**.

The amendment moved by Councillor Scordis and seconded by Councillor Young having been put to the meeting was **lost**.

The original motion, having been put to the meeting was **carried**.

8. Adjournment

With the agreement of Council the Chairman adjourned the meeting for luncheon at 13:10. The meeting reconvened at 14:15.

9. Pay Policy Statement

Councillor Finch, the Leader of the Council, presented a report and appendix 1 concerning the Pay Policy Statement and it was moved by Councillor Finch and seconded by Councillor McKinley that:.

1. That with immediate effect the document at appendix 1 to the report be adopted as the pay policy statement for 2017/18 and 2018/19.
- 2 To note that the current pay policy statement will continue to have effect for current employees until their contracts of employment are changed by collective agreement, consent or otherwise.

Prior to the Motion being put, ten Members demanded a named vote by standing in their places.

The Motion having been put to the meeting it was declared to be **carried** by 53 votes for, 11 against and four abstentions.

Those voting for the Motion were Councillors:

J F Aldridge	R J Gooding	V Metcalfe
T Ball	I Grundy	R Mitchell
S Barker	C Guglielmi	G Mohindra
J Beavis	M Hardware	Dr R Moore
K Bentley	A M Hedley	J Moran
A Brown	J Henry	M Platt
M Buckley	S Hillier	R Pratt
G Butland	P Honeywood	J M Reeves
S Canning	A Jackson	W Schmitt
J Chandler	E C Johnson	A Sheldon
T Cutmore	J G Jowers	K Smith
M Durham	S Lissimore	J Spence
B Egan	D Louis	M Steptoe
A Erskine	R A Madden	S Walsh
D Finch	M Maddocks	C Weston
R Gadsby	B Massey	C Whitbread
M Garnett	M McEwen	A Wood
A Goggin	L McKinlay	

Those voting against the Motion were Councillors:

B Aspinell	I Henderson	L Scordis
A Davies	M Mackrory	A Turrell
J Deakin	P Reid	J A Young
D Harris	S Robinson	

Councillors Abbott, Blackwell, May and Pond abstained.

10. To receive a report of matters reserved to the Council

Councillor Finch, the Leader of the Council, presented the report of matters reserved to Council.

It having been moved by Councillor Finch and seconded by Councillor Bentley it was

Resolved that:**1. Committee Seat Allocation**

- (1) Amend paragraph 8.1.2 of the Constitution that relates to Audit, Governance and Standards Committee, by replacing 'Seven Members' with 'Ten Members'.
- (2) Allocate the additional places on the Committee to political groups as indicated in the report.

2. Motion amendment deadlines

That paragraph 16.9.8(ii) of the Constitution be amended to read:

'(ii) No amendment may be moved unless:

(a) it has been put in writing and handed to the Head of Democracy and Transparency or their nominee no later than 12:00 midday on the working day before the meeting in a format to be specified by the Monitoring Officer;'

3. Changes to Membership of Committees

To note the changes that have been made by officers under delegated powers in accordance with notification given by the Leaders of the Conservative and Non-Aligned Groups

- Councillor Mike Garnett has replaced Councillor Carole Weston as the Conservative Group member of the Corporate Policy and Scrutiny Committee.
- Councillor Anthony Hedley has replaced Councillor Gagan Mohindra as the Conservative Group member of the Essex Pension Strategy Board.
- Councillors Penny Channer and Andy Erskine will be the additional the Conservative Group members of the Audit, Standards and Governance Committee. Councillors Malcolm Maddocks and Andrew Sheldon are named substitutes.
- Councillor Abbott will replace Councillor Sargeant as the Non-Aligned Group member on the Corporate Policy and Scrutiny Committee
- Councillor Smith will be the Non-aligned Group member of the Audit, Governance and Standards Committee.
- Councillor Blackwell will be the Non-Aligned Group member of the Investment Steering Committee.

4. Appointment of a Sub-Committee of the Committee to determine the Terms and Conditions of employment of Chief and Deputy Chief Officers

1. That the Sub-Committee be created with general power to deal with appointments, dismissals or appeals relating to Deputy Chief Officers.
2. That the Constitution is amended at 8.1.3 as shown in the report.

5. Reconstitution of the Essex Fire Authority

1. That in Part 1, Summary and Explanation the text:

‘(viii) Other Public Bodies

The Council is also required to appoint Members to the Essex County Fire and Rescue Authority.’

be amended to:

‘(viii) Other Public Bodies

The Council is also required to appoint a representative to the Essex Police, Fire and Crime Panel.’

2. That paragraph 6.3 (vii) which reads:

‘(vii) appointing Members to the Essex County Fire and Rescue Authority and the Essex Police and Crime Panel;’

be amended to read:

‘(vii) appointing a representative to the Essex Police, Fire and Crime Panel;’

3. That the table under paragraph 8.1.8, Non-Voting Members: ‘Essex Police and Crime Commissioner’ be amended to:

‘Essex Police, Fire and Crime Commissioner’

4. That paragraph 16.12.7 of the constitution which reads:

‘Essex Police and Crime Panel and/or Essex Fire Authority.

A Member may ask any question of the representative of either the Essex Police and Crime Panel or the Essex Fire Authority relevant to the business of the bodies.’

be amended to:

‘Essex Police, Fire and Crime Panel.

A Member may ask any question of the representative of the Essex Police, Fire and Crime Panel.'

5. That item 60 in Appendix 3 to the constitution, the **List of Approved Bodies** 'Fire Authority' be amended to 'Essex Police, Fire and Crime Panel'

6. Amendments to the Membership of the Essex Health and Wellbeing Board

To note the amendments to the membership of the Essex Health and Wellbeing Board that have been updated in the constitution.

7. Additional Approved Body to those listed in the Constitution

To add Veolia Pitsea Marshes Maintenance Trust to the list of Approved Bodies as set out in Appendix 3 to the Scheme of Allowances in the constitution.

8. Changes to Post Title

That references to 'Head of Democratic Services' are replaced with 'Head of Democracy and Transparency wherever they occur in the Constitution.

11. To receive the Leader's report of Cabinet Issues

Councillor Finch, the Leader of the Council, presented a report concerning matters considered by Cabinet since the last Council meeting.

It having been moved by Councillor Finch and seconded by Councillor Bentley it was

Resolved

That the report be received.

12. Written Questions

The published answers to the 29 written questions submitted in accordance with Standing Order 16.12.1 were noted.

Members asked supplementary questions of the relevant Cabinet Members details of which are available on the ECC website [via the online audio recording of the meeting](#). The written questions were:

1. By Councillor Blackwell of the Cabinet Member for Highways

'Could the Cabinet Member advise if the policy on highway trees is not to maintain but to remove them as highway trees on Canvey Island are being removed.'

Reply

'We aspire to maintain highway trees where possible; however across a network covering more than 5000 miles of road, with more than 1,500 structures and 127,000 street lights, safety needs to be our priority.

If trees are assessed as being dangerous they are removed and are unlikely to be replaced.'

2. By Councillor Hillier of the Cabinet Member for Highways

'I congratulate the Cabinet Member for Highways and his predecessors for the progress made in improving the condition of the priority roads in the County over recent years. Could the Cabinet Member inform me and Council what progress can be made towards achieving similar improvements to the local road and footway network in future years?'

Reply

'In previous years we have invested considerable amounts in priority routes and local roads, with more than half of our £66m investment into carriageways going into improving the condition of local roads. On top of this is a further £9m for maintaining footways across the county.

Our budget for next and future years is not yet ratified, and still subject to change, but as ever a balance must be struck between maintaining the excellent condition of our priority routes and continuing to spend on local roads and footways in line with limited resources.

Essex Highways is constantly doing more with less, exploring new methods of surfacing, new materials and techniques, aiming to save us money and help our roads and footways last even longer than they already do. We will continue to explore innovation and the development of new solutions, one of the many reasons Essex County Council won the National Transport Award for Local Transport Authority of the Year 2017.'

3. By Councillor Aspinell of the Cabinet Member for Economic Growth, Skills, Infrastructure and the Digital Economy

'As the local development plan for all authorities is being rolled out, the

information for local members regarding potential development sites, is that road access and transport movements has to be evidence based, before the potential sites can be rejected.

What is the Essex County Council doing in assisting the Local Districts in determining their sites?

Furthermore it is apparent that local districts are employing or commissioning outside agency consultants to deliver a model to demonstrate the viability or not of these sites. However, it is my understanding from our highways department that County Highways have to assess that model, test it and either agree or not with it. Would it not, therefore, be sensible and more cost effective for us, the County Council, to undertake this work in the first place for every district, after all, it is our road network.'

Reply

'Local Planning Authorities have to undertake detailed evidence work to support the development of a compliant local plan. Essex County Council is fully supportive to District/Borough and City Councils in the development of their local plans at all stages including attendance alongside the planning authority at Examination with the Planning Inspectorate as well as providing support in specific evidence base preparation.

Some of the evidence work is very specialised meaning that outside assistance is often required in the form of consultancy firms. It is a decision for the Local Planning Authority on how they procure this outside assistance. With highways and transportation evidence base building our preference would be that, where capacity allows to meet Planning Authorities timescales, a planning authority undertakes this work with the County Council's specialist advisers given that it is the Highways Authority who will need to be comfortable with the evidence work being provided so that it can support the planning authority through to Examination. At present nine of the twelve districts/borough/city councils adopt this principle and three have decided to commission separate transportation consultants to prepare the evidence base. However, whichever approach is taken the Highways Authority still need to review and be comfortable with the evidence being provided and the county council will work closely with those who use their own consultants through agreement of methodology and formulas used.

The viability work referenced in the question is a separate and broader piece of activity looking at all aspects of development viability, distinct from the transport evidence that we undertake. Both are required to secure a successful plan through the examination process.'

4. By Councillor Aspinell of the Cabinet Member for Environment and Waste

'The Government has changed planning legislation and local authorities now no longer decide upon sewerage or drainage issues within a planning

application

The Local Water and Sewerage operators, i.e. Essex and Suffolk Water and Anglia, have written to me denying any responsibility at planning stage. The Environment Agency say they have no decision making powers either and are just used as consultees during the application procedure.

Local building control are side-lined on this matter when the NHBC (National House Building Council) are involved and we have now developments going ahead that have no sewerage or drainage plans submitted and no need for the local authority to consider whether or not the application site is sufficient in size to take any septic tanks when the application site is not connected to mains sewerage or drainage. I have at least 3 examples of this in my own division. What is the County's role within this and how can this be enforced so that run-off's of raw sewerage do not permeate into surrounding water courses.

In a time when all authorities are looking at delivering a local development plan which includes so many extra homes, this issue needs to be resolved.'

Reply

'Planning policy guidance and legislation change constantly. However, there has been no change to the status of the Environment Agency, or the Water and Sewerage operators who remain consultees on both Local Plans and planning applications in order to ensure the necessary infrastructure requirements are properly accounted for and addressed. It is then for the Local planning Authority to determine the application before them based on the advice and evidence received, and in accordance with their Local Plan policies and any national planning policy guidance.

Essex County Council is a strategic consultee engaged in formulating and informing Local Plans, both policies and site allocations, as we are looking for the best sites and most sustainable sites to come forward, including sites that are not at risk of flooding. We are also looking for Local Plans to properly address their infrastructure needs. Since April 2015 Essex County Council as the Lead Local flood Authority provides advice on sustainable drainage on all planning applications for sites of 10 or more homes. This Council is also a statutory consultee on planning applications in relation to SuDs (Sustainable Drainage Systems), as the Highway Authority, Education Authority and in our Public Health function.

The building control process is a separate process to that of securing a planning permission. This process can either be dealt with by the Local Planning Authorities building inspectors or Approved Building Inspectors. This process generally follows once the developer has secured a planning permission.

Whilst the determination of planning applications and building control approval are not matters which county councils have responsibility for, if you

provide me with details of the examples referenced in your question I will ask officers to confirm that ECC have done all that we can to support the responsible bodies in making their decision.'

5. By Councillor Sargeant of the Cabinet Member for Education

'The bus is the main form of public transport and has enormous potential to play an even greater role.

Effective bus operations: connect communities; improve productivity; reduce congestion for all road users by taking car traffic off the road; make the most efficient use of road space; give the jobless access to jobs; provide young people with access to education and opportunity; give access to health care and contribute to improved public health; and crucially, in these times, are the fastest way of providing additional public transport capacity to new housing and business developments.

The benefits of a reliable and innovative bus service are clear. But we need more people to benefit from them.

The Bus Services Act 2017 gives local authorities the wonderful opportunity to

- Strengthen arrangements for partnership working,
- Utilise bus Franchising powers.
- Introduce modernised ticketing
- Obtain data from service providers (such as timetables, fares, bus patronage and bus service performance statistics). – Previously, there was no statutory right of access to this information.
- Obtain information from service providers on commercial operations
- And vehicle specification and branding (indeed, would not it be wonderful for the three seaxes to adorn every bus vehicle operating in Essex?)

The package within the Act if implemented will improve social value by: Better Journeys, Better Places, Better Value.

New enhanced partnership and advanced quality partnership powers provide a framework for local authorities to work side by side with operators to set a shared vision for bus services in our county.

However, powers in legislation do not help anyone unless they are put into practice.

Please can you kindly provide details of how Essex County Council plans to adopt the opportunities afforded to it by the Bus Services Act of 2017?'

Reply

'The County Council welcomes the new powers for local authorities set out in the Bus Services Act 2017. Guidance from the Department for Transport to

local authorities on how these powers might be used was released on 27 November 2017. The County Council is currently examining this guidance and considering how to make best use of the opportunities it offers.'

[Guidance on bus franchising creation, new powers and opportunities and enhanced partnership creation can be found online.](#)

6. By Councillor Smith of the Cabinet Member for Education

'Can the Cabinet Member provide an update on finding a new operator to operate the 104 and 106 bus services?'

Reply

'Following the decision by Regal Busways Ltd to cease trading from 27th December 2017, these services have been novated to Nelsons Independent Buses Ltd (NIBs). The contract is due to expire on 25/07/2020 and is at no extra cost to Essex County Council. NIBs is a well-respected local operator with a long term involvement in the Basildon area. It has a good track record for running reliable bus services. It is expected that they will bring this experience to their operation of the 104/106 service.'

7. By Councillor Smith of the Cabinet Member for Education

'Will the Cabinet Member consider increasing the frequency of the bus service through London Road (Vange) from the Five Bells to the Clay Hill Road junction of London Road?'

Reply

'No, there is no intention to extend the service at this time.'

8. By Councillor Sargeant of the Cabinet Member for Highways

'I have submitted 18 Traffic Regulation Order requests in 20 months for my Division. However I have been advised that the number of TROs put forward is usually just six schemes a year per district. Eight ECC Divisions cover the Tendring District footprint.

What can the Cabinet Member do to sort out the inertia of the North Essex Parking Partnership and district councils for ensuring proper protection of road junctions on ECC's highway by double yellow lines etc.?'

Reply

'The development and delivery of new parking schemes through the TRO

(Traffic Regulation Order) process have been delegated to NEPP and SEPP via the Joint Committee Agreements. Both NEPP and SEPP have taken a similar approach in managing the volume of requests and work, given the limited staff resource they have.

In both NEPP and SEPP each member (borough, city or district council) is “allocated” up to 6 requests for new schemes each year; this balances the workload for the partnership and ensures an equitable approach is taken. The schemes are recommended/put forward to the Joint Committee meeting via the borough/city/district member.

Should a borough/city/district wish to put forward additional schemes, they can do so, but this needs to be accompanied by funding to meet the additional resource costs.’

9. By Councillor Henderson of the Cabinet Member for Highways

‘Will the Cabinet Member provide a figure for the Council’s expected total spend on temporary repairs of footpaths and highways for this financial year, and what was the total in 2014/15 and 2015/16?’

Reply

‘We do not capture expenditure down to that detailed level; the spend for temporary repairs sits within a wider revenue budget. However based on the crews resourced to deal with this area we approximate that we spend roughly £700,000 per year on temporary make-safe repairs. This type of temporary is often an immediate emergency fix to a dangerous defect before a more permanent repair can be made.

On top of this, our 17/18 capital programme of highways and footways maintenance is £66m for roads and £9m for footways. This is the budget for surface dressing or full resurfacing of roads and footways.’

10. By Councillor Henderson of the Cabinet Member for Environment and Waste

‘In relation to the 2017/18 Financial Overview as at the Half Year stage, as presented to the Corporate Scrutiny Committee on 28 November 2017. It was noted that the Waste Reserve now totals £90.8m and will have an Estimated Closing Balance of £100.8m. Will the Cabinet Member provide the total amount held in the Waste Reserve for the annual budgets of 2014/15 and 2015/16?’

Reply

‘The waste reserve was set up some time ago, anticipating the increasing costs of waste disposal due to both volume and landfill tax increases. The

idea is to smooth the year on year increases in cost to the tax payer with net contributions to the reserve in early years being balanced out by withdrawals later.

The balance on the reserve for the last five years is as follows:

	Closing Balance £000
2012/13	61,803
2013/14	60,984
2014/15	57,611
2015/16	79,620
2016/17	90,890

11. By Councillor Young of the Cabinet Member for Highways

'Will the Cabinet Member please confirm the current Local Highways Panels budget per District?'

Reply

District	2017/18 capital budget	District contribution	ECC match funding	Revenue budget	Total budget
BASILDON	500,000			97,247	597,247
BRAINTREE	408,000			97,247	505,247
BRENTWOOD	225,000			97,247	322,247
CASTLE POINT	228,500			97,247	325,747
CHELMSFORD	500,000			97,247	597,247
COLCHESTER	500,000			97,247	597,247
EPPING FOREST	350,000	50,000	50,000	97,247	547,247
HARLOW	243,500			97,247	340,747
MALDON	200,000			97,247	297,247
ROCHFORD	214,000			97,247	311,247
TENDRING	395,000	50,000*	50,000	97,247	592,247
UTTLESFORD	236,000	50,000**	50,000	97,247	433,247
TOTAL	£4,000,000	£150,000	£150,000	£1,116,964	£5,416,964

* Tendring £50k contribution has been confirmed as revenue funding although ECC match will be added to capital programme

** Subject to approval by ECC Q3 Cabinet report'

12. By Councillor Young of the Cabinet Member for Education

'Almost all ECC supported evening and Sunday services contracts are finishing in April 2018. Will the Cabinet Member confirm when a consultation will be held about this or information provided?'

Reply

'To clarify, the contracts finish in July 2018. Any consultation on evening and Sunday bus services funded by Essex County Council will be carried out in good time to allow the public to be involved in the process and for their views to be taken into account before a final decision is reached.'

Funding for all discretionary services, including that supporting non-commercial local bus services, is under increasing pressure. However the 2018/19 budget has not yet been finalised. No decision has been taken in regard to ECC support for bus services.'

13. By Councillor Kendall of the Cabinet Member for Highways

'Halo beacon lights are only used at a very small number of pedestrian crossings in Essex because of the very strict criteria. Would the Cabinet Member support a review of these criteria to try and improve pedestrian safety particularly at crossings with poor street lighting?'

Reply

'Our policy is to use halo beacons at zebra crossings in very specific circumstances; specifically when visibility of the crossing is considered to be particularly difficult for drivers. The halo beacons make the crossing stand out more, primarily because of how distinctive they are, therefore making drivers more quickly aware of the crossing and likely to slow down.'

If we introduced halo beacons at more zebra crossings their impact would be lessened, because people would be more familiar with them and less likely to slow down. They also have an increased maintenance liability, with replacement beacons being much more expensive.'

14. By Councillor Kendall of the Cabinet Member for Cabinet Member for Economic Growth, Skills, Infrastructure and the Digital Economy

'In the recent major statement by Chris Grayling MP about rail services, he spoke about the possibility of reopening old railway lines across the UK. With this in mind will the Cabinet Member for Highways be instructing his officers to undertake a full review of the old railway lines in Essex to see what opportunities exist in our county?'

Reply

‘Essex County Council’s underlying vision for rail services in Essex is for improved connectivity for passengers and freight; improving services between all stations, not just to London, in terms of overall journey times and improved passenger experience, backed up by improved integration with other forms of transport. The development of an updated Rail Strategy for Essex, to replace the existing 10 year old strategy is underway and we will be looking to consult on this in due course.

There are a number of closed railway lines across Essex. However, in all cases the cost of re-opening would be very high and there would need to be a clear business case for doing so based on the growth that this would enable and that there were not alternative sustainable transport solutions that could meet the need and offered better value for money. If through the Local Plan process a District, City, or Borough highlight that the level and location of future growth made the re-opening of a disused line a viable option Essex County Council will work with them and Network Rail to develop the business case.’

15. **By Councillor Deakin of the Cabinet Member for Health and Adult Social Care**

‘With the recent launch of ‘Let’s Talk Dementia’, what percentage of the Council’s public-facing staff have received Dementia Awareness training?’

Reply

‘There is currently no requirement for ECC staff members to undertake dementia training but the Council has been promoting *Dementia Friends* training which is delivered by the Alzheimer’s Society. The options for becoming a Dementia Friend include either accessing a video on their website or attending a face to face dementia information session. There is no requirement for staff to provide information about their role or functional or physical location – thus it is not possible to determine how many staff may be Dementia Friends. The Council has also commissioned the following training:

- 477 staff have completed Dementia e-learning (2015 to date)
- 650 staff have completed the Virtual Dementia Tour across ECC
- 325 ASC staff completed Advanced Dementia training (from November 2014 to October 2017)’

16 **By Councillor Scordis of the Cabinet Member for Highways**

‘Will the Cabinet Member confirm what are the future plans for safer cycling routes in Colchester and what is the budget for this compared to 2016?’

Reply

'This work is wrapped up in the Essex Cycling Strategy, which is being implemented through a programme of work overseen by the Cycling Steering Group, including representatives from boroughs and district authorities and cycling groups. The initial focus has been on developing Coherent Cycle Networks by producing area Cycling Action Plans, for Colchester the plan is quite advanced.

We have also recently been successful in securing Department for Transport consultancy support to develop Local Cycling & Walking Infrastructure Plans (LCWIP), the LCWIPs are accompanied by a suite of tools and methodology and will help us to plan and prioritise future investment decisions. By using DfT methodology we will be well placed for future funding rounds for government investment.

We are also looking at priority investment requirements in Colchester as part of a new transport strategy for the town which we are actively discussing with the Borough Council. This is being led by my Cabinet colleague Kevin Bentley in his role overseeing new Infrastructure.

Colchester has been prioritised in the programme due to its growth and cycling potential, building upon the legacy of the Cycle Towns programme (2008-2011) and investment already made through the South East Local Enterprise Partnership (SELEP). The LCWIP work will show which routes have a higher propensity for cycling within Colchester, this is likely to include both on and off carriageway routes and will commence in 2018. Once this has been completed, prioritised schemes would then be considered for future funding.

There isn't a budget for a specific scheme programme in Colchester at this stage, the level of funding will be subject to a full business case process once we have the list of priority schemes. However any capital investment by ECC would be matched either by bids to Government or SELEP funding streams and/or local contributions through S106 as part of our commitment to supporting the development of the Colchester cycle network.'

17. **By Councillor Scordis of the Cabinet Member for Education**

'Is the Cabinet Member aware of how many schools are still waiting on repairs and maintenance and how many schools still have single-glazed windows? What is the budget for school repairs since 2010?

Reply

'Since 2010/11 ECC has completed 514 maintenance projects in schools with a budget of £60.95 million. ECC's robust asset management process ensures that issues that would pose significant threat to health and safety or

school operation are dealt with first. Surveyors are sent to assess the maintenance need of schools that bring issues with single glazing to our attention and we will be replacing glazing in 4 ECC maintained schools in 2017/18.'

18. By Councillor Turrell of the Cabinet Member for Highways

'I am sure that the Cabinet Member for Highways is aware of the Highways Act 1980 and the New Roads and Streetworks Act 1991.

Therefore can the Cabinet Member please explain why a certain utility company keeps shutting a major road in my division, Turner Road, without notifying residents? On Turner Road is Colchester's Walk-in Centre and the General Hospital as well as being a densely populated area with schools etc. Turner Road is a Priority 2 Road near North Station Junction, Main Line Station and NAR2 and it is one of the busiest and most congested areas in Colchester yet the utility company keeps shutting Turner Road during peak periods.

Can the Cabinet Member please explain why this is being allowed to continue?'

Reply

'The closure by Anglian Water on Turner Road was for emergency works to deal with a burst water main. In the case of emergency works, we do not have the powers to prevent the utility company from undertaking the repairs required. The legislation allows the utility company 2 hours to inform the Streetworks section of Essex County Council. Once Streetworks are informed, the utility will be granted a permit for the emergency works and at this point, the works will appear on Roadworks.org.

Roadworks.org has the facility for anyone to identify an area of interest (such as a member ward) and set up a request for an alert as and when new works are identified. This option was set up, offered and explained to all members earlier this year. This is an ideal way for the public, members and others to ensure they get the most up to date information automatically.

In the instance of emergency road closures, our inspection team can monitor the closure to make sure diversions and signage are correct, however we are not able to make residents and members aware. We do encourage utility companies to fulfil their responsibility for this where possible.'

19. By Councillor Harris of the Cabinet Member for Health and Adult Social Care

'Could the Cabinet Member provide the total increase in income received from changes to Fees and Charges implemented in the 2017 budget?'

Reply

'I understand that this question refers specifically to ASC fee and charges.

At this stage of the financial year it is not possible to say what the final income received from the non-residential charging changes will be. Last year we received income from both residential and non-residential charging, of £77.8m this year we are currently forecasting an income outturn from charging of £89.8m, an increase of £12m, of which some £10.3 m is estimated to result from the non-residential charging changes. This is some 4.7% of the forecasted non-residential spend.

These figures also take account of bad debt.

Officers confirm that our charging approach is compliant with the relevant regulatory frameworks.'

20. By Councillor Abbott of the Cabinet Member for Highways

'As the Cabinet Member for Highways is aware, there is a long history of problems with HGVs accessing the narrow Oak Road in Rivenhall End and despite a number of measures introduced by ECC following local requests, the problems unfortunately continue to get worse.

Will the Cabinet Member agree to investigate urgent solutions and in doing so meet with local representatives?

Does the Cabinet Member agree that as soon as the A12 routing has been announced, and depending on the implications, that ECC needs to deal with the long-standing Braintree LHP request for a new section of 7.5T weight restriction to reduce the number of HGVs running down the pavements in Oak Road and to prevent the repeated damage caused to street furniture?

Will the Cabinet Member look urgently at solutions to the repeated cases where HGV drivers breach the existing section of 7.5T weight limit in Oak Road and ignore the height restriction at the mainline railway bridge? The frequency of over-height HGVs getting stuck at the railway bridge is increasing. It can take several hours for an HGV to reverse back to Rivenhall village. This can cause traffic chaos including queuing on the A12. It can lead to bridge strikes which require the suspension of rail services on the main line in order for inspections to take place. It has caused damage to private property and danger to residents as HGVs attempt to turn in the narrow road.

Solutions to these serious problems are long overdue. Does ECC recognise that calls for action are now coming from residents, the parish council, district councillors, myself as county councillor, the MP for Witham and the police?'

Reply

'I met with you earlier this year to discuss the proposed weight restrictions on Oak Road, Rivenhall. We discussed the consultation that ran between December 2015 and January 2016 into this issue and some of the objections raised. We also discussed the forthcoming Highways England A12 improvements, which is to include this stretch of the A12, and the possibility that this project may supersede the need for a weight restriction on Oak Road.

It has been agreed that we would wait until the A12 announcement was made before a decision on the weight restriction was taken. Once this decision has been taken I'll happily meet with you again to talk through next steps.

We anticipate that the A12 announcement will usher in a lot of questions about how the local and strategic roads interface and I am keen that we view the likely consequences in the round rather than introduce measures in a piecemeal way.'

21. By Councillor Abbott of the Cabinet Member for Environment and Waste

'Despite alternative models being put to it, ECC embarked on a centralised model for the handling and treatment of municipal waste based on road haulage to transfer stations and then road haulage to the Basildon plant which would handle all "black bag" waste from the ECC area, to be processed by MBT technology with the end output being "Solid Recovered Fuel" (SRF).

This SRF would then need further road haulage to a final destination(s) for incineration or landfill, either of which would be at further cost to taxpayers.

Is the Cabinet Member aware that in the last full financial year 2016/17, over 127,000 tonnes of municipal waste was sent to landfill rather than the Basildon plant for processing. Is he further aware that of the material sent to Basildon, over 223,000 tonnes, only 8.7% was recycled.

In what way does the Basildon plant meet its description as the Tovi "Eco Park" given this performance?

Given poor performance against initial claims, the legal dispute over the plant and the extraordinary "waste miles" generated by the centralised model, does ECC acknowledge that it made a mistake?'

Reply

'During the current commissioning phase of the project, the operator of the

facility, UBB, requests the volumes of waste it requires to test and commission it. As a result, the volumes requested weekly and monthly are variable. Waste which is surplus to the operator's requirements during the commissioning period is sent to landfill.

However, over the last three years, the amount of waste the facility has processed (and therefore diverted from landfill) has increased year on year. This indicates that the MBT facility is enabling us to divert considerable waste from landfill.

Road haulage for the delivery of waste to the Basildon facility is kept to a minimum by ensuring that waste collection authorities deliver waste to their nearest transfer station or indeed directly to the facility by those WCAs which are closest to it (Basildon, Brentwood, Rochford and Castle Point). Waste delivered to the transfer stations by the Refuse Collection Vehicles is then loaded onto HGV 'bulkiers' which can carry three times more waste than RCVs and transport the waste in bulk to the Basildon facility, thereby reducing the number of vehicles on the roads and 'waste miles'.

The majority of SRF which is removed from the plant is taken over a relatively short distance to the ports of Tilbury or Chatham from where it is shipped to the continent, a more environmentally-friendly method of transportation than by road.

The SRF is then used by certain types of Energy from Waste (EfW) plants to generate low carbon electricity and, in some cases, also heat for businesses and/or homes.

Using this waste product as a fuel rather than sending it to landfill means that it can provide further valuable resource.

This is in line with residents' wishes - in the 2008 Waste Strategy Consultation, 87.7% of Essex residents who took part said they would prefer it if part of the material from the MBT process was used to produce a fuel for energy rather than sending it to landfill.'

22. By Councillor Davies of the Cabinet Member for Children and Families

'After an extremely disappointing Autumn Budget from the Chancellor with no additional funding for children's services, what is the Council's current funding gap for Children's services in Essex?'

Reply

'Latest estimates project an overspend across Children and Families of £4.9M.'

23. By Councillor Davies of the Cabinet Member for Highways

‘Could the Cabinet Member explain what steps the Council is taking to tackle the ever growing critical issue of too many parked cars on local roads, which can lead to dangerous parking or residents having to park several streets away?’

Reply

‘We have delegated the function to NEPP and SEPP who enforce existing restrictions and who both have processes to implement new schemes to manage parking on local roads through implementing restrictions, residents permit schemes, on street pay and display etc.

More information on the [Parking Partnerships website](#)’

24. By Councillor Baker of the Leader of the Council

‘Could the Leader assure members that, with regard to the UK leaving the European Union following the triggering of Article 50, all possible implications (both positive and negative) affecting Essex are regularly reviewed and reported to Full Council, in particular as it affects:

1. The work of Essex County Council;
2. Businesses across Essex;
3. Significant organisations such as hospitals, universities and colleges of further education situated in Essex;
4. Sea ports and airports;
5. EU citizens living within the boundaries of ECC and UK citizens from Essex living in other EU countries.’

Reply

‘Brexit negotiations are ongoing and we, like other bodies, are monitoring national and international developments closely as well as monitoring trends locally. As you will be aware Councillor Bentley has been appointed the LGA’s Brexit lead. We will update Council periodically on implications as they become clearer, at the moment implications are unclear.

25. By Councillor Baker of the Cabinet Member for Education

‘According to figures published by the House of Commons Library, Essex schools on average face a real terms cut per pupil of £12 per annum. As a consequence of this cut in government funding on top of seven years of no real terms increase in school budgets – according to the National Association of Head Teachers (NAHT) – funding for education is currently at ‘breaking point’.

Could the Cabinet Member confirm that everything possible is being done to support those schools in Essex which are the responsibility of Essex County

Council in relation to:

- Schools in deficit; and
- Schools with challenges with regard to the recruitment and retention of key and other staff.'

Reply

'The financial climate for schools, as with all areas of the public sector, remains a challenge. Whilst school funding has been protected in terms of the overall budget nationally, with the increase in costs for national insurance and pensions etc., I do accept there has been a real terms reduction in schools budgets and the challenge of this for schools is raised regularly with me at the Essex Schools Forum.

In terms of support for schools with a deficit budget, the Schools Finance Team works closely with schools that are facing financial difficulties now and into the future. Officers have particularly been working with small schools (those with less than 120 pupils) to support their long term viability both in terms of budget and pupil numbers.

With regard to recruitment and retention, the local authority, in partnership with the Headteacher Associations, has put in place a recruitment and retention strategic group for the county. Officers will be working closely with this group in 2018 to ensure that this support is available to schools across the county. Outcomes from this group include an arrangement with two teaching supply agencies in Australia and New Zealand for the provision of teachers and a reduced cost to the school, a successful return to teaching programme, support to establish a school-led agency in NE Essex and a support programme for teachers in their 2nd year of teaching.'

26. By Councillor Turrell of the Cabinet Member for Resources

'Whilst I appreciate the cost reduction for having paperless agendas, has Essex County Council considered the implications of not being able to recycle all the hardware needed to follow this? Trees are sustainable and aid the atmosphere, metal and plastics are not.'

Reply

'There has been no increase in the amount of hardware used by moving to paperless agendas as councillors are already required to own/use hardware for their work at the council (i.e. correspondence via email with residents). In addition, we have sustainable disposal in place.'

27. By Councillor Mackrory of the Leader of the Council

'Will the Leader join with other Council Leaders of all parties, to lobby government to address the critical funding gap in Children's Services, Adult

Social Care and Public Health in the forthcoming Local Government Finance Settlement?’

Reply

‘I, my Cabinet and senior officers continue to engage with Government directly and with other cross party groups such as CCN and LGA on what is needed not only from the forthcoming Local Government Finance Settlement. But also in the medium term, we are feeding in to the national debate on the Fair Funding Review and the Business Rate Retention project.’

28. By Councillor Mackrory of the Cabinet Member for Cabinet Member for Economic Growth, Skills, Infrastructure and the Digital Economy

‘Please provide the current level of grants and sources of funding coming into Essex from the European Union for this year and for the last four years.’

Reply

‘Over the last four years i.e. since 2014, we estimate that the current annual level of grants from the European Union into Essex is c. £11 million.’

29. By Councillor Reid of the Cabinet Member for Education

‘In view of the recent report on Period Poverty it is stated that 1 in 10 girls are unable to afford sanitary products. This causes embarrassment and possible loss of education as the young person is unable to attend school or college because the family are on a low income and have to make choices how to manage their income.

Could the Cabinet Member look at the possibility of schools and colleges providing sanitary products free of charge to prevent this very sensitive situation.’

Reply

‘Thank you for raising this matter. Child Poverty overall is an important matter for the council and one that sits under the remit of the Children and Young People’s Partnership Board and therefore I will ask this board to consider this request as well as referring matter to the chair of the People and Families Scrutiny Committee. It should be recognised, however, that schools are accountable for their budgets and spending decisions so whilst the council may wish to raise this matter as a high priority ultimately it would be a decision of schools to use their budget in this way.’

13. Oral Questions of the Leader, Cabinet Member or the chairman of a committee upon any matter relevant to the business of Council

Members asked questions of the Leader of the Council, Cabinet Members or the chairmen of committees details of which are available on [the audio recording of the meeting.](#)

The Questions asked were:

Member	Topic	To whom
Councillor Harris	North Team Children's Contact Centre, Colchester, Christmas contact	Cabinet Member for Children's and Families
Councillor Harris	IPad, webmail is not fit for purpose	Cabinet Member for Resources
Councillor Harris	Dangerous close in Colchester	Cabinet Member for Highways
Councillor Mackrory	Report from the LGO – when and where the report will be going	Cabinet Member of Education
Councillor Mackrory	Plastic Waste contingency following announcement from China	Cabinet Member for Environment and Waste
Councillor Henderson	Street night lights to remain on Christmas Day and New Year's Day	Cabinet Member for Highways
Councillor Pond	Utility provider damage to a PROW	Cabinet Member for Highways
Councillor Chandler	Pilot – Active Essex	Cabinet Member for Health and Adult Social Care
Councillor Robinson	Management of meetings – paperless – all in one place and consistent	Leader of the Council
Councillor Scordis	Lamp column cut down and not replaced	Cabinet Member for Highways
Councillor Aspinell	Councillor inspections/visits of Care Homes	Cabinet Member for Health and Adult Social Care
Councillor Aspinell	Utility Company failure in Brentwood	Cabinet Member for Highways
Councillor Scordis	20 mph schemes	Cabinet Member for Highways

Councillor Buckley	Standard of special schools provision	Cabinet Member for Education
Councillor Young	Bright Tribe Academy's (MAG)	Cabinet Member for Education
Councillor Robinson	Talk to Police, Fire and Crime Commissioner the Ancillary Rooms for homeless people over cold periods	Chairman of Police, Fire and Crime Panel
Councillor Henderson	Governance structures for the new Police, Fire and Crime Commissioner	Chairman of Police, Fire and Crime Panel
Councillor Massey	Attendance times South Woodham Ferrers and Dengie peninsula	Chairman of Police, Fire and Crime Panel

14. Oral Questions of the representative of the Essex Police and Crime Panel on any matter of that Panel

Members asked questions of the representative of the Essex Police and Crime Panel details of which are available on [the audio recording of the meeting](#).

The Questions asked were:

Councillor Robinson	Talk to Police, Fire and Crime Commissioner the Ancillary Rooms for homeless people over cold periods	Chairman of Police, Fire and Crime Panel
Councillor Henderson	Governance structures for the new Police, Fire and Crime Commissioner	Chairman of Police, Fire and Crime Panel
Councillor Massey	Attendance times South Woodham Ferrers and Dengie peninsula	Chairman of Police, Fire and Crime Panel

Chairman

Agenda item 6	
Report title: Organisation Plan and Budget 2018/19 and refreshed Organisation Strategy	
Report author: Councillor David Finch, Leader of the Council	
Date: 13 February 2018	For: Decision
Enquiries to: Margaret Lee, Executive Director, Corporate and Customer Services (and section 151 officer) or Jason Kitcat, Executive Director, Corporate Development	
County Divisions affected: All Essex	

1 Purpose of the Report

- 1.1 The report presents information to enable Full Council to consider and approve the Refreshed Organisation Strategy, Organisation Plan and Budget 2018/19 including the revenue budget, capital programme and financial strategy – noting that the report presents a balanced budget for 2018/19.
- 1.2 The Organisation Strategy was originally approved by the Council in July 2017. The refreshed strategy sets the aims and priorities for the Council to 2021 and now includes a new area of focus, ‘end states’ sought for each priority, new equality objectives and a more developed ‘building blocks’ section setting out our proposed approach to service standards, commissioning and partners. It also takes into account the further development of the emerging workforce strategy which is currently in draft.
- 1.3 The Organisation Plan publishes our achievements in 2017/18 and our plans for 2018/19, highlighting those actions that the council will focus on. We have brought together the Budget Book and Organisation Plan for 2018/19 into a single document to further align our approach to financial and business planning.
- 1.4 The statutory process for setting the budget is that a budget is recommended to the Council made by or on behalf of the Leader. On 23 January 2018 the Leader made recommendations to the Council and authorised the Cabinet Member for Resources to amend those recommendations in the light of any revised information.
- 1.5 The recommendations from the Cabinet, as amended by the Cabinet Member for Resources are set out in section 2.
- 1.6 The final settlement figures from the Ministry of Housing, Communities and Local Government were not available at the time that the Council agenda was required to be published. The final figures are expected to be received before the meeting. Any further revisions to the recommendations resulting from the final settlement figures will be circulated electronically to all members as early as possible and will also be posted on the council’s website.

2. Recommendations to the Council

Revenue and Capital Budget: the following resolutions are recommended for approval:

- 2.1 That the Organisation Plan be approved in the form appended to this report.
- 2.2 That the Organisation Strategy be approved in the form appended to this report.
- 2.3 The net revenue budget requirement be set at **£865.3 million (m)** (net cost of services less general government grants) for 2018/19 – Appendix A (page 33)
- 2.4 The net cost of services be set at **£911.7m** for 2018/19 – Appendix A (page 33).
- 2.5 The total council tax funding requirement be set at **£635.6m** for 2018/19 – Appendix A (page 33).
- 2.6 That a 2% social care precept be levied and a 2.99% increase to Essex County Council's element of the council tax, therefore the Essex County Council element of the council tax for charge for a Band D property in 2018/19 will be **£1,221.75**. A full list of bands is as follows:

Council Tax Band	2017/18 £	2018/19 £
Band A	775.80	814.50
Band B	905.10	950.25
Band C	1,034.40	1,086.00
Band D	1,163.70	1,221.75
Band E	1,422.30	1,493.25
Band F	1,680.90	1,764.75
Band G	1,939.50	2,036.25
Band H	2,327.40	2,443.50

- 2.7 Full Council approve the council tax for each category of dwelling and the precepts on each of the council tax billing authorities for 2018/19, together with the final tax base, as set out in the table below

Billing Authority	2018/19 Final Tax Base Band D Equivalent	2018/19 Gross precept £000
Basildon	60,135	73,470
Braintree	51,980	63,507
Brentwood	32,593	39,820
Castle Point	30,443	37,194
Chelmsford	65,495	80,018
Colchester	61,960	75,700
Epping Forest	53,563	65,440
Harlow	25,590	31,265
Maldon	24,193	29,558
Rochford	31,297	38,237
Tendring	46,740	57,104
Uttlesford	36,211	44,241
Total for ECC	520,199	635,553

- 2.8 Agree to the proposed total schools budget of **£517.5m** for 2018/19, which will be funded by the Dedicated Schools Grant.
- 2.9 That the underlying balance on the General Balance be set at **£55.1m** at as at 1 April 2018 (Appendix A, page 55).
- 2.10 That the capital payments guideline be set at **£298.6m** for 2018/19.
- 2.11 That for the purposes of section 52ZB of the Local Government Finance Act 1992 the Council formally determines that the increase in council tax is not such as to trigger a referendum.

Capital Strategy: the following are recommended for approval:

- 2.12 The 2018/19 - 2020/21 Prudential Indicators and limits, together with updated limits for 2017/18 be as set out in **Annexes 1A** and **1B** of the Capital Strategy (pages 82 and 83 of Appendix A).
- 2.13 The Treasury Management Strategy for 2018/19 comprising the following, be approved:
- Borrowing strategy, as set out in **Annex 1** of the Capital Strategy (starting on page 66 of Appendix A).
 - Treasury management investment strategy, as set out in **Annex 1** of the Capital Strategy (starting on page 73 of Appendix A).

c. Indicative strategy for commercial investment activities, as set out in **Annex 1** of the Capital Strategy (starting at page 75 of Appendix A).

- 2.14 The policy for making a prudent level of revenue provision for the repayment of debt (the Minimum Revenue Provision policy as set out in **Annex 1C** of the Capital Strategy (starting at page 84 of Appendix A).
- 2.15 The Treasury Management Policy Statement and Treasury Management Practices be updated to those, set out in **Annexes 1E, 1F and 1G** of the Capital Strategy (starting at page 89 of Appendix A).

3 Background to the changes since the Cabinet Meeting

- 3.1 The billing authorities are required to provide a final estimate of the council tax base, the deficit/surplus from the prior year, the performance of the local discount scheme and the Non Domestic Rates (NDR) income on 31 January 2018. The recommendations made by Cabinet were based upon estimates of these figures, before receipt of the final submissions from the billing authorities.
- 3.2 This information has now been submitted to the County Council and as a result there have been the following changes –
- Increased NDR income of **£2,000**
 - Increased Council Tax collection fund surplus of **£230,000**
 - Additional Business Rates Compensation Grant of **£1.4m**
 - Reduced NDR collection fund surplus **£175,000**
- 3.3 Rochford District Council has not submitted a final NDR return due to system upgrades underway. It is not expected that this will result in a significant change from the estimates provided. However if there is a significant change, the budgetary impact will be reported and dealt with in the First Quarter Report to Cabinet in July.
- 3.4 The net impact of these changes is an increase in funding of **£1.4m** over that recommended by Cabinet, and the figures above reflect to increase to the Coroner's service budget of **£150,000** to provide additional resilience to the service and the balance to the Transformation Reserve.
- 3.5 Within the Health and Adult Social portfolio, the Housing Related Support budget has been increased by **£1.175m** to provide funding which will enable the extension of the contracts for homelessness prevention Floating Support, this has been offset by a reduction in the baseline spend for Older People Care and Support.
- 3.6 The table below shows the recommendations made by the Cabinet and the revised recommendation to Council made by the Cabinet Member for Resources following returns from billing authorities:

	Cabinet Jan-18 £m	Council Feb-18 £m	Movement £m
Council Tax Requirement	(635.6)	(635.6)	-
Revenue Support Grant	(45.7)	(45.7)	-
Non-Domestic Rates	(173.7)	(173.7)	-
Non-Domestic Rates Deficit	(0.9)	(0.8)	0.1
General Government Grants	(45.1)	(46.5)	(1.4)
Council Tax Collection Fund Surplus	(9.3)	(9.4)	(0.1)
Total Funding	(910.3)	(911.7)	(1.4)
Net cost of services	910.3	911.7	1.4
Total Expenditure	910.3	911.7	(1.4)
Surplus / (Deficit)	-	-	-

- 3.7 At the time of the production of these papers, the final settlement was not known. If it becomes available in the period between production of the report and the Council meeting, an addendum will be issued before or at the meeting.
- 3.8 If however, the final settlement is not known the day of the Council meeting, an amended budget motion will be tabled at the meeting moved on an amended basis, proposing that the following will apply:
- 3.9 If the final settlement provides an increase in funding over that already included, the additional sum will be appropriated to the General Balance.
- 3.10 If the settlement results in a decrease in funding, that amount will be appropriated from the General Balance. In this scenario, the report on the first quarter position to Cabinet in July will set out how that amount will be recovered.
- 3.11 In either case, the action will not result in changes to net revenue budget requirement, or the level of the Council's precept on billing authorities. There will therefore be no impact on the determination whether the increase in council tax requires a referendum.

4 Statement of the Executive Director for Corporate and Customer Services (s151 Officer)

- 4.1 The Executive Director for Corporate and Customer Services is the section 151 Officer as defined by the Local Government Act 1974 and is also the Chief Financial Officer for regulatory and statutory purposes.
- 4.2 The reports by the Executive Director for Corporate and Customer Service on the budget and the Capital Strategy are shown on pages 20 to 23 of Appendix A.

5 Other Issues

5.1 The findings of the Equality Impact Assessment (EIA) carried out are included in Appendices C and D of this report.

6 Relevance to the Council's Organisation Strategy and Plan

6.1 The Organisation Plan for 2018/19 covers the action we will take next year to deliver our Organisation Strategy, alongside our budget. These documents are set out in Appendix A.

7 Internal and External Consultation

7.1 All Executive Directors and Directors have been involved in the preparation of the budget.

7.2 Through budget consultation meetings the Council engage with representatives from the unions and from the business community.

7.3 A briefing on the budget for members of the Corporate Policy and Scrutiny Committee was held on 23 January 2018.

8 Legal Implications (Monitoring Officer)

8.1 In each financial year the Council must make its budget calculation in accordance with sections 42A and 42B of the Local Government Finance Act 1992. In particular, it must calculate the aggregate of:

- The expenditure the authority estimates it will incur in the year in performing its functions and will charge to a revenue account for the year
- Such allowance as the authority estimates will be appropriate for contingencies in relation to expenditure to be charged to a revenue account for the year
- The financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure
- Such financial reserves as are sufficient to meet so much of the amount estimated by the authority to be a revenue account deficit for any earlier financial year as has not already been provided for.

8.2 Those calculations are then used to determine the council tax requirement for the year.

8.3 The Council is required to set a balanced budget and in considering the budget the Council must have regard to the advice of its Chief Finance Officer appointed under section 151 of the Local Government Act 1972.

- 8.4 The Council must issue any precept or precepts in accordance with section 40 of the Local Government Finance Act 1992. The section prescribes what must be included in the issue of the precept. It must be issued before 1 March in the financial year preceding that for which it is issued, but is not invalid merely because it is issued on or after that date.
- 8.5 Under section 25 of the Local Government Act 2003, the Chief Financial Officer is required to report to the authority on the robustness of the estimates made for the purposes of the calculations required to be made by the Council. These are the estimates which the Cabinet is required to determine and submit to Full Council and are contained within this report. The Chief Finance Officer is also required to report on the level of reserves.
- 8.6 In deciding its Capital Programme for the year, the Council must have regard to the 'Prudential Code' established in the Local Government Act 2003. This is addressed in the report.
- 8.7 The budget makes provision on the basis that a number of changes to council services which are under consideration may be made. The budget does not itself authorise any changes to services and does not assume that any particular changes will be made. Any changes to services will need to be the subject of appropriate consideration by the Cabinet Member or the Cabinet following, where appropriate, consultation and a full report setting out options for change, the impact of the proposed changes on service users, including in particular the impact on different equality groups. Where a decision is made not to implement any changes then budgetary adjustments will need to be made.
- 8.8 The setting of the budget is a function reserved to the Full Council but the Cabinet is required to consider the recommendations it wishes to make to Full Council on the various calculations the authority is required to make. Once the budget is agreed by Full Council, the Cabinet cannot make any decisions which conflict with that budget, although variations and in year changes may be made in accordance with the Council's Financial Regulations which have been adopted by the Council. Similarly, any decision made by the Cabinet or by an officer exercising executive functions must be made in accordance with the policies, plans and strategies agreed by Full Council, including the Council's Organisation Strategy.
- 8.9 Section 106 of the Local Government Finance Act 1992 prevents any member of the Council from voting on the budget or council tax requirement if they owe any amount of council tax to *any* local authority which has been outstanding for more than two months. If such a member attends a meeting at which the council tax requirement is to be set they must declare this fact and they cannot vote on the setting of the council tax. It is an offence to vote or to fail to make this declaration.
- 8.10 Section 52ZB of the Local Government Finance Act 1992 requires the Council, when setting council tax, to determine whether or not the increase is

'excessive'. An increase is excessive unless it is within parameters determined by the Secretary of State. If an increase is 'excessive' it can only be implemented if supported by a referendum. The draft principles for 2018/19 published by the Secretary of State in December 2017 state that for ECC any increase of 3% or more (excluding social care precept) would be defined by the then Secretary of State as 'excessive'.

- 8.11 The social care precept is achieved by allowing social services authorities to increase council tax by a further 3%. There is no legal requirement for the money raised to be used for adult social care services, but the Secretary of State has indicated that he will ask local authorities how they have spent the money. If an authority is unable to demonstrate usage for social care purposes he may restrict that authority's ability to raise council tax in future years. The final decision on what is an 'excessive' increase for 2018/19 has not yet been made, and a decision is not expected until early February 2018. If the Council sets council tax before the finance settlement then it would need to reconvene to determine whether or not the increase is excessive.

9 Staffing and Other Resource Implications

- 9.1 An element of reorganisation and reshaping will be required to support efficiency gains in some operational areas. HR implications which may arise as a result of operational plans flowing from this budget will be addressed under their specific implementation plans.

10 Equality Impact Assessment

- 10.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when ECC makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 10.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation. In addition, marital status is a relevant protected characteristic for 10.1(a)
- 10.3 The equality implications have been assessed as part of the budget setting process as detailed in Appendix C and on the Organisation Strategy as set out in Appendix D. Equality impact assessments will be carried out as part of individual schemes being considered to implement the budget.

11 List of Appendices

Appendix A – Essex Organisation Plan 2018/19
Appendix B – Refreshed Organisation Strategy
Appendix C – Equality Impact Assessment (Organisation Plan and Budget)
Appendix D – Equality Impact Assessment (Organisation Strategy)

Essex County Council Organisation Plan 2018/19

Contents

1. A foreword by the Leader and Chief Executive
2. The Financial Challenge – a report by the Cabinet Member for Resources
3. Our Strategic Priorities
4. Resources
 - a. Report by Executive Director for Corporate and Customer Services (S151 Officer)
 - b. Financial Strategy 2018/19 – 2020/21
 - c. Revenue Budget and Capital Programme by portfolio
 - Children and Families
 - Culture, Communities and Customer
 - Economic Growth, Skills, Infrastructure and the Digital Economy
 - Education
 - Environment and Waste
 - Health and Adult Social Care
 - Highways
 - Housing, Planning and Property
 - Leader
 - Resources
 - Other Operating Costs
 - d. Trading Activities
 - e. Reserves
5. Delivery
 - a. Managing risk
 - b. Equalities
 - c. Measuring our performance
6. Annex 1: Capital Strategy

A foreword by the Leader and Chief Executive

Essex is at the cutting edge of innovation and is one of the most dynamic counties in the UK. With two leading universities, international airports and seaports, one of the longest coastlines and excellent road and rail links to the capital, Essex is uniquely placed and an excellent county to live and work in. It is also hugely diverse with 1.4 million residents spread across vibrant urban centres, rural villages and historic market towns.

There is genuine passion in Essex County Council to ensure everyone has the opportunity to improve their lives and those of their families. We believe prosperity is the best route to achieve that – so people can help each other, and themselves. We are also ready to step in when we need to – to protect vulnerable children and adults; to help care for older people; to support our economy to flourish; and to work with educational partners to provide the right skills for existing and emerging economies.

In July we agreed a new Organisation Strategy that set out what we want to achieve in Essex by 2021. We are now focused on achieving our four aims to:

- Enable inclusive economic growth,
- Help people get the best start and age well,
- Help create great places to grow up, live and work, and
- Transform the council to achieve more with less.

We are up to the challenge. We recognise that we can only achieve our ambitions by working together, and have agreed a long term Vision with partners. We have a strong financial track record to ensure we deliver a balanced budget. We are always conscious that Essex County Council does not have any money. It has taxpayers' money and we invest it wisely on services that directly affect every resident. As part of our innovation and adapting to a new world we are increasing our digital and commercial capabilities as we aim to transform our services to be better, faster and cheaper.

This Organisation Plan sets out the progress we have made in 2017/18 towards our aims, and our plans and budget for 2018/19.

The Financial Challenge - a report by the Cabinet Member for Resources (Cllr Louise McKinlay)

We have set high ambitions for Essex and for Essex County Council in the face of a difficult financial context and the Council has a strong record of sound financial management, focusing on providing efficient services that matter to residents.

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

The budget sets out the financial resources that the Council has available to deliver the Organisation Plan and therefore achieve the Organisation Strategy. The Council will spend a gross budget (including schools) of **£1,847m** and a capital programme of **£299m** to deliver our priorities in 2018/19.

We have an outstanding track record of delivering value to tax-paying residents. We have delivered **£350m** of savings in the last 4 years by driving out inefficiency, generating income and reducing costs, and the budget now presented is based on delivering a further **£59m** of savings and efficiencies in 2018/19. This track record has enabled the Council not only to maintain services in new and improved ways at lower cost, but also to invest for the future so that Essex is a better place in which to live and work.

We need to ensure effective services not just for today, but for the future. Therefore we have ambitious plans for our capital investment - a capital programme of **£299m**, an increase of **£32m** on that for 2017/18. This investment will help deliver our strategic aims and priorities, and in some cases give us a return on investment. The programme includes investment in independent living schemes for older and vulnerable adults, generating greater supply of housing, sufficiency of school places (including schools for children with special needs), and in schemes to promote economic growth, including improvements to the roads and footpaths that we all use daily. We are also providing an extra **£3m** investment in our highways over the coming twelve months.

We are determined to achieve the best service for residents in the most efficient way, this demands that we fully exploit the digital opportunity; therefore additional investment is provided for digital transformation. We are also investing in our skills and capability to become more commercial and seek out opportunities to drive up income, which will have a specific focus over 2018/19.

The Revenue Support Grant will be phased out completely by 2020 (a **£28m** reduction in 2018/19) so our income will be derived from remaining specific grants, council tax, business rates, fees and charges and other trading revenues. Our responsibility to taxpayers demands focus on the generation of discretionary revenues, where we will use commercial thinking in all that we do. We will encourage payment for services as appropriate and where there is a demand for them and an ability to pay.

Despite our efforts, price increases, population growth and increasing demand for services, particularly for social care, means we will need to utilise the 2% Social Care precept facility offered by government, and increase Council Tax by 2.99%. The precept is being used to insulate Adult Social Care from the savings required across other portfolios. The council tax for a band D property will be **£1,221.75; this is an increase of £1.12 per household per week.**

I am confident that this budget will deliver for the needs of Essex residents and businesses and that we continue to deliver sound value for taxpayers' money.

Our Strategic Priorities

Enable inclusive economic growth

Help people in Essex prosper by increasing their skills

The challenge

While the number of well qualified people in Essex has increased, the workforce is less well qualified than the UK as a whole. Certain parts of our population are significantly less skilled and can face other barriers to economic inclusion, and there is a mismatch between the courses that are offered to learners after the age of 16 and the skills our employers need.

We need to be ready to benefit from the shift towards the new employer apprenticeship levy, creating the potential for more apprenticeships in Essex. In the school system Ofsted is increasing its focus on children's progress in schools and the GCSE curriculum and grading system is changing.

In the last year we have:

- Seen 65% of pupils achieve at least a level 4 pass (Grade C in the old system) in GCSE English and Maths
- Seen 94% of Essex schools judged good or outstanding - five percentage points higher than the national average
- Reformed our approach to school support based on clusters of schools
- Started a review of learning provision in each district for people 0-19 years old
- Delivered more than 2,500 new school places ready for September 2017 intake
- Delivered a programme to promote key growth sectors of the economy as career opportunities to students in 60 Essex schools
- Invested with the South East Local Enterprise Partnership to develop a network of enterprise advisors to enhance careers education in schools
- Established a health and social care hub to promote health and social care careers to further education students
- Set up an apprenticeship promotion and brokerage hub for employers and young people
- Secured funding for Stansted Airport College (Uttlesford), Centre for Health and Care (Colchester) and STEM Innovation Campus (Braintree)
- Helped 1,330 young people not in education, employment or training to move into employment or learning.

In the next year we will

- Develop an early help hub to improve the attainment of vulnerable children, subject to a successful external funding bid
- Deliver the raising attainment of disadvantaged pupils strategy, to continue to improve outcomes for disadvantaged pupils
- Implement a new young carers service aimed at ensuring young carers get the tailored support they need
- Seek to initiate a new Multi Academy Trust (MAT) that will support schools where no other MAT will provide that support
- Complete the review of learning provision in each district for people from 0-19 years old and recommend improvements to the system
- Deliver a further 2,750 school places
- Expand the enterprise advisor network to enhance careers education in schools, with the employment and skills board
- Deliver a campaign to promote apprenticeships to employers and young people, through the brokerage hub
- Support colleges to deliver Stansted Airport College (Uttlesford), Centre for Health and Development (Colchester) and STEM Innovation Campus (Braintree)
- Work with further education colleges in Essex on their plans for increased collaboration or mergers, following the post-16 area review.
- Develop and implement a 'positive progression model' for adults with learning disabilities, to increase their independence
- Ensure there is a range of employment support services for people with disabilities, including those with mental health needs.

These activities will be monitored throughout the year through a range of performance measures and targets that include educational outcomes, improvements in skills and apprenticeship levels and increasing numbers of adults with disabilities that are economically active. More detail can be found in the Measuring our Performance section.

Enable inclusive economic growth

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

The challenge

We need to attract more large firms, given the size of our economy, and more firms in the sectors that are growing fastest. Productivity in Essex remains lower than other areas in the South East. Essex needs to respond to the government's industrial strategy, focused on clean growth, healthy ageing and the future of mobility. Many of our roads are congested at rush hour and commuters to London travel on crowded trains, making some people in Essex wary of further development.

In the last year we have

- Enhanced the Invest Essex service to promote Essex as a place to do business
- Invested with partners in the Anglia Ruskin University Medtech Innovation Centre at Harlow and the University of Essex Innovation Centre in Colchester
- Given substantial business support to 22 firms resulting in about **£2.3m** finance raised and multiple new products brought to market
- Developed a social enterprise network to create capacity in our health and care sector supply chain
- Developed plans to reduce car use in our main towns including infrastructure improvements in Chelmsford
- Continued planning and campaigning for investment in the major routes, including the A120 and a **£250m** bid to build major roads
- Provided almost 100,000 homes and businesses with superfast broadband.

In the next year we will

- Implement actions from our plans to improve inclusive growth along three economic corridors in Essex
- Engage with districts on Local Plan delivery to ensure the provision of sufficient and appropriate employment land
- Develop a programme to enhance the availability of commercial and industrial sites, focused on large firms
- Continue to undertake technical work and campaign for investment in the major routes including the A120, A12, A127 and the M11
- Deliver transport infrastructure in Colchester to increase walking and reduce car use
- Influence the roll out of broadband in Essex to support businesses and invest **£14m**
- Invest **£81m** in maintaining the roads in Essex
- Develop a local Industrial Strategy for Essex

These activities will be monitored throughout the year through a range of performance measures and targets that include increasing investment in the county, availability of commercial space and high speed broadband for businesses and greater use of public transport. More detail can be found in the Measuring our Performance section.

Enable inclusive economic growth

Target economic development to areas of opportunity

The challenge

Parts of Essex have untapped potential and, as a result, the county's economic performance is not as strong as the rest of the South East. As well as our work across the county, we have opportunities to focus on particular areas - Basildon, Colchester, Harlow, and Tendring, building on the preparatory work that has taken place this year.

In the last year we have:

- Formed North Essex Garden Communities Ltd with partners and secured **£700,000** funding from the Department of Communities and Local Government (DCLG)
- Worked with Colchester, Tendring and Braintree as they developed Local Plans for their areas, including proposals for new garden communities
- Begun to develop a 2050 vision with Basildon and South Essex
- Improved the entrance to Wickford Station and improved the A127/A132 Nevendon Roundabout
- Made Colne Bank Avenue wider in Colchester to improve traffic flow and increased the life of the bridge
- Completed the new market services building in Basildon and a new market in St Martin's Square
- Worked with the district council and Department of Communities and Local Government to begin a conversation towards a New Town Deal for Harlow
- Secured **£43m** for a new junction, 7A, on the M11 to improve access to Harlow, and changed A414 junctions to improve Enterprise Zone access

In the next year we will:

- Implement action plans in Colchester, Tendring, Harlow and Basildon to increase economic growth and reduce income inequalities
- Work with districts to make progress with Local Plans to support the development of North Essex Garden Communities
- Work closely with districts across Essex to bring forward high quality garden settlement proposals.

These activities will be monitored throughout the year through a range of performance measures and targets including household income levels with a particular focus on those in Basildon, Harlow, Tendring and Colchester. More detail can be found in the Measuring our Performance section.

Help people get the best start and age well

Help keep vulnerable children safer and enable them to fulfil their potential

The challenge

The council is a proactive children's service authority delivering integrated services to children and families, with just over 1,000 children in care. We have the third lowest rate of children subject to a child protection plan in the country. We want to reduce our re-referral rate and further reduce the number of adolescents in care, which will improve outcomes for children and reduce financial pressures on the council. We also want to focus our support on children with disabilities and improving their access to personal budgets, as well as tackling emerging challenges in Essex, including dealing with sexual exploitation and gangs.

We will continue to re-focus our support to children with disabilities and enable a stronger transition as they become adults. We want to continue to narrow the gap in educational attainment for disadvantaged children and to respond to the Care Act 2017 by offering support to people who have been in care up to 25. We need to meet these challenges in the face of heavy financial pressure on children's services.

In the last year we have:

- Reduced the re-referral rate to Children's Services from 26.9% to the national average of 22.4%.
- Improved stability for children in care, with only 8.2% having more than two placements (8 December 2017)
- Helped Ofsted pilot its new inspection framework; their inspection judgement was that children's services in Essex are good with outstanding leadership
- Won **£3.1m** from the Children's Services Innovation Fund to establish the Inside Out project, an alternative to residential care for adolescents
- Established a digital research project with Essex University and the Children's Principal Social Worker Network to reduce bureaucracy in social work to free up more social work time to be spent directly with children, to make them safer
- Set up a specialist Gangs Team in the Youth Offending Service to support young people to leave gangs and so prevent re-offending
- Started to deliver advice, guidance and support to care leavers up to age 25, prior to the introduction of this as a statutory duty in 2018
- Started the review of our offer to disabled children and young people, improving consistency in delivery of Direct Payments
- Established the ground-breaking 'Pre-Birth to 19 service', to deliver early help with our partners Virgin Care and Barnardos
- Raised income from our consultancy services to other local authorities and the Department for Education, to improve outcomes for children.

In the next year we will:

- Maintain the performance of the Children and Families Service while delivering efficiencies improving and innovating our delivery, and generating income through consultancy
- Offer advice, guidance, and support to all care leavers who want it up to the age of 25
- Grow the Essex Fostering Service to increase market share, reducing placements in more expensive independent fostering agencies
- Develop new employment opportunities for disabled children and young people
- Deliver a new activity and short break service
- Implement the Inside Out innovation project
- Conduct a market analysis of residential care, with the aim of delivering better value for money

- Deliver seamless social work to disabled children and young people by moving social workers into teams that offer a service from birth to 25 years old
- Implement the Youth Offending Service Gangs Team to support young people to leave gangs
- Set aside **£3m** to deliver innovative solutions for care for children, as the size of the population in Essex rises
- Redesign adoption services, improving outcomes and saving **£100,000**.
- Invest **£590,000** in small capital grants to help foster carers and adoptive parents to adapt their homes to make them suitable for children.

These activities will be monitored throughout the year through a range of performance measures and targets that include improving the number of care leavers that are in employment, training or education, greater uptake of free early education entitlements and improved outcomes for children in care. More detail can be found in the Measuring our Performance section.

Help people get the best start and age well

Enable more vulnerable adults to live independent of social care

The challenge

The population of older people in Essex is expected to grow by 21% over the next decade so demand for care is growing, with the population aged more than 85 expected to grow by more than 50%. Along with other councils and partners, we have shrinking resources.

We need to continue our shift from a reactive service, to one that is focused on prevention, early intervention, recovery and enablement. We will work on the assumption that many people we support can recover quickly and want to be supported to live independently at home. We need to work with our partners in the NHS and private care sector to support our approach and ensure high quality provision. In particular we need to work to address challenges of high employee vacancy rates. We must maintain the improvement in performance on delayed transfer of care (DTC) targets.

In the last year we have:

- Reduced the number of people entering residential care from 1,181 to a forecast figure of 760
- Reduced the number of delayed transfers of care due to social care to an average of 1,100 per month
- Achieved 84% of providers rated 'good' or 'outstanding'
- Increased the proportion of people caring for themselves after re-ablement from 65% to 68%
- Begun to align adult social care teams to GPs and other professionals in local Neighbourhood Teams
- Built quality relationships with NHS partners, including through the Better Care Fund negotiations and participated fully in the development of Sustainability and Transformation Partnerships, as required by the NHS
- Produced a Market Development Strategy to engage with the adult social care market on how we deliver our shared vision for older people
- Worked to support more people with Learning Disabilities to live independently
- Launched the new Greater Essex Mental Health Strategy and the new Greater Essex Dementia Strategy and won a national award for the Virtual Dementia Tour
- Tested a new digital approach to help people transfer from hospital to social care.

In the next year we will:

- Seek to increase the number of providers rated good or outstanding by continuing to invest in the PROSPER programme; dementia training and rolling out the Gold Standards Framework for End of Life
- Invest in public health initiatives in areas that maximise value for money and reduce demand on adult social care and liaise with partners following the success of the Sports England bid for the Active Essex Initiative
- Improve the effectiveness of mental health social work to support people to avoid crises and live well
- Develop new accommodation and employment pathways for people with mental health problems
- Develop an approach to predictive analytics to help plan for future demand in Essex and help target resources accordingly
- Embed the new adult social care staffing structure with new teams focused on early intervention and recovery
- Continue to work with NHS partners on health and adult social care integration ensuring the interests of Essex residents are best represented in our work with the new NHS Sustainability and Transformation Partnerships
- Collaborate with partners to address autism issues, particularly assessment waiting times

- Continue to develop the community based re-ablement service
- Improve access to advice and guidance for vulnerable adults and carers by developing digital approaches.

These activities will be monitored throughout the year through a range of performance measures and targets that include reducing the number of people going into residential care, rising numbers of providers achieving good or excellent Care Quality Commission assessments and improved access to information and advice for service users and carers. More detail can be found in the Measuring our Performance section.

Help people get the best start and age well

Improve the health of people in Essex

The challenge

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

In the last year we have:

- Worked with partners to understand the drivers of increasing health inequality in Tendring District, in particular Clacton and Harwich
- Agreed a new public health approach with districts and boroughs with enhanced joint working
- Commissioned a new sexual health service with improved accessibility and acceptability through a digital interface
- Reviewed health investment to support the desired reduction in demand for adult social care services
- Commissioned an integrated Lifestyle Service and developed a new approach with commercial vendors to smoking cessation
- Mobilised a county wide programme to prevent diabetes
- Restructured and finalised the drug and alcohol treatment system to improve efficient delivery within reducing resources.

In the next year we will:

- Deliver a programme of targeted interventions in Tendring and other appropriate areas to reduce health inequalities
- Launch a major initiative to improve physical activity in the population
- Deliver a new community-focused approach to weight management
- Develop with partners a new Essex Joint Health and Well Being Strategy
- Redesign and re-procure the alcohol treatment service and Accident and Emergency alcohol liaison service in partnership with health colleagues
- Work up a new commissioning approach with partners to drug and alcohol services using a charity model.

These activities will be monitored throughout the year through a range of performance measures and targets that include rising levels of school readiness, reducing gaps in the differences in life expectancy levels across Essex and lower rates of obesity. More detail can be found in the Measuring our Performance section.

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 should support communities to help themselves by seeking to foster and build community capacity and capability. But we also recognise there are times when public services need to step in.

We need to continue the shift in our approach that enables communities to take responsibility for themselves. And we need to take action that demonstrates progress and the impact of this approach. Strengthening communities has the potential to significantly change our commissioning support for the most vulnerable people in the county.

In the last year we have:

- Worked with partners to reduce the reporting gap for domestic abuse by increasing the number of victims who disclose abuse to services
- Launched the Essex Community Alliance
- Launched the Essex Faith Covenant
- Reviewed our investment in the voluntary and community sector, including with our partners
- Developed an approach to identifying our assets of benefit to the local community
- Developed a violence and gangs reduction strategy.

In the next year we will:

- Implement new approaches to increase volunteering in Essex
- Continue investment to establish vibrant hubs in our communities that include library and registration services with other partners and our communities
- Develop a single point of access to optimise effectiveness of funded community schemes, including community agents and care navigators
- Develop new citizen-led approaches to enabling communities to improve well-being
- Develop increased opportunities to collaborate with partners to make the most of the assets that exist in Essex
- Explore and deliver opportunities to improve community engagement using social media and digital
- Mobilise the newly integrated Health and Justice Services across Essex (Street Triage, Police Custody Healthcare and Liaison and Diversion) to support reductions in re-offending
- Work with partners to improve 'community sentencing' and 'out of court disposals' to more effectively deliver reduced levels of offending and re-offending.

These activities will be monitored throughout the year through a range of performance measures and targets that include improving residents' engagement in their local area through volunteering, influencing decision making and reducing social isolation. More detail can be found in the Measuring our Performance section.

Help create great places to grow up, live and work

Help secure sustainable development and protect the environment

The challenge

The council has a key role to play as a custodian of our environment for this and future generations. Our stewardship requires that less waste is produced, less carbon emitted, more homes and businesses protected from flooding and the use of our green space is maximised. New housing growth in Essex has the potential to deliver more connected, healthier communities.

The Clean Growth Strategy has set out an ambition for zero avoidable waste by 2050. This ambition and legislative changes that will likely follow the UK's exit from the EU, create the opportunity to re-shape our approach to waste. Producing less waste in Essex is better for the environment and will reduce the cost to taxpayers of its disposal. The world of energy is changing. The push to reduce carbon emissions, the deployment of new technologies, such as battery storage, means our energy system is shifting to a more decentralised and flexible model.

In the last year we have:

- Promoted activities and delivered services which helped reduce the amount of household waste collected over the last 12 months by 2.9% or 32kg less per household.
- Increased household recycling and composting in the last 12 months to 53.9%
- Completed a study to understand the best opportunities to target waste reduction
- Responded to seven Local Plan consultations, including comment on amount and use of green space
- Continued to invest in our country parks which has increased visitor numbers from 684,504 to 735,850 a year
- Provided Sustainable Drainage System advice on 500 major planning applications.
- Completed seven flood alleviation schemes and 9 Community Flood Involvement Fund Schemes reducing flood risk for more than 470 properties
- 35% (**£1.6m**) of the Capital Flood programme was provided by the Environment Agency as part of the **£4.5m** funding for 2017-18

In the next year we will:

- Develop a Great Green Plan for Essex to unlock the value of our green assets
- Develop and embed circular economy principles to ensure resource efficiency is integral to the choices we make in designing and delivering our services
- Embed delivery of Energy and Low Carbon Growth Strategy
- Complete an efficiency review of existing waste infrastructure to ensure it remains fit for purpose and is optimised
- Develop a business case to look at the opportunities of establishing a local authority led Energy Retail company
- Promote community owned renewable energy generation projects
- Refresh and implement the walking strategy
- Expand the Ride Pilot to community based transport
- Incorporate Great Green Essex principles into the design of garden communities and other significant developments

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

Help create great places to grow up, live and work

Facilitate growing communities and new homes

The challenge

Essex will need to build at least 136,000 new homes over the next 20 years - a 22% increase in the current number of homes. 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, we are building communities.

Government remains focused on housing. It expects to see house building increase. Targets could rise from 136,000 to 150,000 over the next 20 years. Districts' Local Plans are the key to securing good growth – we will work with our districts to support the local planning process.

In the last year we have:

- Worked with districts to develop Local Plan documents, including those which will support the delivery of the North Essex Garden Communities
- Progressed Essex Housing, which will deliver more than 400 homes over time, including for older people and people with learning disabilities
- Developed Essex Growth model to decide which infrastructure projects provide best value for money
- Begun construction work on 64 housing units – 41 units for private sale and 23 units for independent living for people with learning disabilities
- Commissioned a Homelessness Trailblazers service which has helped to prevent 225 cases of homelessness following a successful bid to DCLG.

In the next year we will:

- Work with DCLG to develop a strong partnership approach towards securing new homes and infrastructure in sustainable communities in the North Essex Garden Communities
- Publish the updated Essex Design Guide online, including new content on digital, the ageing population, and Garden Communities, to improve new housing development
- Develop an approach to increase the amount of key worker housing
- Develop a Viability Protocol with districts and developers on public investment from private housing development
- Complete 38 new homes through Essex Housing, including 15 independent living homes for people with learning disabilities

These activities will be monitored throughout the year through a range of performance measures and targets that include increasing the availability of land for housing and the numbers of houses built. More detail can be found in the Measuring our Performance section.

Transform the council to achieve more with less

Limit cost and drive growth in revenue

The challenge:

- Our income is falling and demand for our services is rising. We must continue to ensure we operate as efficiently as possible and maximise the value of every pound of taxpayers' money we spend while seeking out new opportunities to grow our income streams.

In the last year we have:

- Delivered in excess of **£100m** of savings
- Reviewed fees and charges for our services
- Developed the Council Tax Fraud Scheme
- Launched a Property Investment fund of **£50m**, with the first purchase of a Grade A Office block for **£11.1m**, generating a significant financial return for the Council
- Launched the Essex Lottery – sold 22,000 tickets in 2017, which equates to **£156,000** raised annually across the 229 good causes, throughout the county.

In the next year we will:

- Deliver **£59m** savings
- Develop a more commercial approach to our services to deliver investment in services
- Deliver a target of **£10m** capital receipts
- Optimise the use of our buildings, including through changed working practices.

Develop the capability, performance and engagement of our people

The challenge: We employ approximately 7,500 people. We are building an organisation that values doing the right thing for the people we serve. And we will continue to invest in our people to make sure they have the skills and capabilities to serve the people of Essex as they deserve.

In the last year we have:

- Redesigned our senior leadership team
- Started the organisational redesign for the whole of the Council
- Developed a new pay and grading structure
- Developed a new Workforce Strategy
- Introduced new leadership and organisational behaviours
- Started to build a shared understanding of what our ambition of becoming a 'learning organisation' means to us

In the next year we will:

- Complete the organisational redesign of the whole of the county council
- Implement and embed the reward, recognition system and performance management system for employees
- Support the development of our managers, so they can enable our people to be their best at work
- Develop a brand for Essex as a desirable place to work that is diverse and promotes equality to attract talent
- Review how people join the council and how we attract talent in the wider market
- Identify and create the right conditions in the organisation to ensure 'learning from experience' is embedded in everything we do
- Review the way our Learning and Development offering supports our need to have a "life-long learning" mindset.

Re-imagine how residents' needs can be met in a digital world

The digital revolution is transforming the way we live our lives. The internet has not only allowed for the design of much cheaper, faster services, delivering better outcomes, it has changed entire systems. From re-casting age old industries, such as banking and retail, to creating entirely new sectors, such as the sharing economy and social media. This change will continue to offer huge potential, especially to those that need our support the most. Our residents expect our public institutions to take advantage of these opportunities. We must re-imagine our role to better meet people's needs and expectations in the internet age.

In the last year we have:

- Agreed the Essex Service Standards as part of the Organisation Strategy to help us create and run better digital services
- Agreed and published a digital roadmap
- Established a core team to support capability and capacity in service design
- Run multiple sessions on digital, agile and service design to start to build understanding and capability

In the next year we will:

- Reorganise around the Essex Service Standards using service design techniques to support re-imagining how the Council meets its outcomes
- Integrate Essex Service Standards and Commissioning into one framework to ensure we design and deliver services that put the user first
- Reform our information, advice and guidance so residents can access information through the appropriate channels, prioritising digital
- Work on improving digital capabilities throughout the organisation
- Establish shared digital ambitions with core public service delivery partners
- Identify and work on key areas for focus for digital service design programmes
- Refresh our approach for a Lean Estate to deliver a more commercial return, to assess the need for a physical presence for the Council and partner services in localities based on customer need alongside digital interaction; and to recognise the social value of some property assets in creating stronger, safer and more neighbourly communities
- Deliver the Digital Foundations Programme to improve our technology infrastructure and increase productivity by allowing more flexible and mobile working and to ensure value for money service provision

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

Resources

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.

Report on the Revenue budget by the Executive Director for Corporate and Customer Services (S151 Officer)

The budget is set against a backdrop of the eighth year of austerity and significant reductions in Central Government funding, and increasing demand for social care services which has attracted much attention nationally. The Council faces a **38%** reduction in Central Government revenue support grant, when compared to the current year, and this is on top of **37%** in the previous year.

The authority took up the Government's offer of a four year settlement, thereby providing greater certainty over government funding streams from 2016/17 to 2020/21.

In 2016/17 the Government agreed that local authorities with social care responsibilities were allowed to increase council tax by an additional **2%** if the money raised is spent on adult social care. This is referred to as the 'adult social care precept'. In the Provisional Finance Settlement for 2017/18 it was announced that social care authorities could increase the social care precept provided that the total increase as a result of the precept by 2019/20 does not exceed **6%**. The Council raised the adult social care precept by **3%** in 2017/18 and proposes to increase by **2%** in 2018/19, followed by **1%** in 2019/20. A **2%** increase will yield an estimated **£12m** in 2018/19, which whilst being a contribution to the financial pressures relating to social care, is not sufficient to meet the costs of inflation (including the cost of funding increases in the National Living Wage) and demographic growth which are estimated to cost **£29m** for this service alone.

The financial situation that the authority faces remains very challenging. In the past year, the authority has seen significant cost pressures in the provision of children's social care services, equating to an additional cost of **£7m** for 2018/19, and without transformational activity, it is likely this will continue to rise in future years.

The 2018/19 budget includes a **£42m** reduction in central government grants compared to the previous year, inflationary pressure (including National Living Wage) of **£27m**, and additional income offset by service pressures (**£10m**) resulting in a net pressure of **£59m**. For future years, these pressures are expected to continue. The council must therefore continue to explore different ways of working with its partners, local communities and the voluntary sector to ensure essential services can be provided with significantly reduced funding.

Given this, the Council is proposing to implement a **2.99%** increase in core council tax, in addition to the **2%** social care precept. The decision to increase council tax is a political one – and any increase is a balance between the need to provide a sound financial basis for the provision of services, and the needs of the taxpayer. The increases proposed within this budget will not only contribute additional funds for 2018/19, but will also provide an increase to the council's base funding position going forward and help to stabilise the financial position of the authority and its ability to provide essential public services.

There are a number of risks associated with the budget, including the assumed full delivery of **£59m** budget proposals, where at this stage, 17% of savings have a higher level of delivery risk. The extent and management of social care demand is a significant risk given that people are living longer, may have more care needs, and we are experiencing more cases and more complex cases within Children's services too. We have very recently also experienced some winter weather which did require greater intervention than normal, and looking ahead, it is important that we are able to provide additional resources at very short notice to keep our infrastructure running in periods of bad weather. The longer term funding position is uncertain due to the proposed changes to local government financing.

Reserves play an important part in the financial strategy of the Council, and much has been written about them in local and national media. A substantial amount of the Council's reserves are 'restricted use funds' in that they are ring-fenced very specifically to long term contractual commitments such as Private Finance Initiative (PFI) schemes, or they are partnership funds, and not available to support the spend of the Council. These reserves are important in terms of risk management – they have the potential to manage specific risks in the areas they are allocated to, and so alleviate pressure on the remaining reserves, but they should not be considered available to support more general pressures facing the council. Excluding these specific funds, the remaining reserves provide a cushion against the significant risks the Council faces as outlined above, and a source of transformation funding to change the way the Council provides services and achieves future efficiencies. The continued provision of adequate reserves is essential. Without these, it may be necessary to take remedial urgent action in-year to mitigate unavoidable challenges that arise, which could lead to longer term consequences. The general balance is set at **£55m** which is sufficient to fund the council's activities for 22 days.

In building the budget and considering the risk inherent within it, it is important that the Council considers not only the level of reserves available to support it, but the wider control environment which will help to manage and minimise those risks. This includes the approach to financial planning with functions, regular reporting to Members and senior officers, using performance reporting as an early warning system, and the internal audit function assessing controls and processes. These processes are robust and it is important that continued focus is given to these by the senior leadership of the Council to ensure this remains the case. These processes provide an early warning system to potential problems to enable appropriate action to be taken if necessary in a calm and measured way.

However, it has to be recognised that these steps will not serve to eliminate risk entirely, especially for those that come externally. There are further measures that can be taken to diminish the overall financial effect of these risks, including slowing down or stopping spending, increasing income elsewhere, and moving funds around the organisation. The authority also has an emergency contingency, which is set at **£4m** (or less than 0.5% of net expenditure), in addition to the General Balance mentioned above.

It is therefore important that the authority continues with its reform of services and ensures there is strong leadership to deliver the new sources of income and efficiencies required to balance future budgets. There will be an increasingly strong focus on digital transformation and commercialism to enable this.

Whilst a balanced budget for 2018/19 is presented here, it does include high levels of risk in terms of delivery of the budget proposals. Furthermore, the projections for future years indicate a gap between the Council's expected funding streams and the Council's expenditure. It is therefore essential that the Council continues to identify further income and opportunities for efficiencies to ensure balanced budgets are able to be set in future.

Report on the Capital Strategy by the Executive Director for Corporate and Customer Services (S151 Officer)

The Council has also indicated within the budget proposals, an aspiration to invest considerable sums through the capital programme over the next three years. This will deliver a range of schemes to enhance, maintain and deliver new assets, some of which will help to deliver revenue savings. Clearly if the Council has to borrow sums to pay for this investment, it will incur borrowing costs, which increase the pressure on the revenue budget. The ability to turn this aspiration into a long term programme will therefore be dependent on achievement of savings, generation of income and maximising funding from a range of sources. The indicated borrowing costs of the capital programme will rise from 5% of the net budget in 2017/18 to an estimated 6% in 2020/21. Clearly this could create a situation where services will have to make greater efficiencies in future to fund these increased borrowing costs. Currently some 6% of the capital programme is spent on projects which deliver a financial return greater than their borrowing costs. Over the coming year, further work will be undertaken to implement the commercial strategy to ensure this proportion increases, thereby generating further returns over and above the cost of borrowing to reduce the impact on front line services.

The Prudential Code for Capital Finance in Local Authorities (the Prudential Code) plays a key role in capital finance in local authorities, and it requires the Executive Director for Corporate and Customer Services to comment specifically on the Capital Strategy adopted by the Council. The full strategy is shown in Annex 1.

Local authorities determine their own programmes for investment that are central to the delivery of quality public services. The Prudential Code was developed by CIPFA as a professional code of practice to support local authorities in taking their decisions. Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003. Part of the Prudential Code requires the Chief Financial Officer to report explicitly on the affordability and risk associated with the Capital Strategy.

In financing capital expenditure, local authorities are governed by legislative frameworks, including the requirement to have regard to CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes.

In order to demonstrate that capital expenditure and investment decisions are taken in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability, the Prudential Code requires authorities to have in place a Capital Strategy that sets out the long term context in which capital expenditure and investment decisions are made, and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

The Capital Strategy provides an overview of the governance process for approval and monitoring of capital expenditure. These processes are well established, and have been highly effective in recent years in ensuring the delivery of the Council's capital investment plans. It provides a projection of the Council's capital financing requirement, how this will be funded and repaid. It also sets out the Council's borrowing strategy and explains how the Council will discharge its duty to make prudent revenue provision for the repayment of debt. The capital strategy, and the indicators provided in **Annexes 1A and 1B**, show that the capital financing requirement, external borrowing levels and costs of borrowing are all on an upward trajectory. This reflects the substantial level of capital investment being undertaken by the Council at present. A focus of much of this investment is upon 'invest to save' initiatives and upon economic regeneration. Hence, the increase in borrowing, and the costs associated with this borrowing, is partly mitigated by revenue savings and additional income

generation. In the longer term, it will not be possible to sustain this level of capital investment without the achievement of savings, generation of income and maximising funding from a range of sources.

The Council's approach to treasury management investment activities is set out on page 73, and includes the criteria for determining how and where funds will be invested to ensure that the principal sums are safeguarded from loss and that sufficient liquidity is maintained to ensure that funds are available when needed. The treasury management investment strategy proposed for 2018/19 is consistent with that applied in previous years, other than where changes have been necessary due to external factors. The Council has a good track record with regard to its treasury investment activity, adhering to the statutory requirement to give priority to security and liquidity over yield. In addition, Internal Audit has issued a 'good' assurance opinion on the management of these activities, confirming that internal controls are consistently adhered to.

The Capital Strategy also explains the Council's current approach to commercial investment activities, including processes, due diligence and defining the Council's risk appetite in respect of these, including proportionality in respect of overall resources. All commercial investment activities entered into so far have been subject to approval in accordance with the Council's governance framework for decision making, and giving due regard to risk and proportionality, and this will be the intention for new propositions too. This section of the Capital Strategy may need to be revisited and updated once the revised statutory Guidance on Local Authority Investments is published and/or as the Council's own agenda for commercial investments evolves.

The Council's policies, objectives and approach to risk management of its treasury management activities, and the manner in which it seeks to achieve its policies and objectives for treasury management is set out in the Strategy, alongside the knowledge and skills available to the Council and provides confirmation that these are commensurate with the Council's risk appetite.

The distinct, but inter-related, elements of the Capital Strategy therefore collectively demonstrate that the Council's capital expenditure and investment decisions properly take account of stewardship, value for money, prudence, sustainability and affordability, by setting out the long term context in which capital expenditure and investment decisions are made, and by giving due consideration to both risk and reward and impact on the achievement of priority outcomes.

Financial Strategy 2018/19 – 2020/21

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

Over the last 4 years we have generated savings to taxpayers of **£350m**, and are budgeted to deliver a further **£59m** of new savings by the end of 2018/19 (**6%** of net budget). We have an outstanding track record both in terms of delivering savings, generating income and delivering value to its residents, with a constant focus on strategic outcomes and financial prudence.

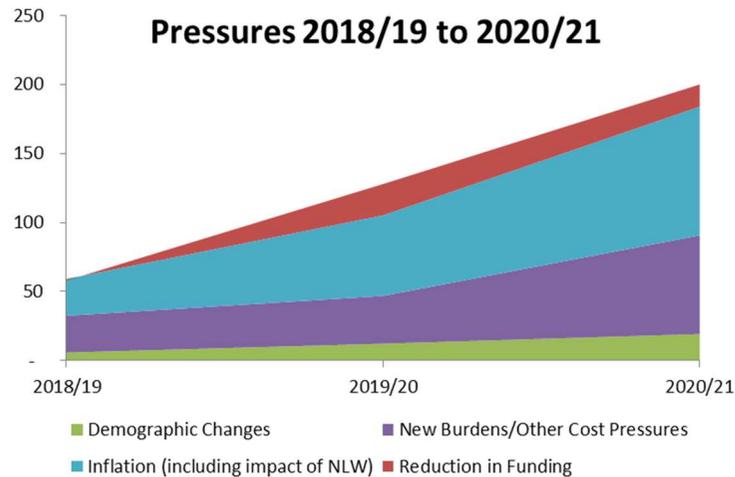
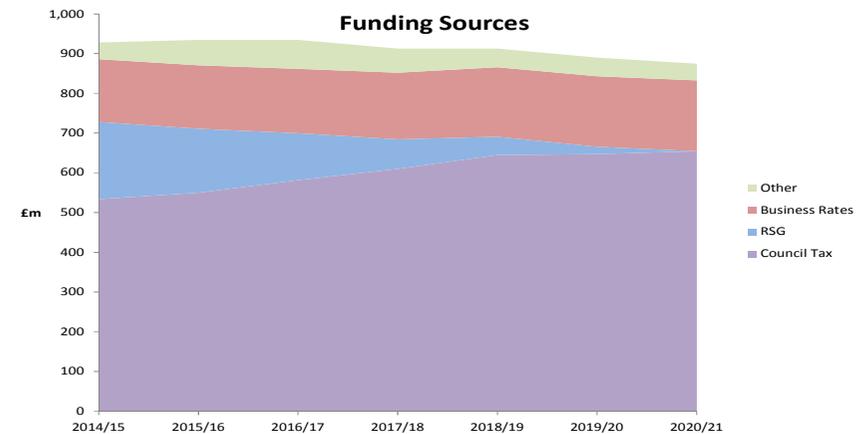


The **£59m** of budget proposals relate to process and back office efficiencies, improved targeting of resources and preventative measures, including a more targeted approach of support to vulnerable people and families and continue our focus on allowing vulnerable people to live independently.

We have worked closely with our District, Borough and City partners to improve council tax collection rates, through local schemes and the implementation of an anti-fraud campaign. This will result in an expected growth in council tax in 2018/19 of **£2m** (before the precept and core tax increase).

In 2016/17, we accepted the offer from Central Government for a multi-year settlement, in return for an efficiency plan. The settlement provides the Council with certainty of some central government funding streams until 2019/20. Revenue Support Grant funding from central government reduces significantly over this period - falling to zero by 2020/21. RSG in 2018/19 will be **£46m** which is 5% of total funding.

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



As well as reductions in Central Government funding, we face significant cost pressures over this period due to demand, inflation, and demographics.

Medium term

Work will continue during 2018/19 to identify options to close the funding gap beyond the next year. We are fully cognisant of the challenges that we face, but are determined to continue to transform how we operate to tackle this enormous financial shift. We operate a Transformation and Efficiency programme which is central to delivering the savings and generate the income required to reach a balanced budget position but also to deliver fundamental change in the way we work both internally and with partners.

	2018/19	2019/20	2020/21
	£m	£m	£m
Net Cost of Services	912	931	974
Funding	(912)	(896)	(882)
Gap	-	35	92

The total savings still to find over the medium term period is **£127m**.

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. This is about operating our services in ways that generate value for residents, where residents are willing to pay a fair price where they can afford to do so. We will be investing in its digital capability to make optimum use of digital solutions to drive the transformation and improve its efficiency. The capital programme will similarly have elements which result in greater revenues thus reducing the burden on taxpayers.

Capital

The capital programme presented is fully developed for 2018/19 and provides the current view of the programme for 2019/20 and 2020/21.

Our longer term capital programme aspirations are significant, we recognise that investments are essential to transform our capacity to meet future needs, generate additional income including capital receipts and deliver revenue savings. We will continue to develop a future programme of investment which is affordable within the financial envelope available and will help us to transform service delivery to improve the quality of life for our residents.

The overall vision for the capital programme is to have a diverse portfolio of activity, ensuring the continued creation of new and maintaining the quality of existing infrastructure, for the benefit of our residents and businesses. Our investments must deliver value for money within an affordable financial envelope that generates income and growth, drives savings and is focused on creating better places to live and work. This is all underpinned by the needs of the people and businesses of Essex and the strategic aims and priorities as set out in the Organisation Strategy.

Our approach to deliver this vision is:

- Ensuring activity is prioritised in line with our organisation strategy, with robust delivery plans in place, enabling delivery on time and at value, for example ensuring every child has a place at school and maintaining the road network.
- Ensuring external funding is leveraged, especially from development, which will maximise the financial envelope available for capital projects such as funding for road improvements (which reduce congestion and unlock housing and jobs growth) and building new schools.
- Building and maintaining a diverse capital programme which is agile and responds to residents' needs, such as providing new accommodation for older people and adults with disabilities and improving the flood defences. Investment in infrastructure such as housing and roads delivers economic growth, which in turn increases Council Tax and Business Rates.
- Utilising and leveraging our existing asset base to ensure it is fit for purpose and creating value.

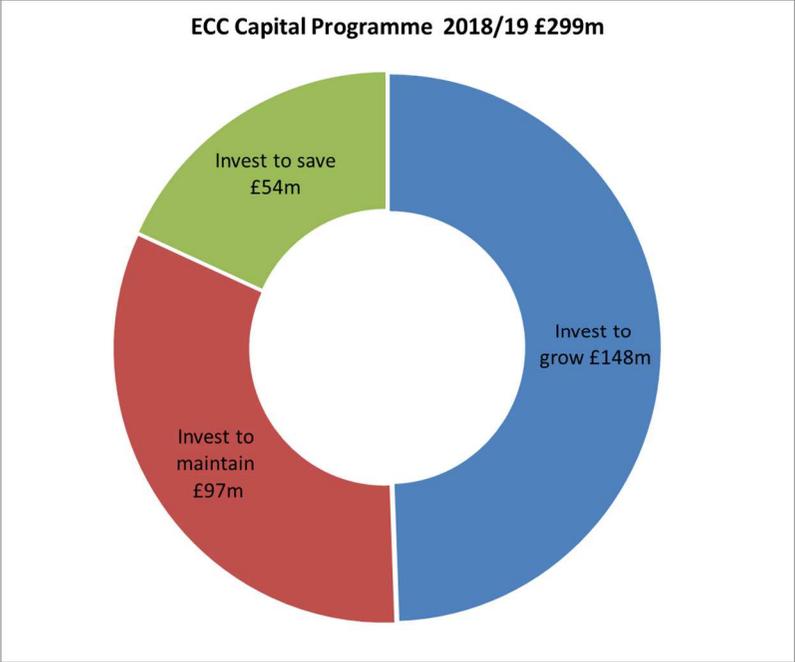
Over the last 3 years we have invested approximately **£210m** on improving the quality of roads and footways. As a result it has seen significant improvements in the condition of the principal road network which we wish to extend into local roads and improvements to congestion in a number of key locations. Notable achievements over the last 3 years include major improvements to the A414 in Harlow and key junction improvements in Colchester and Basildon.

Continued investment is vital to achieving our ambitions for the county which are aligned to the districts local plans from economic growth to reducing congestion to meeting the future needs of residents. Over the next 3 years the plan is to focus more on the local road network condition and delivery will commence on significant packages of improvement work such as new junctions at M11 J7a and A127 Fairglens and a package of highway works in Chelmsford.

To support our ambition, we have been successful in bids for funding from the Local Growth Fund and National Productivity Investment Fund and submitted bids for the Housing Infrastructure Fund. We continue to work closely with the Department for Transport and Highways England to secure improvements for the A120, A12 and M25 J28. A longer term pipeline covering the next 10 – 15 years is in the early stages of development, which will provide us greater opportunities to leverage external funding and work with third parties to enable our ambition for Essex. In response to the changing financial landscape, the investment strategy now encompasses projects which provide a return on investment, giving us ongoing revenue savings, a regular income stream or capital receipts.

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

Our collaboration with Essex Schools will enable up to **£53m** investment expanding special school places over the next 3 years. This represents a step change in the provision and will help to reduce distances children with Special Educational Needs and Disabilities need to travel, keeping them closer to their family and reducing associated costs. This is on top of the **£214m** we are planning to invest in mainstream education to create over 8,000 new school places, ensuring all children in Essex receive the best possible education and pupils' individual needs are met in their locality.



The total of the 2018/19 programme is £299m. This can be analysed as follows:

Invest to Grow totals £148m and includes areas where we are 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.

Invest to Maintain totals £97m and includes areas where we are maintaining (but extending the life of) its current assets, for example, highways and the flood programme.

Invest to Save/Generate Return totals £54m and includes areas where we are investing to generate a return or saving, for example, accommodation for older people and people with disabilities, LED lighting and the Essex Housing Programme.

2018/19 Overview

Gross expenditure to be incurred in the delivery of Council services in 2018/19 is **£1,847m**. After taking income and specific grants into account, the net costs of services amounts to **£912m**.

Budget breakdown

	2017/18 £m	2018/19 £m
Gross Expenditure	1,823.6	1,846.9
<i>Deduct:</i>		
Income	(226.5)	(264.4)
Specific Government Grants (excluding DSG)	(138.5)	(153.3)
Specific Government Grants (DSG)	(545.9)	(517.5)
Subtotal: Net Cost of Services	912.7	911.7
<i>Deduct:</i>		
Council Tax Requirement	(597.1)	(635.6)
Revenue Support Grant	(73.9)	(45.7)
Non-Domestic Rates	(168.7)	(173.7)
Non-Domestic Rates Deficit/ (Surplus) *	0.8	(0.8)
General Government Grants	(60.7)	(46.5)
Council Tax Collection Fund Surplus *	(13.1)	(9.4)
Subtotal: Total Funding	(912.7)	(911.7)
Surplus/ (Deficit)/ Balanced budget	0.0	0.0

* Estimate of the variation of actual council tax and non-domestic rates revenue 2017/18 compared to that budgeted (technical adjustment)

As referred to above, the budget is delivered within portfolios.
A summary of the revenue budget and capital programme by portfolio is shown on pages 31 and 32.



Income

Within the budget, income of **£264m** is expected in 2018/19, an increase of **£38m** when compared to 2017/18. The breakdown of income streams by portfolio is shown on page 31.

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

Over **48%** 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.

	2017/18	2018/19
	£m	£m
Fees and Charges	(124.9)	(126.8)
Contributions from Other Bodies	(63.8)	(38.3)
Interest Receivable	(0.5)	(1.3)
Rents and Lettings	(4.3)	(5.7)
Sales	(1.4)	(1.6)
Other Income:		
Appropriations Income *	(13.6)	(24.2)
Income Recharge	(9.6)	(52.3)
Other Recharges	(8.2)	(14.1)
Capital Grants	(0.1)	(0.1)
TOTAL	(226.5)	(264.4)

* 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 **£671m** of specific government grants, the most significant of which is the Dedicated Schools Grant (**£518m**), the majority of which is passed through to schools, and Public Health grant (**£64m**) which is ring-fenced to public health activity.

Capital Programme

The Capital Programme for 2018/19 is **£299m**. We will deliver our biggest ever education programme, with in excess of 2,750 new primary and secondary school places being constructed. We will continue on its five year **£85m** investment programme to provide 400 new special school places for children with special educational needs in Essex (**£53m** over the three years 2018/19 – 2020/21). It will significantly accelerate its plans to bring forward ambitious housing schemes and redevelop redundant Council property to provide much needed new homes across the county, supporting independent living schemes for older people and adults with disabilities. With **£81m** being invested in maintaining and improving the highway network, it will ensure the county keeps moving.

We will deliver a range of schemes to enhance, maintain and deliver new assets. Schemes such as superfast broadband and investment in libraries to make them more community based. There will be a continuation of building new primary and secondary schools, at Beaulieu Park in Chelmsford, New Hall in Harlow and a significant school expansion programme in Colchester. There is also a package of highways maintenance and road congestion busting schemes countywide to support economic growth, particularly in Harlow. There is major investment with further education organisations to help address the gap in the skills sector, such as at Stansted Airport.

Revenue Budget Summary

2016/17 Actuals £000	2017/18 Original Budget £000	2017/18 Latest Budget £000		2018/19 Gross Expenditure £000	2018/19 Income £000	2018/19 Specific Grants £000	2018/19 Total Net Expenditure £000
113,358	113,212	113,597	Children and Families	130,776	(6,787)	(9,088)	114,902
20,656	18,642	18,885	Culture, Communities and Customer	24,504	(7,344)	(0)	17,160
7,752	6,984	7,670	Economic Growth, Skills, Infrastructure and the Digital Economy	8,130	(633)	(350)	7,147
83,444	74,341	75,784	Education	668,766	(32,833)	(561,043)	74,889
76,777	75,383	75,670	Environment and Waste	90,984	(9,890)	(105)	80,989
434,793	421,823	426,839	Health and Adult Social Care	644,516	(139,042)	(97,837)	407,637
43,499	42,828	42,925	Highways	61,869	(15,803)	(2,090)	43,976
3,374	4,003	4,148	Housing, Property and Planning	5,079	(1,079)	(3)	3,998
7,911	6,611	9,341	Leader	8,040	(231)		7,809
45,222	62,329	30,058	Other Operating Costs	87,840	(25,612)		62,228
18,712	15,775	16,772	Resources	19,697	(3,208)	(256)	16,233
1,843	2,003	2,003	Culture, Communities and Customer RSSS	1,997	(67)		1,930
71,670	58,013	79,082	Resources RSSS	84,396	(21,286)	(0)	63,110
13,249	10,708	9,962	Leader RSSS	10,313	(606)		9,706
942,260	912,656	912,735		1,846,908	(264,423)	(670,772)	911,713

Capital Programme Summary

2016/17 Actual £000	2017/18 Latest Budget £000		2018/19 Budget £000	2019/20 Aspirational £000	2020/21 Aspirational £000	Three Year Total £000
125	550	Children and Families	590	550	500	1,640
347	702	Culture, Communities and Customer	2,182	1,550		3,732
44,914	36,567	Economic Growth, Skills, Infrastructure and the Digital Economy	64,901	99,194	80,603	244,698
53,282	83,885	Education	105,251	104,824	63,909	273,984
5,918	7,889	Environment and Waste	5,293	3,700		8,993
3,303	4,864	Health and Adult Social Care	3,269	1,400	1,150	5,818
102,668	106,018	Highways	85,176	73,110	72,000	230,286
2,602	6,784	Housing, Planning and Property	9,276	13,972	13,872	37,120
12,891	19,605	Resources	22,657	26,381	5,372	54,410
226,051	266,865	Capital Programme	298,595	324,681	237,406	860,681
Financed by:						
2016/17 £000	2017/18 £000		2018/19 £000	2019/20 £000	2020/21 £000	Three Year Total £000
101,702	103,354	Grants	89,537	173,902	146,211	409,650
27,755	10,000	Capital Receipts	10,000	10,000	10,000	30,000
20,140	21,176	Contributions	14,581	17,658	8,929	41,168
14,843	17,756	Reserves	8,843	8,796	8,748	26,387
61,611	114,579	Borrowing	175,634	114,325	63,518	353,477
226,051	266,865	Total	298,595	324,681	237,406	860,681

Council Tax Requirement

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

Statutory disclosure requirement to the £

	£
Net cost of Services	911,713,457
General Government Grants*	(46,462,071)
Budget requirement	865,251,386
Less funding available:	
Revenue Support Grant	45,739,099
Non-Domestic Rates	173,736,330
Non-Domestic Rates surplus	752,352
Council Tax Collection fund surplus	9,470,868
	229,698,649
Council tax requirement	635,552,737
Tax base	520,199
(Band D equivalent properties)	
Band D council tax	1,221.75

*General Government Grants includes £29m PFI grants, Independent Living Fund Grant £5m, New Homes Bonus £5m

The Band D council tax charge is **£1,221.75**. The provisional council tax charge by band is set out in the following table. This represents an increase of under **£1.12** per week.

Provisional council tax charge by band

Council Tax Band	2017/18 £	2018/19 £
Band A	775.80	814.50
Band B	905.10	950.25
Band C	1,034.40	1,086.00
Band D	1,163.70	1,221.75
Band E	1,422.30	1,493.25
Band F	1,680.90	1,764.75
Band G	1,939.50	2,036.25
Band H	2,327.40	2,443.50

Children and Families portfolio (Cllr Dick Madden)

Aligns to the Strategic Aim - Help people get the best start and age well

Revenue Budget

2016/17 Actuals £000	2017/18 Original Budget £000	2017/18 Latest Budget £000		2018/19 Gross Expenditure £000	2018/19 Income £000	2018/19 Specific Grants £000	2018/19 Total Net Expenditure £000
Childrens Services							
38,461	40,601	40,952	Childrens Fieldwork	42,934	(824)	(2,800)	39,310
57,003	57,102	56,945	Children Looked After	60,631	(200)	(866)	59,565
2,832	2,664	2,921	Childrens Service Management	3,449	(486)	(127)	2,836
34	93	76	Clacton Joint Service Centres	187	(94)		93
230	232	232	Corporate and Democratic Core	234			234
9,897	6,597	6,597	Early Years and Childcare	11,149	(4,173)		6,976
Other Childrens Services							
127	238	238	i Domestic Violence	484	(117)		367
195	214	214	Essex Local Childrens Safeguarding Board	440	(194)		246
3,273	3,838	3,789	Other Social Care	8,182	(226)	(4,122)	3,835
1,306	1,634	1,634	Youth Offending Service	3,087	(473)	(1,173)	1,441
113,358	113,212	113,597	Net Cost of Services	130,776	(6,787)	(9,088)	114,902

- i For 2018/19 £1.1m of Domestic Violence spend is reported within the Health and Adult Social Care portfolio as it is funded through Public Health grant

Capital Programme

2016/17 Actual £000	2017/18 Latest Budget £000		2018/19 Budget £000	2019/20 Aspirational £000	2020/21 Aspirational £000
125	300	Adaptations	300	300	300
	250	Children With Disabilities	290	250	200
125	550	Total Children and Families	590	550	500

Culture, Communities and Customer portfolio (Cllr Susan Barker)

Aligns to the Strategic Aim - Help create great places to grow up, live and work

Revenue Budget

2016/17 Actuals £000	2017/18 Original Budget £000	2017/18 Latest Budget £000		2018/19 Gross Expenditure £000	2018/19 Income £000	2018/19 Specific Grants £000	2018/19 Total Net Expenditure £000
800	690	695	Communities	541	1		542
2,337	2,675	2,365	Coroners' Courts	3,354	(793)		2,562
1,761	2,130	1,946	Customer Services and Member Enquiries	2,258	(280)		1,978
1,770	1,335	1,475	Heritage and Cultural Services	1,731	(636)	(0)	1,094
			Libraries and Information Service				
			Libraries Service Management				
10,962	9,101	9,362	Library Operational Services	10,994	(1,588)		9,405
1,799	1,957	1,957	Library Resources	1,959	(2)		1,957
(680)	(974)	(974)	Registrars	2,295	(3,650)		(1,355)
140	59	59	Tourism	197	(144)	(0)	53
1,766	1,669	2,000	Trading Standards	1,176	(252)		923
20,656	18,642	18,885		24,504	(7,344)	(0)	17,160
1,843	2,003	2,003	Customer Services	1,997	(67)		1,930
1,843	2,003	2,003		1,997	(67)		1,930
22,499	20,645	20,888	Net Cost of Services	26,501	(7,411)	(0)	19,090

Culture, Communities and Customer portfolio (Cllr Susan Barker)

Aligns to the Strategic Aim - Help create great places to grow up, live and work

Capital Programme

2016/17 Actual £000	2017/18 Latest Budget £000		2018/19 Budget £000	2019/20 Aspirational £000	2020/21 Aspirational £000
48	500	Colchester Mercury Theatre Schemes completing in 2017/18 or earlier	1,500		
48	500	Total Heritage, Culture and The Arts	1,500	-	-
64	100	Libraries Community Hubs	350	1,550	
164	100	Libraries Self Service	332		
70		2 Schemes completing in 2017/18 or earlier			
298	202	Total Libraries and Community Hubs	682	1,550	-
347	702	Total Culture, Communities and Customer	2,182	1,550	-

Economic Growth, Skills, Infrastructure and the Digital Economy (Cllr Kevin Bentley)

Aligns to the Strategic Aim - Enable inclusive economic growth

Revenue Budget

2016/17 Actuals £000	2017/18 Original Budget £000	2017/18 Latest Budget £000		2018/19 Gross Expenditure £000	2018/19 Income £000	2018/19 Specific Grants £000	2018/19 Total Net Expenditure £000
2,757	2,295	2,463	Economic Regeneration	2,435	(65)		2,370
185	216	216	International Trade	350	(135)		215
631	253	476	Inward Investment	797		(350)	447
2,124	2,008	2,288	Skills	1,960	5		1,964
231	312	346	Traded Strategy	436	(110)		326
1,825	1,900	1,881	Transport Strategy	2,152	(327)		1,825
7,752	6,984	7,670	Net Cost of Services	8,130	(633)	(350)	7,147

Economic Growth, Skills, Infrastructure and the Digital Economy (Cllr Kevin Bentley)

Aligns to the Strategic Aim - Enable inclusive economic growth

Capital Programme

2016/17	2017/18		2018/19	2019/20	2020/21
Actual	Latest		Budget	Aspirational	Aspirational
£000	£000		£000	£000	£000
Economic Development and Regeneration					
Projects with SELEP funding					
		Chelmsford City Flood Prevention		800	
	50	Colchester Centre For Health & Development	1,200	2,500	
	2,000	Stansted Airport College	5,000		
	50	Stem Innovation Campus Braintree	1,200	2,500	
1,750	1,000	University Of Essex Innovation Centre	1,000		
ECC Funded Schemes					
544	420	Basildon Craylands	336	450	450
	1,000	Harlow Medtech Panfield Lane	1,500		
		Witham Innovation Centre/Grow on units		1,360	1,360
		Schemes completing in 2017/18 or earlier		900	900
2,996	1,161				
5,290	5,681	Total Economic Development and Regeneration	10,236	8,510	2,710
3,519	3,413	BDUK Essex Superfast Programme	14,031	10,749	9,889
132		Schemes completing in 2017/18 or earlier			
3,651	3,413	Total Superfast Essex Broadband Programme	14,031	10,749	9,889
Highways Capital Programme (over £500,000)					
Projects with SELEP funding					
1,372	1,600	A127 Fairglen Interchange	1,756	2,504	3,000
4,100	427	A127 Road Safety & Network Resilience Package	1,300	2,000	
		A127/A130 Fairglen New Link Road		5,000	4,835
112		A131 Braintree - Sudbury RBS		1,820	1,820
198	1,500	A131 Chelmsford To Braintree Route Based Strategy (RBS)	2,000	3,820	
139		A133 Colchester - Clacton RBS	1,895	3,417	120
139		A414 Harlow - Chelmsford RBS	2,400	3,770	
1,608	800	Basildon Integrated Transport Package	3,373	3,600	1,986
1,039	151	Beaulieu Park Station	1,497	1,507	9,770
3	1,000	Chelmsford Growth Area	3,000	5,500	5,500
2,392	2,100	Colchester Integrated Transport Plan (Borough Wide)	1,500	4,844	
915	3,525	Harlow Enterprise Zone & A414 Pinch Point Delivery Package Two	7,559	500	
3,153	5,196	M11 Junction 7A And Gildea Way Upgrading	3,500	22,627	25,973
249	500	M11 Junction 8	1,880	5,276	1,500
ECC Funded Schemes					
	250	A120 Millennium Way Slips	1,250	6,250	6,000
3,105	2,200	A120 Preferred Route	2,473		
		A130/A12 Howe Green		2,500	2,500
2,892	4,023	Advanced Scheme Design	5,000	5,000	5,000
14,556	3,950	Schemes completing in 2017/18 or earlier			
35,973	27,223	Total Highways Capital Programme (Over £500,000)	40,384	79,935	68,004
Self Financing Schemes					
	250	Medtech Accelerator	250		
-	250	Total Self Financing Schemes	250	-	-
44,914	36,567	Total Economic Growth, Skills, Infrastructure and the Digital Economy	64,901	99,194	80,603

Education portfolio (Cllr Ray Gooding)

Aligns to the Strategic Aim - Enable inclusive economic growth

Revenue Budget

2016/17 Actuals £000	2017/18 Original Budget £000	2017/18 Latest Budget £000		2018/19 Gross Expenditure £000	2018/19 Income £000	2018/19 Specific Grants £000	2018/19 Total Net Expenditure £000
Education and Life Learning DSG							
(462,851)	(468,825)	(436,338)	Dedicated Schools Grant			(434,707)	(434,707)
	2,810	1,564	Early Years Contingency	2,000			2,000
62,067	73,529	74,923	Education for Under Fives	83,218			83,218
			Ethnic Minorities and Bi-Lingual Learners				
3,293	2,900	2,900	i Prudential Borrowing	2,900			2,900
(22,862)	(24,996)	(14,875)	Pupil Premium Grant	21,756		(21,756)	(0)
424,678	428,878	393,523	Schools Budget	374,699	(931)	(4,451)	369,316
203	1,770	1,542	Service Management	1,542			1,542
54,343	57,960	56,059	Special Educational Needs	55,576	(121)		55,455
(54,047)	(77,090)	(77,821)	Under Fives DSG			(82,788)	(82,788)
Education and Life Learning Non DSG							
Access To Education							
14,545	10,997	13,013	Home to School Transport - main	13,295	(300)		12,995
11,560	12,516	10,500	Home to School Transport - SEN	10,792	(364)		10,429
17,048	16,573	17,299	Access to Education - Other	28,931	(12,327)		16,604
(1,621)	(1,239)	(1,231)	Adult Community Learning	9,282	(2,744)	(8,065)	(1,526)
(10,762)	(6,232)	(8,351)	Funding for former Education Services Grant services	(0)	(5,418)	(0)	(5,418)
2,667	2,208	2,208	Education for Under Fives	2,177	(129)		2,047
3,336	1,455	634	Improving School Standards	10,196	(1,585)	(6,195)	2,415
30,848	30,328	31,031	Passenger Transport	36,759	(6,433)	(1,121)	29,206
1,385	1,730	1,718	ii Services to Children	5,841	(1,976)	(1,942)	1,923
			Special Educational Needs and Additional Educational				
5,802	4,769	3,744	Needs Service	6,058	(52)		6,006
691	633	633	Sports Development	632	(4)		628
3,236	3,668	3,181	Strategic Management	3,092	(449)		2,643
(115)	(0)	(73)	Young Person Learner Agency (YPLA) Funding	19		(19)	0
83,444	74,341	75,784	Net Cost of Services	668,766	(32,833)	(561,043)	74,889

i Borrowing costs for some capital projects in schools

ii Includes Youth Services

Education portfolio (Cllr Ray Gooding)

Aligns to the Strategic Aim - Enable inclusive economic growth

Capital Programme

2016/17	2017/18		2018/19	2019/20	2020/21
Actual	Latest Budget		Budget	Aspirational	Aspirational
£000	£000		£000	£000	£000
24,087	47,398	Basic Need Programme	56,236	64,026	46,930
1,303	12,038	Beaulieu Park Schools	19,832		
259	3,651	Early Years	1,279	494	624
9,365	7,500	Schools Capitalised Building Maintenance	7,500	7,500	7,500
1,514	2,262	Special Schools	17,113	29,595	6,395
882	2,085	Temporary Accommodation	1,691	1,609	1,500
14,105	7,231	Schemes completing in 2017/18 or earlier			
51,516	82,165	Total Local Authority Controlled	103,651	103,224	62,949
1,766	1,720	Devolved Formula Capital	1,600	1,600	960
1,766	1,720	Total School Controlled	1,600	1,600	960
53,282	83,885	Total Education	105,251	104,824	63,909

Environment and Waste portfolio (Cllr Simon Walsh)

Aligns to the Strategic Aim - Help create great places to grow up, live and work

Revenue Budget

2016/17 Actuals £000	2017/18 Original Budget £000	2017/18 Latest Budget £000		2018/19 Gross Expenditure £000	2018/19 Income £000	2018/19 Specific Grants £000	2018/19 Total Net Expenditure £000
268	(0)	289	Community Initiatives	0			0
1,181	1,394	1,434	Development Management	879	(70)		809
60	0	(0)	Historic Environment				
			Leisure				
85	85	85	i Contributions To Other Bodies	85			85
161	(422)	(342)	Country Parks	2,229	(2,556)	(105)	(432)
21	(27)	(54)	Crossing Temple Marsh Farm	127	(198)		(71)
6	(321)	0	Management and Support Services	(0)			(0)
(103)	(611)	(611)	Outdoor Education	3,183	(3,387)		(204)
179	178	178	Rural Issues	178			178
			Waste Management				
13,059	12,102	12,102	Civic Amenity Service	12,351			12,351
1,530	3,256	3,256	Courtauld Road Waste Treatment	3,413			3,413
88	116	116	Exceptional Waste	118			118
353	301	301	Landfill Aftercare	481	(58)		423
22,112	23,810	23,755	Recycling Initiatives	23,600			23,600
129	179	179	Tipping Away Payments	282			282
(2,315)	(2,311)	(2,311)	Trade Waste Income		(2,621)		(2,621)
38,083	35,941	35,941	Waste Disposal	42,739	(1,000)		41,739
(44)	1,183	0	Waste Management and Support Services	0	(0)		(0)
1,926	531	1,353	Waste Strategy	1,319	0		1,319
76,777	75,383	75,670	Net Cost of Services	90,984	(9,890)	(105)	80,989

i Contributions to external bodies including Woodland Trust

Environment and Waste portfolio (Cllr Simon Walsh)

Aligns to the Strategic Aim - Help create great places to grow up, live and work

Capital Programme

2016/17 Actual	2017/18 Latest Budget		2018/19 Budget	2019/20 Aspirational	2020/21 Aspirational
£000	£000		£000	£000	£000
2,912	1,544	Country Parks	450		
682	1,352	Essex Outdoors Centres	343		
26	4,378	Flood Management	4,500	3,700	
2,298	616	Schemes completing in 2017/18 or earlier			
5,918	7,889	Total Environment and Waste	5,293	3,700	-

Health and Adult Social Care portfolio (Cllr John Spence)

Aligns to the Strategic Aim - Help people get the best start and age well

Capital Programme

2016/17	2017/18		2018/19	2019/20	2020/21
Actual	Latest Budget		Budget	Aspirational	Aspirational
£000	£000		£000	£000	£000
197	275	Changing Places	100	100	100
641	1,540	Independent Living Adults With Disabilities Programme	1,150	175	
588	648	Independent Living Older People Programme	2,019	1,125	1,050
1,877	2,402	Schemes completing in 2017/18 or earlier			
3,303	4,864	Total Health and Adult Social Care	3,269	1,400	1,150

Highways portfolio (Cllr Ian Grundy)

Aligns to the Strategic Aim - Enable inclusive economic growth

Revenue Budget

2016/17 Actuals £000	2017/18 Original Budget £000	2017/18 Latest Budget £000		2018/19 Gross Expenditure £000	2018/19 Income £000	2018/19 Specific Grants £000	2018/19 Total Net Expenditure £000
Highways And Transportation							
622	738	76	Asset Management Planning	252			252
1,342	1,551	1,249	Bridges	1,196	(45)		1,151
2,065	1,869	1,674	Congestion	7,542	(5,872)		1,670
	141		Corporate And Democratic Core				
11,706	12,058	12,058	i Ongoing Operator Payments for A130 PFI	13,640			13,640
1,055	1,167	1,167	Localism	194			194
882	625	625	Park and Ride	2,674	(2,369)		305
1,784	2,308	1,871	Public Rights Of Way	2,009	(164)		1,845
852	1,520	809	Road Safety	974	(8)	(221)	745
14,821	12,786	14,117	Roads And Footways	19,354	(155)	(1,869)	17,330
8,310	6,557	7,521	Street Lighting	7,068	(349)		6,718
(1,514)	(361)	(1,646)	Support Services	621	(3,487)		(2,866)
(1,365)	(739)	294	Traffic Management Act	3,210	(3,354)		(144)
			Transportation Planning				
2,940	2,609	3,111	Winter Service	3,134			3,134
43,499	42,828	42,925	Net Cost of Services	61,869	(15,803)	(2,090)	43,976

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

Highways portfolio (Cllr Ian Grundy)

Aligns to the Strategic Aim - Enable inclusive economic growth

Capital Programme

2016/17	2017/18		2018/19	2019/20	2020/21
Actual	Latest Budget		Budget	Aspirational	Aspirational
£000	£000		£000	£000	£000
5,795	6,799	Bridges	7,710	5,700	5,700
		Bus & Passenger Transport Infrastructure	500	1,500	1,000
	210	Bus Lane Camera Enforcement	110	110	150
		Cycling Infrastructure	500	1,500	1,000
9,765	7,960	Footway Maintenance	8,000	3,500	3,500
5,749	4,000	Local Highways Panels	4,000	4,000	4,000
248	250	Passenger Transport	250	250	
405	400	Public Rights Of Way	400	400	400
60,419	65,500	Road Maintenance	50,040	50,040	50,000
1,959	1,900	Safety Barrier Replacement	2,000	1,500	1,500
3,611	2,512	Street lighting replacement	3,000	1,500	1,500
2,646	2,629	Surface Water Alleviation	2,500	1,250	1,250
2,069	1,500	Traffic signal refurbishment	1,500	1,860	2,000
5,165	3,533	Schemes completing in 2017/18 or earlier			
97,831	97,192	Total Highways Excluding Self Financing	80,510	73,110	72,000
Self Financing Schemes					
4,837	8,826	LED Rollout	4,666		
4,837	8,826	Total Self Financing Schemes	4,666	-	-
102,668	106,018	Total Highways	85,176	73,110	72,000

Housing, Planning and Property portfolio (Cllr Sue Lissimore)

Aligns to the Strategic Aim - Help create great places to grow up, live and work

Revenue Budget

2016/17 Actuals £000	2017/18 Original Budget £000	2017/18 Latest Budget £000		2018/19 Gross Expenditure £000	2018/19 Income £000	2018/19 Specific Grants £000	2018/19 Total Net Expenditure £000
629	899	777	Environmental Planning	1,051	(209)		841
0	0	0	Environmental Strategy	3		(3)	(0)
1,222	711	1,428	Housing	1,342	(83)		1,259
1,340	1,332	1,280	Strategic Spatial Planning	1,202	(163)		1,039
(170)	677	193	Service Management	272			272
191	330	330	Sustainable Development	333	(10)		323
162	53	140	Travellers	878	(613)		265
3,374	4,003	4,148	Net Cost of Services	5,079	(1,079)	(3)	3,998

Capital Programme

2016/17 Actual £000	2017/18 Latest Budget £000		2018/19 Budget £000	2019/20 Aspirational £000	2020/21 Aspirational £000
910	163	Travellers	310	440	
910	163	Total Travellers	310	440	-
Self Financing Schemes					
1,693	6,620	Essex Housing	8,966	13,532	13,872
1,693	6,620	Total Self Financing Schemes	8,966	13,532	13,872
2,602	6,784	Total Housing, Planning and Property	9,276	13,972	13,872

Leader portfolio (Cllr David Finch)

Aligns to the Strategic Aim - Transform the council to achieve more with less

Revenue Budget

2016/17 Actuals £000	2017/18 Original Budget £000	2017/18 Latest Budget £000		2018/19 Gross Expenditure £000	2018/19 Income £000	2018/19 Specific Grants £000	2018/19 Total Net Expenditure £000
			Democratic Core				
948	996	966	Corporate Management	519	0		519
32	62	62	Democratic Representation	61			61
		1,083	Digital	2,148			2,148
	250	350	Innovation Fund	(0)			(0)
1,820	1,768	3,403	Members Support	1,770			1,770
1,544	1,397	1,501	Olympics and Sports Development	1,688	(231)		1,457
			Other				
261	261	261	Contributions and Subscriptions	261			261
57	(0)	37	Essex Initiatives	(0)			(0)
139	138	138	Devolution				
3,110	1,739	1,539	Corporate Policy	1,594			1,594
7,911	6,611	9,341		8,040	(231)	-	7,809
2,881	2,459	2,331	Communications And Customer Relations	2,404	(86)		2,318
134	138	138	Equality And Diversity	140	(3)		137
4,903	5,088	4,525	Performance and Commissioning Support	4,247	(334)		3,914
5,331	3,023	2,968	Project Management Office	3,521	(184)		3,337
13,249	10,708	9,962		10,313	(606)		9,706
21,160	17,319	19,303	Net Cost of Services	18,353	(838)	-	17,515

Resources portfolio (Cllr Louise McKinlay)

Aligns to the Strategic Aim - Transform the council to achieve more with less

Revenue Budget

2016/17 Actuals £000	2017/18 Original Budget £000	2017/18 Latest Budget £000		2018/19 Gross Expenditure £000	2018/19 Income £000	2018/19 Specific Grants £000	2018/19 Total Net Expenditure £000
			Central Services To The Public				
6,338	6,841	6,871	Council Tax Sharing Scheme	6,596			6,596
9,890	6,483	7,450	Other Services	9,571	(417)	(256)	8,898
(0)	0	0	Support Services	972	(2,791)	(0)	(1,819)
595	575	575	Emergency Planning	525			525
			Precepts				
1,505	1,500	1,500	Environmental Agency	1,645			1,645
384	376	376	Kent and Essex Sea Fisheries	388			388
0	(0)		Vehicle Lease Management				
18,712	15,775	16,772		19,697	(3,208)	(256)	16,233
7,907	8,630	8,787	Business Support	8,892			8,892
1,257	1,255	1,195	Capital Programme, Implementation and Delivery	1,115	(97)		1,018
(43)	53	53	Car Provision Scheme	2,708	(2,655)		53
847	783	937	Democratic Services	905	(146)		759
11,878	7,913	13,324	Finance	13,481	(6,185)		7,297
4,001	1,332	7,411	Human Resources	6,481	(1,803)		4,678
19,008	15,246	23,308	Information Services	16,826	(1,682)		15,144
6,619	4,541	4,541	Insurance	6,243	(2,649)		3,594
161	389	341	Legal Services	6,946	(2,393)		4,554
5,265	4,798	4,504	Procurement	3,375	(96)	(0)	3,279
14,769	13,073	14,679	Property	17,423	(3,581)		13,841
71,670	58,013	79,082		84,396	(21,286)	(0)	63,110
90,382	73,788	95,854	Net Cost of Services	104,093	(24,495)	(256)	79,342

Resources portfolio (Cllr Louise McKinlay)

Aligns to the Strategic Aim - Transform the council to achieve more with less

Capital programme

2016/17	2017/18		2018/19	2019/20	2020/21
Actual	Latest Budget		Budget	Aspirational	Aspirational
£000	£000		£000	£000	£000
1,909	1,094	Digital Foundations Programme	500	400	250
176	203	Next Generation Networks	122	122	122
2,085	1,297	Subtotal Technology Services	622	522	372
6,538	5,034	Capitalised Building Maintenance (Non School estate)	5,000	5,000	5,000
4,268	1,428	Schemes completing in 2017/18 or earlier			
12,891	7,758	Total Property and Facilities	5,000	5,000	5,000
Self Financing Schemes					
	11,847	Property Investment	17,035	20,859	
-	11,847	Total Self Financing Schemes	17,035	20,859	-
12,891	19,605	Total Resources	22,657	26,381	5,372

Other Operating costs

The revenue budget in 2018/19 is **£62m**. The expenditure includes the net appropriations to reserves and restricted use funds as described in the Reserves and Restricted use funds section (page 55) of **£11m**, the costs of financing the capital programme of **£49m** and the provision of the Emergency Contingency at **£4m**.

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

The movement since 2017/18 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.

2016/17 Actuals £000	2017/18 Original Budget £000	2017/18 Latest Budget £000		2018/19 Gross Expenditure £000	2018/19 Income £000	2018/19 Specific Grants £000	2018/19 Total Net Expenditure £000
27,382	26,192	26,192	Capital Financing	27,472			27,472
	4,000	4,000	Contingencies	4,000			4,000
			Dividends received				
			Interest Payable				
(746)	(504)	(504)	Contributions - Transferred Debt		(479)		(479)
18,069	19,767	19,767	External Interest Payable	21,150			21,150
(88)	(87)	(87)	Loan Charges Grant		(82)		(82)
			Interest Receivable				
(3,254)	(941)	(2,079)	External Interest Receivable		(2,293)		(2,293)
512	427	427	Interest Reallocated	28	1,007		1,035
	0	0	Other Items	0	0		0
41,875	48,854	47,715		52,650	(1,848)		50,802

Other Operating Costs (continued)

2016/17 Actuals £000	2017/18 Original Budget £000	2017/18 Latest Budget £000		2018/19 Gross Expenditure £000	2018/19 Income £000	2018/19 Specific Grants £000	2018/19 Total Net Expenditure £000
Approps To/(From) Reserves and Restricted Use Funds							
(3,294)	(3,635)	(3,635)	A130 PFI Reserve		(4,002)		(4,002)
	1,000	1,000	Local Projects Reserve	0			0
(953)	(0)	178	Building Schools for the Future				
86		(432)	Capital Receipts Pump Priming	1,000			1,000
(188)		(650)	Carbon Reduction Reserve				
(2,422)		(6,635)	Carry Forwards Reserve		(8,100)		(8,100)
239		(626)	Clacton PFI Reserve		(0)		(0)
			Collection Fund Risk Reserve				
(415)		(777)	Community Initiatives Fund				
255	0	(439)	Debden PFI Reserve		(0)		(0)
			Digital Infrastructure Reserve	5,000			5,000
1,087	(2,190)	(4,089)	Grant Equalisation Reserves		(0)		(0)
(150)			Health And Safety Reserve				
895			Innovation Reserve				
	7,000	6,900	Insurance Reserve				
44		(46)	Adults Digital Programme	0	(6,900)		(6,900)
			Partnership Reserves				
(1,574)	(634)	(634)	Pension Deficit Reserve		(206)		(206)
			Property Fund Reserve	326			326
475	500	(1,135)	Quadrennial Elections Reserve	500	0		500
6,902	2,042	2,900	Reserve For Future Capital Funding	4,074			4,074
(4,635)			Schools Reserves				
74	(0)	(0)	Tendring Public Private Partnership				
(5,394)	(6,649)	(6,649)	Trading Activities Reserves	0	(4,556)		(4,556)
1,043	5,424	(13,506)	Transformation Reserve	15,515	0		15,515
11,270	10,618	10,618	Waste Reserve	8,776			8,776
3,347	13,476	(17,657)		35,191	(23,764)		11,427
45,222	62,329	30,058	Net Cost of Services	87,840	(25,612)		62,228

Trading Activities

This section sets out the budgets relating to those services that are currently set up as Trading Activities, which operate under separate Trading Accounts. As part of the organisational redesign there will be an enhanced focus on commercialism throughout the Council, which will include a review of other activities not currently set up as Trading Accounts, for instance country parks, and some registrar's services. Within EES (Essex Education Services) we recognise the financial constraints across the Schools Market, the challenges in investing to renew our offerings, and the ability for EES to respond to any downturn in demand in the year, it is essential for the council to monitor commercial performance and support remedial action.

For 2018/19, the Trading Activities have a target operating surplus of **£5m**.

	Revenue reserve 1 April 2018	Income	Expenditure	(Surplus) / deficit	Appropriations		Revenue reserve 31 March 2019
	£000	£000	£000	£000	To County Revenue Account	To Trading Activity reserve	£000
Education							
EES (Essex Education Services)	(1,281)	(13,254)	8,351	(4,903)	(4,298)	(606)	(1,887)
Culture, Communities and Customer							
Music Services Traded	(103)	(4,654)	4,541	(113)	(113)	-	(103)
Resources							
School staffing insurance scheme	(913)	(4,166)	4,166	(0)	-	-	(913)
Information Services infrastructure	(437)	(6,500)	6,500	0	-	-	(437)
Environment and Waste							
Place Services	(398)	(2,557)	2,378	(179)	(145)	(34)	(432)
Total	(3,132)	(31,132)	25,936	(5,196)	(4,556)	(640)	(3,772)

Reserves

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

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

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

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

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

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

The Council also uses these specific cash backed reserves to generate interest receipts and minimise the cost of debt. The Council expects to earn **£2m** in 2018/19 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 2018/19, it is estimated that this will enable the Council to avoid borrowing costs of **£10m**, thereby allowing funds to be used instead for front line service delivery.

Earmarked Reserves

	Estimated closing balances						2019/20	2020/21
	Balance at 1 April 2017	Balance at 1 April 2018	Budgeted Contributions/ Withdrawals	2018/19		Closing balance		
				Assumed usage	£000			
	£000	£000	£000	£000	£000	£000	£000	
General Balance	(55,299)	(55,114)			(55,114)	(55,114)	(55,114)	
Reserves earmarked for future use								
Adults Digital Programme	-	(6,900)	6,900	-	-	-	-	
Capital Receipts Pump Priming	(2,757)	(1,757)	(1,000)	1,000	(1,757)	(1,757)	(1,757)	
Carbon Reduction	(2,984)	(2,334)		700	(1,634)	(984)	(334)	
Carry Forward	(6,635)	-	8,100	(8,100)	-	-	-	
Collection Fund Risk	(1,412)	-			-	-	-	
Community Initiatives Fund	(2,097)	(1,320)		1,000	(320)	-	-	
Digital Infrastructure			(5,000)	2,000	(3,000)	(6,000)	(9,000)	
Future Capital Funding	(5,061)	(5,061)	(4,074)	4,074	(5,061)	(5,061)	(5,061)	
Health and Safety	(86)	(586)			(586)	(586)	(586)	
Innovation	(1,861)	(1,361)		500	(861)	(361)	(361)	
Insurance	(8,356)	(8,356)			(8,356)	(8,356)	(8,356)	
Local Projects	-	(500)		500	-	-	-	
Pension Fund Equalisation	(840)	(206)	206		-	-	-	
Property Investment	-	-	(326)		(326)	(1,109)	(1,918)	
Quadrennial Elections	(1,475)	(340)	(500)		(840)	(1,340)	(1,840)	
Tendring PPP	(496)	(496)			(496)	(496)	(496)	
Transformation and Digitalisation	(32,741)	(5,115)	(15,515)	9,646	(10,984)	(16,524)	(12,064)	

Restricted Funds

	Estimated closing balances						
			2018/19		2019/20	2020/21	
	Balance at 1 April 2017 £000	Balance at 1 April 2018 £000	Budgeted Contributions/ Withdrawals £000	Assumed usage £000	Closing balance £000	£000	£000
Long Term Contractual Commitment							
PFI Reserves							
A130 PFI	(48,908)	(44,967)	4,002		(40,965)	(36,595)	(32,593)
Building Schools for the Future PFI	(1,545)	(1,723)			(1,723)	(1,723)	(1,723)
Debden School PFI	(4,418)	(3,979)			(3,979)	(3,979)	(3,979)
Clacton Secondary Schools' PFI	(3,425)	(2,799)			(2,799)	(2,799)	(2,799)
Waste Reserve	(90,890)	(100,849)	(8,776)	659	(108,966)	(117,676)	(127,822)
Grant Equalisation Reserve	(11,127)	(7,037)			(7,037)	(7,037)	(7,037)
Trading Activities (not available for use)	(3,374)	(3,374)	4,556	(4,556)	(3,374)	(3,165)	(4,314)
Partnerships and Third Party (not available for use)	(1,733)	(1,687)			(1,687)	(1,687)	(1,687)
Schools (not available for use)	(47,304)	(47,304)			(47,304)	(47,304)	(47,304)

Delivery

Managing risk

The challenge

Risks facing public service organisations are increasingly complex. Council-wide ownership and accountability for managing risk is critical to the success of the organisation. Our adopted approach sets out how we identify, evaluate and control risk to ensure there is continued financial and organisational wellbeing.

In the last year we have

- Effectively managed business risk through a comprehensive framework
- Regularly reported on and evaluated risks
- Adopted the principles of lean and agile management so our approach to risk is now focused on having the right conversations, rather than on following a rigid process.

In the next year we will

- See further change to how services are both configured and delivered, with increased collaborative working with our internal and external stakeholders.
- More closely scrutinise the risks and opportunities resulting from collaborative working arrangements
- Focus our attention on safeguarding, the increasing demand for our services, realising savings, cyber security, legislative changes as we leave the European Union and delivering our organisational design programme

We are committed to adopting best practice in risk management. We will ensure we can tolerate the risks we take and understand their potential impact on the delivery of services and the achievement of outcomes.

Equalities

The challenge

Our vision for equalities is to ensure that fairness is part of everything we do. Our goal is to work towards a just society, free from discrimination, harassment and prejudice. We aim to embed this in all our 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 our work – advancing equality of opportunity, eliminating discrimination and fostering good relations with different groups.

All of our service areas, managers and employees will carry out their duties in line with Essex County Council's commitment to achieving excellence in relation to equalities, both in the workplace and across Essex. We will provide the necessary resources and leadership to make this happen. For our policy to be successful, it is essential that everyone is committed to, and involved in, its delivery.

In the last year we have

- Been rated as excellent under the Equality Framework for Local Government in 2016, a national benchmark coordinated by the Local Government Association
- Embedded equalities activities into functional business plans
- Developed a Faith Covenant for Essex to help build trust and collaborative working between public services and faith communities
- Achieved accreditation by the Department for Work and Pensions as a Disability Confident Leader

Next year we will

In line with the Equality Act, we are now embarking on refreshing our equalities objectives, last updated in 2015. These objectives support the strategic aims set out within the Organisation Strategy, describing how we will ensure that fairness, diversity and inclusion are central to everything we do over the next four years.

We have set equality objectives for 2018-21:

- We will tackle the causes of disadvantage, ensuring that all Essex residents can access good jobs and an excellent education, regardless of their background
- We will remove the obstacles that hold Essex residents back, tackling inequalities between children and supporting older people to live independently with dignity
- We will help make it easier for people to travel across Essex, bringing communities together and connecting people to services, employment and learning opportunities
- We will employ a diverse workforce, drawing on the different values and experiences that reflect the communities we serve

Activities that support our equality objectives will be kept under review and we will monitor progress against these through regular performance reporting.

Measuring our performance

Enable inclusive economic growth

Aim 1: Enable Inclusive Economic Growth	2017/18	2018/19
Priority 1: Help people in Essex prosper by increasing their skills		
Percentage of pupils at good or outstanding schools (primary, secondary, special and Pupil Referral Units)	100%	100%
Percentage of 'disadvantaged' pupils that have achieved 'at least expected standard' in Reading, Writing and Maths at Key Stage 2	Top quartile	Top quartile
Average Progress 8 score at Key Stage 4 – all pupils	Top quartile	Top quartile
Proportion of residents aged 16 to 64 with level 3 or above qualifications	54.9%	56.5%
Proportion of residents aged 16 to 64 with no qualifications	7.5%	7.2%
Percentage of pupils that have achieved 'at least the expected standard' in Reading, Writing and Maths at Key Stage 2	Top quartile	Top quartile
Average Progress 8 score at Key Stage 4 – 'disadvantaged' pupils	Top quartile	Top quartile
Rate of adults with disabilities who are economically active	8%	10%
Total apprenticeship starts in Essex	11,750	11,750
Priority 2: Enable Essex to attract and grow large firms in high growth industries		
Number of new jobs created as a result of foreign investment in Greater Essex	>1,650	>1,650
Total industrial floor space available with more than 10,000 sq. ft.	1.8m	1.8m
Total office floor space available with more than 10,000 sq. ft.	0.4m	0.4m
Journey time reliability on interurban roads	93.5%	93.0%
Number of businesses enabled with superfast (30MB+) broadband as part of the superfast Essex broadband programme	852	1758
Total number using public transport (bus)	41.7m	41.7m
Total number of jobs in Essex	668,000	673,000
Proportion of residents aged from 16 to 64 who were in work	76.8%	77.3%
Priority 3: Target economic development to areas of opportunity		
Median net weekly household income in Essex	Baseline	Baseline
Median net weekly household income in key localities (Basildon, Harlow, Tendring and Colchester)	Baseline	Baseline

Measuring our performance

Help people get the best start and age well

Aim 2: Helping people get the best start and age well	2017/18	2018/19
Priority 1: Help keep vulnerable children safer and enable them to fulfil their potential		
Percentage of 19-21 year old care leavers in Employment, Education or Training (Annual Outturn)	53%	57%
Stability of placements of Children in Care: Percentage of placements, three or more in year	>10%	>10%
Percentage of the eligible disadvantaged two year olds in Essex, who are in receipt of free early education entitlement for two year olds	74%	74%
Priority 2: Enable more vulnerable adults to live independent of social care		
Percentage of people self-caring after reablement	71%	72%
Number of residential care starts per 100,000 of population	356	337
Number of social care attributed delayed transfers of care (per day per population)	2.6	2.6
Care Quality Commission assessed providers rated 'good' or 'outstanding'	84%	88%
The proportion of carers who find it easy to find information about support	59%	64%
The percentage of enquiries resulting in a reduction of risk to the service user	80%	85%
Numbers of new houses and accommodation solutions for vulnerable adults - older people	73	440
Numbers of new houses and accommodation solutions for vulnerable adults - adults with a disability	0	44
Priority 3: Improve the health of the people of Essex		
Percentage of children 'ready for school' (achieving at least expected across all prime areas of learning)	Top quartile	Top quartile
Percentage of children achieving a Good Level of Development at the end of the reception year	Top quartile	Top quartile
Differential in life expectancy across different areas of Essex (women)	5.4 years	Baseline
Differential in life expectancy across different areas of Essex (men)	7.1 years	Baseline
Percentage of adults classified as overweight or obese	65.6%	Baseline

Measuring our performance

Help create great places to grow up, live and work

Aim 3: Helping to create great places to grow up, live and work	2017/18	2018/19
Priority 1: Help to secure stronger, safer and more neighbourly communities		
Residents agree that their local area is a place where people from different backgrounds get on well together	80%	80%
Percentage of residents not lonely (Perception of isolation)	65%	65%
Residents that have offered unpaid help to any group, club or organisation	35-40%	35-40%
Residents that agree they can influence decisions in their local area	22% - 27%	22% - 27%
Priority 2: Help to secure sustainable development and protect the environment		
Percentage of respondents who said they were satisfied with ECC parks and open spaces	78%	78%
Total carbon dioxide emissions per head of population (within the scope of local authority influence)	4.79	4.57
Percentage of people using outdoor space for exercise/health reasons	19.7%	20.3%
Total household waste collected per household (kg)	1,098	1,098
Percentage of household waste sent for reuse, recycling or composting	53%	55%
Priority 3: Facilitate growing communities and new homes		
Jobs per household	1.09	1.1
Detailed planning applications as % of five-year land supply	Baseline	Baseline
Net housing additions across Essex	6,504	8,439

Annex 1

Capital

Strategy

Capital Strategy (including Treasury Management)

The purpose of the Capital Strategy is to demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. It sets out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

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

- **Capital expenditure (see below)**; which includes an overview of the governance process for approval and monitoring of capital expenditure, including the Council's policies on capitalisation, and an overview of its capital expenditure and financing plans.
- **Capital financing and borrowing (see page 65)**; provides a projection of the Council's capital financing requirement, how this will be funded and repaid. It therefore sets out the Council's borrowing strategy and explains how it will discharge its duty to make prudent revenue provision for the repayment of debt.
- **Treasury management investments (see page 73)**; explains the Council's approach to treasury management investment activities, including the criteria for determining how and where funds will be invested to ensure that the principal sums are safeguarded from loss and that sufficient liquidity is maintained to ensure that funds are available when needed.
- **Commercial investments (see page 75)**; provides an overview of those of the Council's current and proposed commercial investment activities that count as capital expenditure, including processes, due diligence and defining the Council's risk appetite in respect of these, including proportionality in respect of overall resources.
- **Treasury management policy statement and practices (see page 79)**; presents, for approval, updates to the Council's Treasury Management Policy Statement and to its Treasury Management Practices. These set out the Council's policies, objectives and approach to risk management of its treasury management activities, and the manner in which it seeks to achieve its policies and objectives for treasury management.
- **Knowledge and skills (see page 80)**; summarises the knowledge and skills available to the Council and provides confirmation that these are commensurate with the Council's risk appetite.

Further details are provided in the following sections.

Capital expenditure

Capitalisation policies

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

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

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

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

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

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

De-minimis limits	£
General limit (applied where no specific limit is applicable)	10,000
Specific limits:	
▪ Schools' capital projects funded or supported by Formula Capital Grant	2,000
▪ Transport (highways) infrastructure	Nil
▪ Land	Nil

Governance

The Cabinet Member for Resources, in conjunction with the Executive Director for Corporate and Customer Services (Section 151 Officer), manages the preparation of a capital programme, on behalf of the Council, on an annual basis in accordance with the Council's capital projects' governance arrangements and capitalisation criteria.

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

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

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

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

Schemes will usually only be added to, or removed from, the Capital Programme as part of the annual budget setting process. Any request outside of this process to change the capital programme by adding or removing schemes, or by allocating additional scheme and payment approvals to an approved scheme, must be approved by the Cabinet Member for Resources (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 overspent; and
- Reports are made to the relevant Cabinet Member(s) on expenditure compared with the scheme and payment approvals for the capital projects for which they are accountable.

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

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

Capital Expenditure Plans

The proposal is for capital investment of **£299m** for the 2018/19 programme, with an indicative programme for the subsequent two years totalling **£562m**. These planning levels represent a continued major investment in the infrastructure and economy of Essex, and also make provision for commercial investments (see page 75 for further details).

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

- **Capital grants and contributions** - amounts awarded to the Council in return for past or future compliance with certain stipulations.

- **Capital receipts** – amounts generated from the sale of assets and from the repayment of capital loans, grants or other financial assistance.
- **Revenue contributions** – amounts set aside from the revenue budget in the Reserve for Future Capital Funding.
- **Borrowing** - amounts that the Council does not need to fund immediately from cash resources, but instead charges to the revenue budget over a number of years into the future.

The implications of financing capital expenditure from 'borrowing' are explained in Treasury Management Investments on page 73.

Actual capital expenditure and financing sources for 2016/17, together with the original and updated plans for 2017/18, proposals for 2018/19 and the indicative guidelines for the subsequent two years, is summarised in **Annex 11A**.

Capital Financing Requirement and Borrowing

Context

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

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

A summary of the actual prudential indicators for 2016/17, and the estimates for 2017/18 through to 2020/21, are provided in **Annex 1A**. Explanatory comments are provided in the following paragraphs.

Capital Financing Requirement

When the Council finances capital expenditure from borrowing, this means that it does not need to fund the expenditure immediately from cash resources, but is instead able to charge the expenditure to the revenue budget over a number of years into the future. It does this in accordance with its policy for the repayment of debt, which is explained later within this document (see **Annex 1C**).

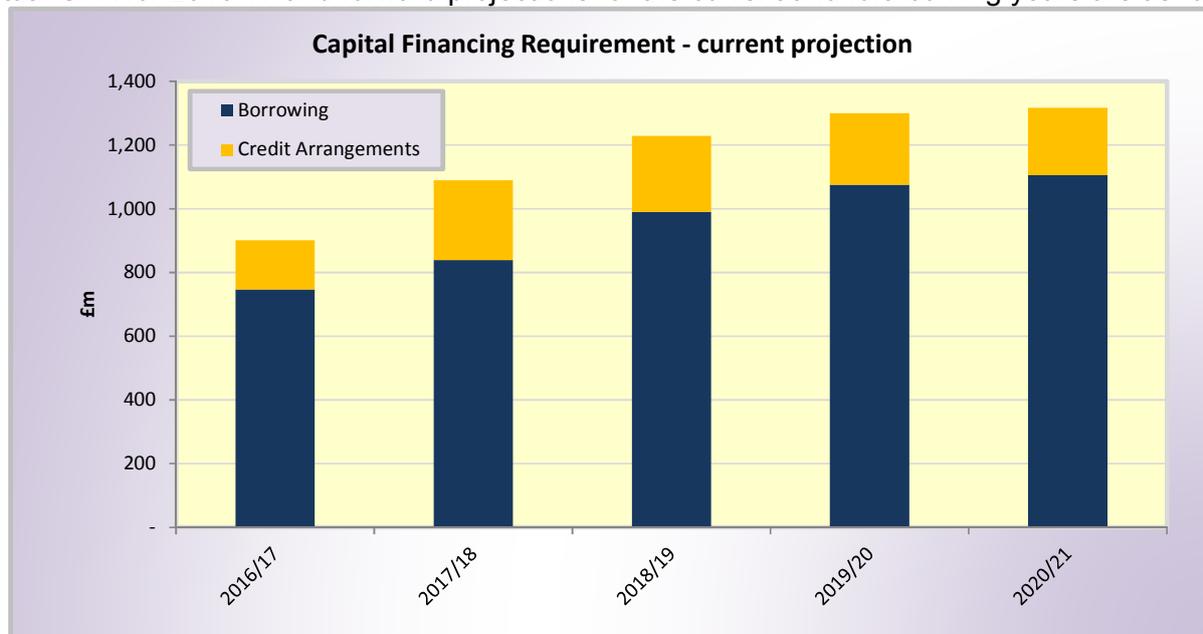
The actual **Capital Financing Requirement** (CFR) for 2016/17 provides a measure of the amount of capital expenditure that the Council has already spent that has yet to be funded from cash resources. That is, it provides a measure of the Council's indebtedness, and hence of its need to borrow for capital financing purposes.

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

The forward projections of the CFR reflect:

- The Council's intention to finance further capital expenditure from borrowing and to enter into further credit arrangements (*these both result 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 2016/17 and forward projections for the current and forthcoming years are as follows:



The forecast increases in the CFR show that the amount of capital expenditure that it is intended to finance from borrowing and credit arrangements exceeds the annual provision for the repayment of debt each year up to and including 2020/21, which is the last year in the current planning horizon for capital programme starts.

The forecast increases in the CFR reflect the substantial level of capital investment being undertaken by the Council at present. A focus of some of this investment is upon 'invest to save' initiatives and upon economic regeneration. Hence, the increase in borrowing, and the costs associated with this borrowing, is partly mitigated by revenue savings and additional income generation.

The estimates of the CFR assume that:

- The Government will continue to support local authorities' capital investment over the medium term via the provision of capital grant rather than by 'supported borrowing'; and
- The Council will repay debt on the basis set out in **Annex 1C**.

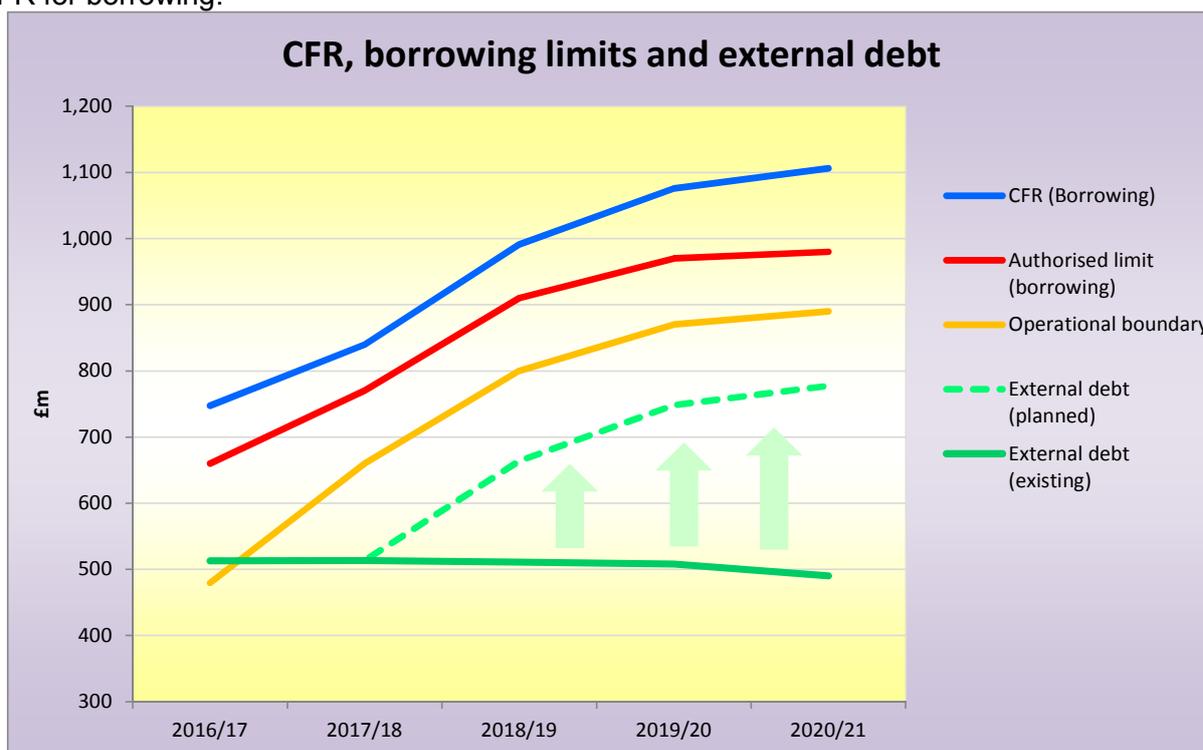
External borrowing limits

The Council is only permitted to borrow externally (including via credit arrangements) up to the level implied by its Capital Financing Requirement (CFR). To ensure that external borrowing does not exceed the CFR, other than in the short term, limits are established for external debt, as follows:

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

The proposed limits, which are set out in **Annex 1A**, make separate provision for external borrowing and other long-term liabilities, and are based upon an estimate of the most likely but not worst case scenarios. They allow sufficient headroom for fluctuations in the level of cash balances and in the level of the CFR.

The authorised limit and operational boundary related to external borrowing are below the current estimates of the CFR for borrowing.



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

A number of the Council's commercial investment activities (see Commercial Investments, page 75) are likely to score as capital expenditure. The above assumptions make provision for borrowing to fund the Council's commercial investment aspirations to the extent that they are already incorporated into the Capital Programme. The Commercial Investments Strategy is still evolving though and, in the event that major initiatives are proposed, in excess of those already in the Capital Programme, it may be necessary to review the current borrowing limits.

Borrowing strategy

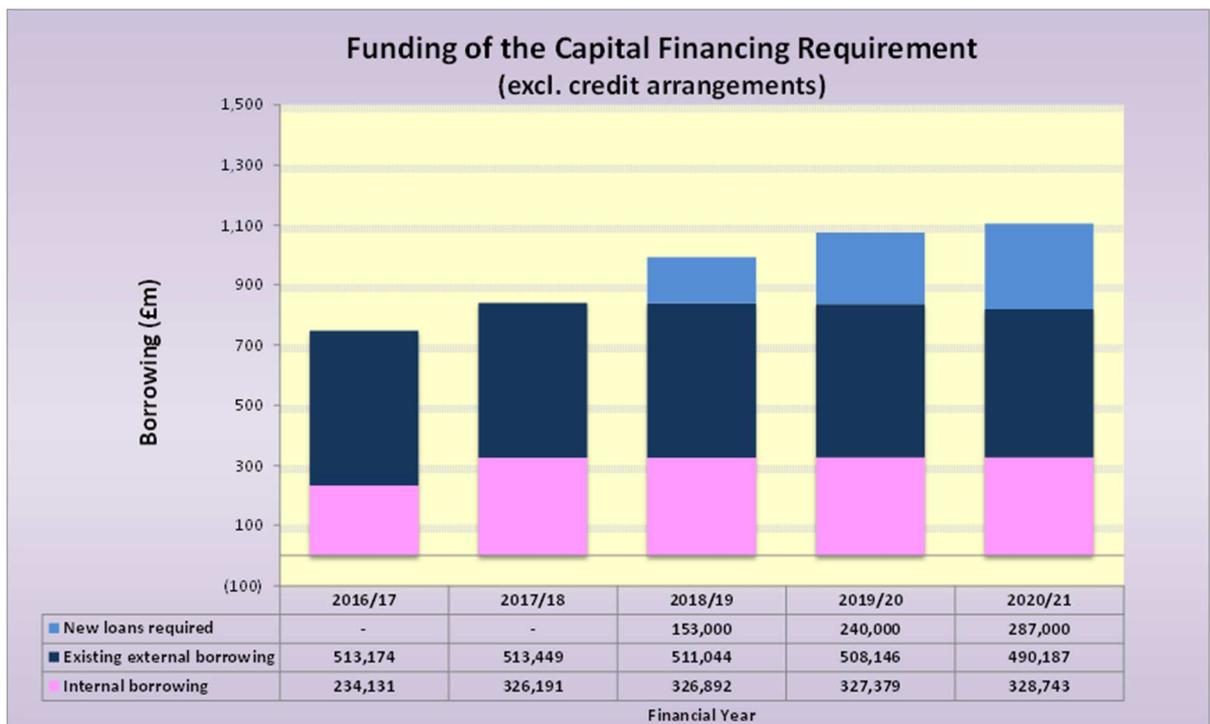
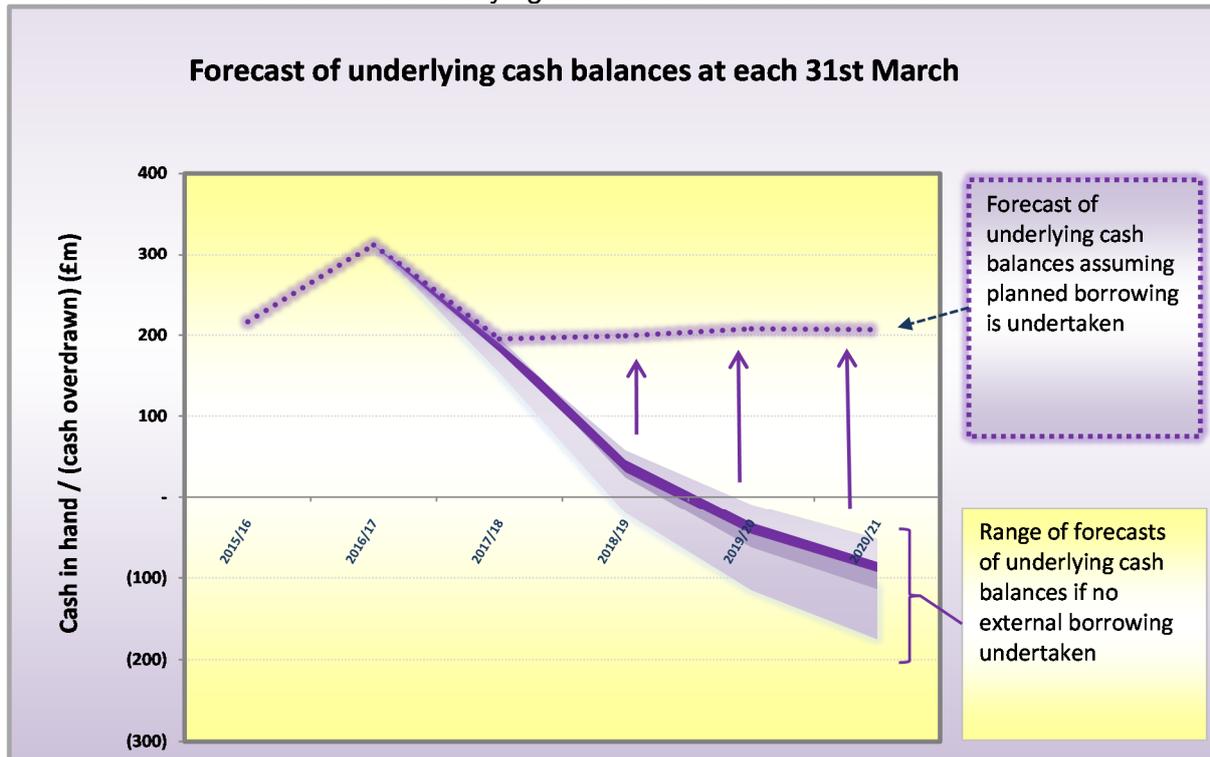
The Capital Financing Requirement (CFR) provides a measure of the Council's need to borrow in order to manage the cash flow implications of incurring capital expenditure that it does not immediately fund from cash resources. Currently, long-term external borrowing amounts to £513m, which equates to around 60% of the estimated CFR at 31 March 2018. The remainder of the CFR is currently funded from the cash the Council has set aside for other purposes (a practice referred to as ‘internal borrowing’).

The use of internal borrowing has been an effective strategy in recent years as:

- It has enabled the Council to avoid significant external borrowing costs (*i.e. making it possible to avoid net interest payments of around £10m per annum*); and
- It has mitigated significantly the risks associated with investing cash in what has often been a volatile and challenging market.

However, the Council is likely to reach the limit of its capacity to ‘internally borrow’ (at around **£325m**) by the end of 2017/18, or during 2018/19. Without undertaking new long term borrowing in 2018/19, and annually thereafter, in line with the forecast increases in the CFR, the Council would cease to hold any cash for investment and would be borrowing on a sustained basis.

Long term external borrowing in line with the forecast increases in the CFR over the period 2018/19 to 2020/21 would maintain the Council's underlying cash balances at around £200m.



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

Current Forecast	Long term borrowing requirement			
	2018 £000	2019 £000	2020 £000	2021 £000
Existing external loans	513,449	511,044	508,146	490,187
Requirement for further borrowing				
2017/18	-	-	-	-
2018/19	-	153,000	153,000	153,000
2019/20	-	-	87,000	87,000
2020/21	-	-	-	47,000
2021/22	-	-	-	-
2022/23	-	-	-	-
Total new borrowing	-	153,000	240,000	287,000
Total external borrowing	513,449	664,044	748,146	777,187
<i>Internal borrowing</i>	325,904	326,639	327,160	328,557
Total borrowing	839,353	990,683	1,075,306	1,105,744

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 1A**).

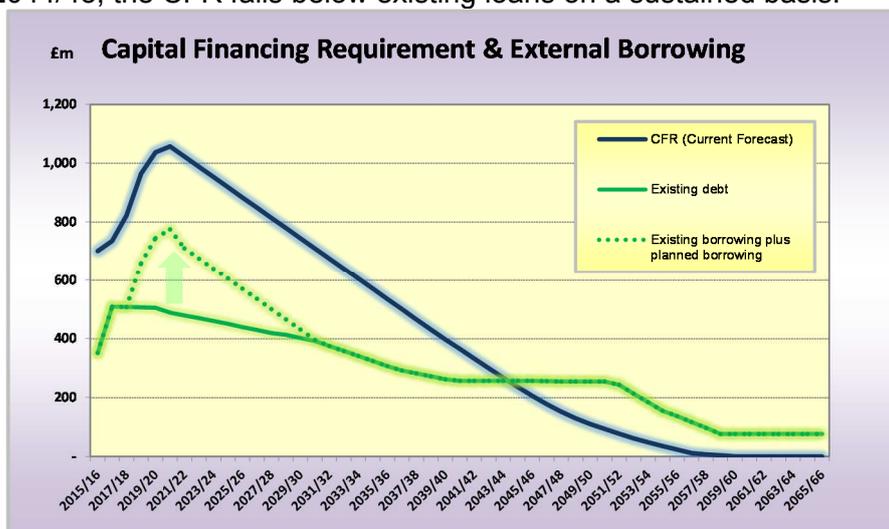
Opportunities to generate savings by refinancing or prematurely repaying existing long term debt will also be kept under review. Potential savings will be considered in the light of the current treasury position and the costs associated with such actions.

Maturity structure of borrowing

Limits are proposed, in **Annex 1B**, for the maturity structure of borrowing. The purpose of these limits is to guide decisions about the period over which new borrowing will be secured, to ensure that the Council does not have:

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

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



On the face of it, this presents a problem. However, no assumptions are included in the long term forecast of the CFR for capital expenditure flowing from schemes with a start date beyond the current planning horizon. Once future years' are factored in, the longer term forecast of the CFR will exceed that shown above. However, any new loans secured over the period covered by this Strategy will be repaid before 2044/45, to ensure that external loans do not further exceed the longer term forecast of the CFR.

Interest rate exposure

In order to manage and minimise the impact of movements in interest rates, limits are proposed within **Annex 1B** that will establish the ranges within which fixed and variable rate borrowing will be undertaken.

Long term loans are usually secured at fixed rates of interest, to provide certainty over the cost of maintaining the loans over their lifetime. However, up to **30%** of all borrowing could alternatively be secured at variable rates of interest. This may be appropriate if, for example, funding is required for a relatively short period, or if the Council wishes to defer locking into fixed rate loans because the interest rate forecast indicates that interest rates will lower than the prevailing rate in the near term.

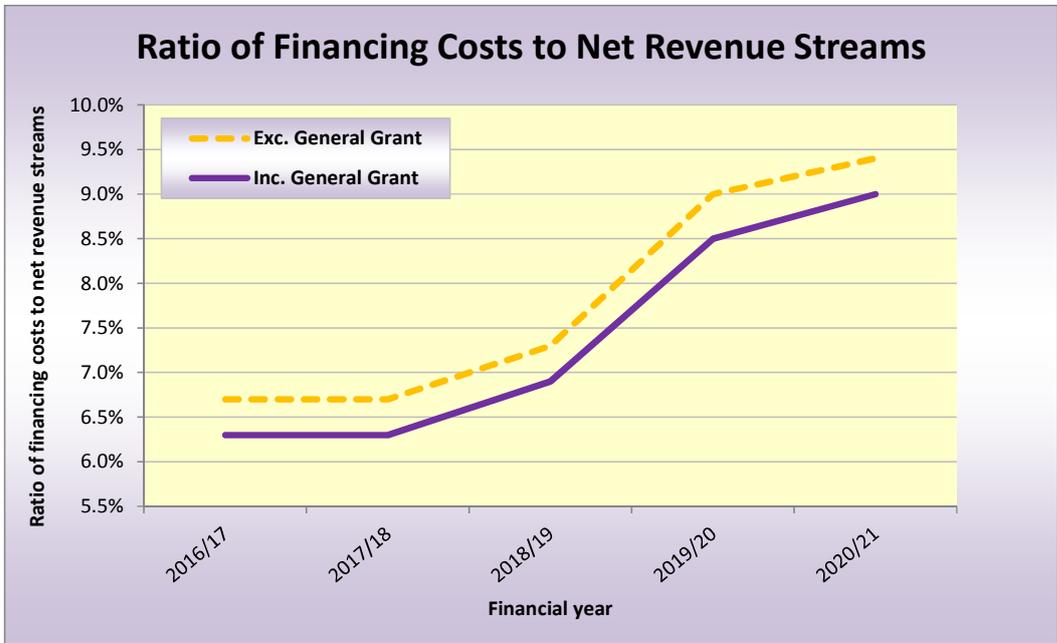
Performance indicators

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 budget requirement 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).



It is estimated that the proportion of the revenue budget requirement that is required to fund borrowing costs will increase from **6.3%** in 2016/17 to **9.0%** by 2020/21. This increase partly reflects the impact of the Council’s capital programme proposals over the forthcoming five years, but also a reduction in our net revenue streams.

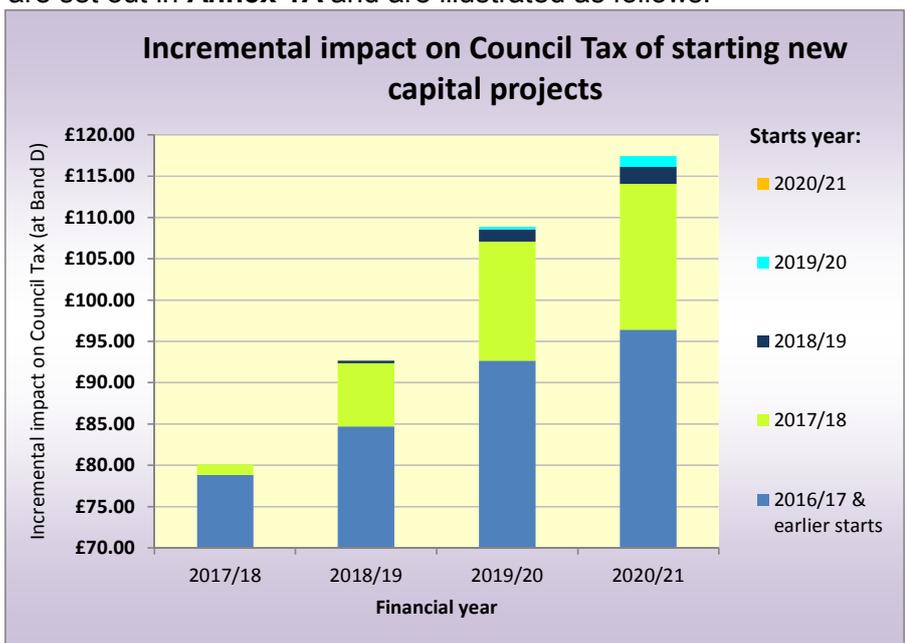
As noted elsewhere, some of our capital investment is focussed on investment to save and economic regeneration. The additional income and/or savings that result from these schemes help to mitigate the impact of rising financing costs estimated at **£2.7m** in 2018/19.

Incremental impact on Council Tax

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

The prudential indicator for the incremental impact upon council tax shows the council tax at band D that results from continuing with capital schemes started in, and prior to, 2016/17 and the additional amounts that result from commencing new capital projects in the current and subsequent five years.

The indicators are set out in **Annex 1A** and are illustrated as follows:



The actual impact upon council tax will be lower than that implied by the indicators illustrated above (and set out in **Annex 1A**) because:

- The indicator is calculated on the basis that the revenue implications of borrowing decisions will be funded entirely from council tax; in reality, the Budget Requirement is funded from a combination of financing sources, including council tax, business rates, fees and charges and specific 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

As noted above in Capital Expenditure Plans, one of the key ways that the Council has of financing capital expenditure is from 'borrowing'. Financing capital expenditure in this way means the Council is able to incur capital expenditure that it does not immediately fund from cash resources. Instead, the Council sets cash resources aside from the Revenue Budget each year to repay the borrowing. This practice is referred to as making minimum revenue provision (or MRP) for the repayment of debt.

The Capital Financing Requirement (CFR) provides a measure of the amount of capital expenditure which has been financed from borrowing that the Council 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 over which government support is provided towards the associated debt financing costs; and
- MRP charges on **unsupported** borrowing should be made over a period commensurate with the period the assets financed from borrowing continue to provide benefit.

In accordance with the requirement to make a prudent 'revenue provision for the repayment of debt', the Council ensures that debt is repaid over a period that is commensurate with the period over which the capital expenditure provides benefit. This is achieved by applying the methodology set out in Annex 1C. The revenue budget provision for MRP charges in 2018/19 has been compiled on a basis consistent with this policy.

Treasury Management Investments

The Council's 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 regulations. The Treasury Management Code and statutory regulations require the Council to prepare an annual strategy that explains how the Council will invest its funds, giving priority to security and liquidity, and then to yield. The following paragraphs are provided in compliance with this requirement.

Economic outlook

The following paragraphs set the backdrop to the Council's investment management activity in 2018/19 and subsequent years, by providing commentary on the economic outlook:

Global economy

World growth looks to be on an encouraging trend of stronger performance, rising earnings and falling levels of unemployment. In October 2017, the International Monetary Fund upgraded its forecast for world growth from **3.2%** to **3.7%** in 2018. In addition, inflation prospects are generally muted and wage inflation has been subdued despite unemployment falling to historically low levels in the UK and US.

The central banks' monetary policies of the last ten years of lowering central interest rates and flooding the financial markets with liquidity through quantitative easing is coming towards its close, and actions are now required to reverse these measures. It is crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. The potential for the central banks to get this timing, and the strength of action, wrong are now key risks.

UK economy

After strong economic growth in 2016, growth in 2017 was disappointing, mainly due to a sharp increase in inflation. This resulted in a reduction in consumer disposable income and spending power. However, there are encouraging signs of growth in the manufacturing sector, particularly as a result of increased demand for exports.

The Monetary Policy Committee (MPC) increased the bank rate from 0.25% to **0.5%** in November, and gave forward guidance that they expect to increase the Bank Rate only twice more in the next three years to reach 1.0% during 2020. This is consistent with previous statements that Bank Rate would only go up gradually, and to a limited extent.

The above forecast will be liable to further amendment depending on how economic data and developments in the financial markets transpire over the next year. Geopolitical developments, especially in the EU, would also have a major impact.

The overall balance of risks to economic recovery in the UK is probably to the downside, particularly with the current level of uncertainty over the final terms of Brexit.

Investment projections

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

Forecasts of the investment balances for the forthcoming three years, and estimates for interest rates, are set out in **Annex 1B**.

Investment strategy

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

In accordance with regulatory requirements, the primary objectives, when investing the Council's funds for treasury management purposes, are firstly to **safeguard** the principal sums invested; secondly, to ensure adequate **liquidity**; and lastly, to consider investment returns or **yield**.

The Council's funds will primarily be invested according to the Secretary of State's definition of **specified investments**. Specified investments are sterling deposits made for periods of less than one year and offering high security and high liquidity. Specified investments may 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**. 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 1D**. The lending limits that will be applied to counterparties satisfying these criteria are also set out within **Annex 1D**. 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 1D**) provide a sound approach to investing in normal market circumstances. However, the Executive Director for Corporate and Customer Services will determine the extent to which the criteria set out within **Annex 1D** 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 1B** that will establish the ranges within which fixed and variable rate investments will be undertaken.

As a general guide, term deposits are usually at a fixed rate of interest, whereas amounts invested on call (to maintain sufficient liquidity in the investment portfolio) are usually at variable rates of interest.

Liquidity

Liquidity is defined as having adequate, but not excessive cash resources, borrowing arrangements and overdraft or standby facilities to ensure that funds are available, at all times, for the achievement of the Council's objectives. In this respect, the Council will seek to maintain liquid short-term deposits of at least **£25m** 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 (LIBID) rate; the aim being to achieve investment returns that are equivalent to, or greater than, the average 7 day LIBID rate for the year.

Treasury management advisors

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

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

The services received from Link Asset Services (Treasury Solutions) are subject to regular review, including through periodic re-tendering.

Other matters

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

Any amounts borrowed from, or lent to, these organisations for treasury management purposes are consolidated with the Council's own cash balances on a daily basis, and the Council invests or borrows on the net position. The Council charges interest on amounts lent to these organisations, or pays interest on amounts borrowed, in accordance with the terms of a formal agreement between the respective parties.

Under new banking regulations (referred to as **MiFID II**) which took effect from 1 January 2018, all local authorities are classified as retail counterparties and will have to consider whether to opt up to professional status. The Council has opted up to professional status where appropriate, to enable it to continue to invest in accordance with its Investments Strategy.

New accounting arrangements are introduced for financial instruments from 1 April 2018. Some of the changes have the potential to impact on the Council's General Fund, particularly the requirement to charge movements in the fair value of certain financial instruments to the Revenue Account, and to take a more forward looking approach to impairment losses. To ensure that the Council is protected from any adverse revenue impacts which may arise from complying with the new requirements, the accounting implications of new transactions will be carefully assessed before they are undertaken.

Commercial investments

The prolonged low interest rate environment has meant that treasury management investments have not generated significant returns. However, the introduction of the general power of competence has given local authorities far more flexibility in the types of activity they can engage in. These changes in the economic and regulatory landscape, combined with significant financial challenges, have led many authorities to consider different and more innovative types of investment.

CIPFA recently issued an update to its **Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (the Treasury Management Code)**. One of the main changes

introduced by the new Code is to require authorities to incorporate all of the financial and non financial assets held for financial return in authorities' annual capital strategies.

Separately, the Department for Communities and Local Government has recently consulted on changes to its statutory **Guidance on Local Authority Investments**. At the time of writing this strategy, the revised statutory guidance had not been issued, but it is expected that the guidance will reinforce the need for commercial investment activity to be included in the annual Capital Strategy.

In advance of confirmation of the statutory requirements related to commercial investment activities, the following paragraphs provide an overview of the Council's current approach to commercial investment activity. This section of the Capital Strategy will need to be updated once the revised statutory **Guidance on Local Authority Investments** is published and/or as the Council's own agenda for commercial investments evolves.

It is worth highlighting that all commercial investment activities are subject to approval in accordance with the Council's governance framework for decision making.

Commercial investment objectives

The primary objectives of the commercial investment activities are:

- **Security** – to protect the capital sums 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, once proper levels of security and liquidity are determined, it is then reasonable to consider what yield can be obtained consistent with these priorities.

Non-core activities and investments are primarily undertaken by the Council in order to generate income to support the delivery of a balanced budget. Such investments are only entered following a full assessment of the risks and having secured expert external advice (i.e. where it is relevant to do so).

Investment properties

The Council has already agreed that land and buildings may be acquired for capital appreciation and/or solely to earn rentals, rather than for the supply of goods or services or for administrative purposes. Such assets will be classified as **investment properties** (unless they are acquired as the outcome of a regeneration priority).

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

The investment property portfolio strategy adopted by the Council is:

- No single property will be acquired at a value greater than **£15m**, although prime established assets with a value of **£3m** to **£15m** will be targeted;
- Investment decisions will be taken on commercial grounds only, based on advice from external professionals. The target gross rate of return for properties will be **5%** to **7%**;
- Only commercial properties will be acquired, with exposure to each sector being limited to the following proportions of the total:
 - Offices – **35%**
 - Retail – **35%**
 - Industrial – **30%**
 - Alternatives – **10%**
- Commercial properties acquired to earn rentals will be leased on the terms of an **operating lease**.

The 2017/18 Capital Programme includes provision of **£50m** for an initial property programme; to date, one property has been acquired at a cost of **£11m**.

The decision on further investments will be taken by the Executive Director for Corporate and Customer Services (Section 151 Officer) or by the Cabinet Member for Resources, and will be subject to the criteria and guidelines set out above.

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 the Council would enter into a joint arrangement with the district and borough councils of Braintree, Colchester and Tendring to create an overarching body known as North East Garden Communities Ltd (NEGC), which will coordinate the development of new garden communities in North Essex, and local delivery vehicles (LDV) for each garden community settlement.

There will be a requirement for each of the LDVs to have funding in place in order to ensure that the garden communities' infrastructure is provided at the right time as part of the development. All four Councils have agreed in principle that they will provide proportionate funding to the LDVs that will be used to pay for delivery of the infrastructure. This funding will be repayable out of land receipts as the development progresses.

The decision in principle to fund each of the LDVs has not created a formal legally binding agreement with the LDVs that the Councils will fund them. This will be a separate decision for Cabinets and Councils at a later stage once there has been further development of the business case and the detailed funding requirements.

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, ECC has taken a commercial investment risk in order to generate a return on investment which, if successful, will help address the financial challenges that it is facing.

The investment will also provide additional benefits by supporting growth within the Lifesciences and Medtech sector which is a key sector for growth not only by ECC, 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. The key risks are that the:

- **Project fails to generate returns**

If this happens, the Council will have to write off its investment, creating a revenue budget pressure.

This will be mitigated by the Council having a seat on the Board and assuring itself that:

- Medtech Accelerator takes proper advice and ensures that it invests in a number of projects to maximise the chances that some of them succeed;
- The Council has a nominee on the board of Medtech Accelerator who will have oversight of the project;
- Medtech Accelerator will take proper legal advice to ensure that it protects its investments via robust legal agreements.

- **Council's position is undermined by conflicts of interests with partner investors**

This risk cannot entirely be mitigated but the Council will be working with public sector organisations who seek to act in the public interest and will ensure that the constitution of the company and associated agreements provide reasonable protection to the Council.

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 all be seen as prudent if adopting a narrow definition of prioritising security and liquidity.

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

- The loan is given towards expenditure which would, if incurred by the Council, be capital expenditure;
- The purpose for which the loan is given is consistent with the Council's corporate / strategic objectives and priorities;
- Due diligence is carried out that confirms the Council's legal powers to make the loan, and that assesses the risk of loss over the loan term;
- A formal loan agreement is put in place which stipulates the **loan period** (*which will not exceed 20 years*), **repayment terms** and **loan rate** (which will be set at a level that seeks to mitigate any perceived risks of a loss being charged to the General Fund, and takes appropriate account of state aid rules) and any other terms that will protect the Council from loss;
- No more than **£5m** is awarded as a single loan, with no more than **£20m** being loaned in total to a single entity.

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

Counter party	Loan advanced £000	Financial year advanced	Loan term (years)	Interest rate %	Loan o/standing at 31 March 2018 £000
Stow Maries Great War Aerodrome Ltd	200	2013/14	8 years	1.5% above prevailing bank rate	175
Essex University (SELEP Growing Places Fund loan – phase 1) – Building business units	2,400	2013/14 & 2015/16	4 years	N/A	0
Essex University (SELEP Growing Places Fund loan – phase 1a) – Building business units	850	2015/16	2 years	N/A	0
Total	3,450				175

Commercial investment strategy – Support to Subsidiaries

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

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

Counter party	Loan advanced £000	Financial year advanced	Loan term (years)	Interest rate %	Loan o/standing at 31 March 2018 £000
Refurbishment of Freebornes	610	2014/15	10	4%	427
Refurbishment of Waterboyce Centre	314	2016/17	10	4%	252
Total	924				679

Local Authority Mortgage Scheme (LAMS)

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

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

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

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

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

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

Other commercial investments

At the time of writing this section of the Capital Strategy, other commercial investment activities are in earlier stages of development. The Capital Strategy will be updated should further commercial investment opportunities crystallise during 2018/19 and/or in the event that the statutory Guidance on Local Authority Investments, when issued, requires further content to be included.

Treasury management Policy Statement and Treasury Management Practices

During 2017, CIPFA consulted on proposed changes to its **Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes** (the Treasury Management Code), and published a revised version of the CIPFA Code in December 2017. The Treasury Management Code has largely been updated following recent developments in the marketplace and the introduction of the Localism Act 2011, which gave authorities greater flexibility to enter into a wider range of investment activities under the 'general power of competence'.

The Treasury Management Code has a particular significance under the provisions of the Local Government Act 2003 which requires local authorities '*to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify*'.

The Treasury Management Code contains the following definition of treasury management activities which has been adopted by CIPFA:

The management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

This definition is intended to apply to all public service organisations in their use of capital and project financings, borrowings and all investments.

The updated Treasury Management Code clarifies that 'investments' in the above definition covers all of the Council's financial assets, as well as other non-financial assets held primarily for financial returns (such

as investment property portfolios). This means that it encompasses investments which are not managed as part of normal treasury management or under treasury management delegations.

The Treasury Management Code identifies three key principles for treasury management:

- Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
- Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and portfolio liquidity when investing treasury management funds.
- They should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives, and that within the context of effective risk management, their treasury management policies and practices should reflect this.

In accordance with these principles, the Council had previously adopted a Treasury Management Policy Statement, which set out the policies, objectives and approach to risk management of its treasury management activities, and a series of Treasury Management Practices (TMPs), which set out the manner in which the Council sought to achieve its policies and objectives for treasury management.

The Council's Treasury Management Policy Statement and its Treasury Management Practices have been updated to reflect the requirements of the updated Treasury Management Code. They are presented for approval in the following annexes:

- **Annex 1E – Treasury Management Policy Statement**
- **Annex 1F – Treasury Management Practices**
- **Annex 1G – Investment management practices for non treasury investments**

Knowledge and Skills

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

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

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

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

The statement by the Executive Director for Corporate and Customer Services is set out on page 22.

Annex 1A - Prudential Indicators

Summary of prudential indicators	2016-17 Actual	2017-18		2018-19 Estimate	2019-20 Forecast	2020-21 Forecast	
		Original Estimate	Updated Estimate				
Capital expenditure & financing							
Capital Expenditure	£m	226	263	263	299	325	237
Capital Financing							
Borrowing (unsupported)	£m	62	107	113	176	114	64
Grants and contributions	£m	121	121	123	104	192	154
Capital receipts and earmarked reserves	£m	43	35	27	19	19	19
Total capital financing	£m	226	263	263	299	325	237
Capital financing requirement							
Capital financing requirement (CFR)							
Opening CFR	£m	868	1,039	901	1,090	1,228	1,300
Add							
Additional borrowing	£m	62	107	113	176	114	64
Additional credit liabilities (PFI / Finance leases)	£m	6	-	107	-	-	-
		936	1,146	1,121	1,266	1,342	1,364
Less							
Revenue provision for debt repayment	£m	(35)	(31)	(31)	(38)	(42)	(47)
Capital Financing Requirement	£m	901	1,115	1,090	1,228	1,300	1,317
Analysis of the Capital Financing Requirement							
Supported borrowing and pre 2008/09 unsupported borrowing	£m	490	478	478	466	454	442
Unsupported borrowing							
General	£m	256	378	354	509	594	626
Deferred (loans, housing and investment properties)	£m	1	2	7	15	28	38
Sub total - borrowing	£m	747	478	839	990	1,076	1,106
Credit arrangements (PFI / Finance leases)	£m	154	257	251	238	224	211
Total	£m	901	1,115	1,090	1,228	1,300	1,317
Gross borrowing and the CFR							
Medium term forecast of CFR	£m	1,228	1,338	1,300	1,317	1,266	1,214
Forecast external debt (long term) and credit arrangements	£m	513	824	514	511	508	490
Headroom	£m	715	514	786	806	758	724
External debt							
Authorised limit							
Borrowing	£m	620	760	770	910	970	980
Other long term liabilities	£m	284	257	250	237	223	211
Total authorised limit	£m	904	1,017	1,020	1,147	1,193	1,191
Operational boundary							
Borrowing	£m	520	590	660	800	880	890
Other long term liabilities	£m	265	237	241	217	204	191
Total operational boundary	£m	785	827	901	1,017	1,084	1,081
Actual external debt (incl. credit arrangements)	£m	511	N/A	N/A	N/A	N/A	N/A
Financing & net revenue streams							
Net revenue streams excl. gen. govnt grants	%	9.0%	8.0%	6.7%	7.3%	9.0%	9.4%
Net revenue streams incl. gen. govnt grants	%	8.5%	7.5%	6.3%	6.9%	8.5%	9.0%
Incremental impact on Council Tax							
Effect of capital schemes starting in:							
2015/16 and earlier years	£	£85.81	£78.66	£78.84	£84.71	£92.66	£96.43
2016/17	£		£3.70	£1.26	£7.67	£14.44	£17.64
2017/18	£		£0.96	-	£0.30	£1.45	£2.07
2018/19	£		-	-	-	£0.30	£1.33
2019/20	£		-	-	-	-	-
2020/21	£		-	-	-	-	-
2021/22	£		-	-	-	-	-
Total	£	£85.81	£83.32	£80.10	£92.68	£108.85	£117.47

Annex 1B - Treasury Management Summary

Treasury Management Summary		2016-17 Actual	2017-18		2018-19 Estimate	2019-20 Forecast	2020-21 Forecast
			Original Estimate	Latest Estimate			
Estimated debt and investments							
Investments (estimated balance at each 31st March)	£m	313	106	196	200	209	210
External debt (operational boundary for borrowing)	£m	520	480	660	800	880	890
Expected movement in interest rates							
Bank Rate (at each 31st March)	%		0.25%	0.50%	0.50%	0.75%	1.25%
PWLB (borrowing) rates							
5 year	%		1.60%	1.50%	1.70%	1.90%	2.20%
10 year	%		2.30%	2.20%	2.40%	2.60%	2.90%
25 year	%		2.95%	2.90%	3.00%	3.20%	3.50%
50 year	%		2.75%	2.60%	2.80%	3.00%	3.30%
Source: Link Asset Services (Treasury Solutions) (December 2017)							
Effect of 1% increase in interest rates							
Interest on borrowing	£000		-	-	765	1,965	2,635
Interest on investments	£000		(1,045)	(1,954)	(1,991)	(2,078)	(2,066)
Interest attributed to reserves & balances	£000		2,282	2,433	2,493	2,549	2,608
Interest attributed to other bodies	£000		325	10	10	10	10
Net total	£000		1,562	489	1,277	2,446	3,187
Borrowing requirement (external borrowing)	£m	163	42	-	153	87	47
Interest rate exposures							
Upper limits for exposure to fixed rates							
Net exposure	£m	620	660	770	910	970	980
Debt	%	100%	100%	100%	100%	100%	100%
Investments	%	100%	100%	100%	100%	100%	100%
Upper limits for exposure to variable rates							
Net exposure	£m	186	198	231	273	291	294
Debt	%	30%	30%	30%	30%	30%	30%
Investments	%	100%	100%	100%	100%	100%	100%
Maturity structure of borrowing (upper limit)							
Under 12 months	%	1%	40%	40%	40%	40%	40%
12 months and within 24 months	%	1%	40%	40%	40%	40%	40%
24 months and within 5 years	%	4%	40%	40%	40%	40%	40%
5 years and within 10 years	%	10%	40%	40%	40%	40%	40%
10 years and within 25 years	%	26%	60%	60%	60%	60%	60%
25 years and within 40 years	%	23%	40%	40%	40%	40%	40%
40 years and within 50 years	%	12%	20%	20%	20%	20%	20%
50 years and above	%	15%	20%	20%	20%	20%	20%
Maturity structure of borrowing (lower limit)							
All maturity periods	%	0%	0%	0%	0%	0%	0%
Total sums invested for more than 364 days							
Upper limit for sums invested for more than 364 days	£m	4	50	50	50	50	50

Annex 1C – Revenue Provision for the Repayment of Debt Policy

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

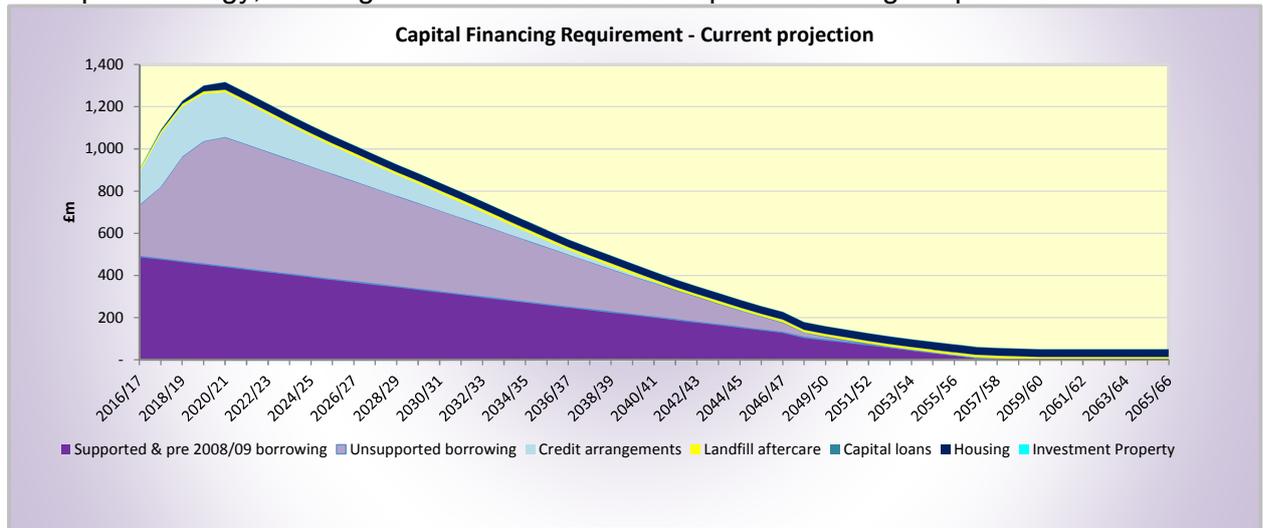
This is achieved by applying the following methodology:

Borrowing	MRP repayment basis
Pre 1 st April 2008 debt	This element of the Capital Financing Requirement is being repaid on a 50 year ‘ Equal instalments ’ basis, with commencement of the 50 year term in 2007/08.
Government supported debt – 2008/09 onwards	This element of the Capital Financing Requirement is being repaid on a 50 year ‘ Equal Instalments ’ basis, with commencement of the 50 year term in the financial year following the capital expenditure.
Unsupported borrowing - General	This element of the Capital Financing Requirement is being repaid using the Asset Life method. This spreads the unsupported borrowing over the useful life estimated at the start of the relevant asset lives (or over a shorter period where use of the standard useful life would not be supportable as prudent).
Loans awarded for capital purposes	Where the Council gives a loan to a third party towards expenditure which would, if incurred by the Council, be capital expenditure, the amounts paid out count as capital expenditure for capital financing purposes. The expenditure is therefore included in the calculation of the Council’s Capital Financing Requirement. When the Council receives 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).
Assets acquired or developed for resale	Where expenditure is incurred to acquire and/or develop properties for resale, the Capital Financing Requirement will increase by the amount expended. Where the Council 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).
Investment properties	Where expenditure is incurred to acquire properties meeting the accounting definition of investment properties, the Capital Financing Requirement will increase by the amount expended. Where the Council will subsequently recoup the amount expended (e.g. 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, the Council may make voluntary revenue provision, or apply capital receipts, to reduce debt over a shorter period.

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



The revenue budget provision for 'revenue provision' charges in 2018/19 has been compiled on a basis consistent with this policy.

Annex 1D - Counterparty Criteria for Investments

Context

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

Banks and building societies

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

Rating category	Credit rating agencies		
	Fitch	Standard & Poor's	Moody's
Short term rating	F1	A-1	P-1
Long term rating	A	A	A2

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

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

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

Credit rating information is supplied by Link Asset Services, our treasury advisors, on all active counterparties that comply with the criteria above. Credit ratings will be kept under review. Counterparties will be removed from the Council's lending list in the event that they receive a downgrading to their credit rating below the minimum criteria outlined above.

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

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

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

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).

Money Market Funds

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

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

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

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

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

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).

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.

Other products

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

- **Property Funds** - this is a long term, and relatively illiquid investment, which is expected to yield both rental income and capital gains.
- **Corporate bonds** – bonds issued by companies to raise long term funding other than via issuing equity. Investing in corporate bonds offers a fixed stream of income, paid at half yearly intervals, in exchange for an initial investment of capital.
- **Corporate bond funds** – these are pooled funds investing in a diversified portfolio of corporate bonds, so provide an alternative to investing directly in individual corporate bonds.
- **UK Government Gilts / Gilt Funds** – with greater than 1 year maturity
- **UK Government Treasury bills** – with greater than 1 year maturity

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

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

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

Time and monetary limits applying to investments

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

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

Time and monetary limits

Counterparty type	Short and long term credit rating criteria						Investment Limit £m	Maximum duration (No. years)
	Fitch		Standard & Poor's		Moody's			
	Short term	Long term	Short term	Long term	Short term	Long term		
UK Banks & building societies	F1+	AA-	A-1+	AA-	P-1	Aa3	70	3 years
	F1	A	A-1	A	P-1	A2	60	1 year
UK banks & building societies (nationalised)							60	1 year
Non UK financial institutions	F1	A	A-1	A	P-1	A2	35	1 year
'AAA' rated Money Market Funds (CNAV)							50	Not fixed
'AAA' rated Money Market Funds (LVNAV)							25	Not fixed
'AAA' rated / 1.25 credit score Money Market Funds (VNAV)							25	Not fixed
UK Government							No limit	1 year
Local authorities - upper tier							50	3 years
Local authorities - lower tier							35	3 years
Property Funds							20	Not fixed
'AAA' rated Corporate Bonds							20	3 years
Corporate Bond Funds							20	3 years
UK Government Gilts / Gilt Funds							20	3 years
UK Government Treasury Bills							20	3 years

Notes:

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

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

Annex 1E - Treasury Management Policy Statement

The following statement defines the policy and objectives of the Council's treasury management activities:

- 1.** The Council defines its treasury management activities as:
 - The management of its investments and cash flows, its banking, money market and capital market transactions;
 - The effective control of the risks associated with those activities; and
 - The pursuit of optimum performance consistent with those risks.

- 2.** The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.

- 3.** The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and of employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

- 4.** The Council's policies for borrowing and investments will be set out within the annual Capital Strategy.

Annex 1F - Treasury Management Practices

TMP 1 - Risk Management

General statement

The Council regards a key objective of its treasury management activities to be the **security** of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures covering all external investment.

The Executive Director for Corporate and Customer Services will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in **TMP 6 Reporting requirements and management information arrangements**.

In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

[1] Credit and counterparty risk management

The Council will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in **TMP4 Approved instruments, methods and techniques**. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

[2] Liquidity risk management

The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

[3] Interest rate risk management

The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with **TMP6 Reporting requirements and management information arrangements**.

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be the subject to the consideration and, if required, approval of any policy or budgetary implications.

[4] Exchange rate risk management

It will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

[5] Inflation risk management

The Council will keep under review the sensitivity of its treasury management assets and liabilities to inflation, and will seek to manage the risk accordingly in the context of its wider exposure to inflation.

[6] Refinancing risk management

The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to

obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

[7] Legal and regulatory risk management

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under **TMP1[1] credit and counterparty risk management**, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the Council.

[8] Fraud, error and corruption and contingency management

The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

[9] Market risk management

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sum it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

TMP 2 - Performance measurement

The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's business or service objectives and performance will be measured against relevant benchmarks.

TMP 3 - Decision-making and analysis

The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

TMP 4 - Approved instruments, methods and techniques

The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in its annual Investments Strategy, and within the limits and parameters defined in **TMP1 Risk management**.

The Council has reviewed its classification with financial institutions under MIFID II and will set out in its annual Investment Strategy those organisations with which it is registered as a professional client.

TMP 5 - Organisation, clarity and segregation of responsibilities, and dealing arrangements

The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when it is intended, as a result of lack of resources or other circumstances, to depart from these principles, the Executive Director for Corporate and Customer Services will ensure that the reasons are properly reported in accordance with **TMP6 Reporting requirements and management information arrangements**, and the implications properly considered and evaluated.

The Executive Director for Corporate and Customer Services will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Executive Director for Corporate and Customer Services will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out.

The Executive Director for Corporate and Customer Services will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

The delegations to the Executive Director for Corporate and Customer Services in respect of treasury management are set out in the Council's Financial Regulations and Scheme of Delegation for Financial Management. The Executive Director for Corporate and Customer Services will fulfil all such responsibilities in accordance with the Council's policy statement and TMPs and the CIPFA Standard of Professional Practice on Treasury Management.

TMP 6 - Reporting requirements and management information arrangements

The Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum:

- Full Council will receive an annual report on the strategy and plan to be pursued in the coming year.
- The Cabinet will receive reports on the performance of the treasury management function, and on any circumstances of non-compliance with the Council's Treasury Management Policy Statement and TMP's, as part of the Council's quarterly financial overview reporting.

The Council's Corporate Policy and Scrutiny Committee have responsibility for the scrutiny of treasury management policies and practices.

TMP 7 - Budgeting, accounting and audit arrangements

The Executive Director for Corporate and Customer Services will prepare, and full Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with **TMP1 Risk management**, **TMP 2 Performance Measurement**, and **TMP 4 Approved instruments, methods and techniques**. The Executive Director for Corporate and Customer Services will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with **TMP 6 Reporting requirements and management information arrangements**.

The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

TMP 8 - Cash and cash flow management

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Executive Director for Corporate and Customer Services, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Executive Director for Corporate and Customer Services will ensure that these are adequate for the purposes of monitoring compliance with **TMP1[1] liquidity risk management**.

TMP 9 - Money laundering

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in the Council's Anti-Money Laundering Policy.

TMP 10 - Training and qualifications

The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced, and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The responsible officer will recommend and implement the necessary arrangements.

The responsible officer 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.

TMP 11 - Use of external service providers

The Council recognises that responsibility for treasury management decisions remains with the Council at all times. However, the Council recognises that there may be value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources.

When it employs such service providers, it will do so following a full evaluation of the costs and benefits, and will also ensure that the terms of their appointment are properly agreed and documented, and subjected to regular review.

Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed.

The monitoring of such arrangements rests with the Executive Director for Corporate and Customer Services.

TMP 12 - Corporate governance

The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

This organisation has adopted and has implemented the key principles of the CIPFA Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Annex 1G - Investment management practices for non treasury investments

The Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries and investment property portfolios.

The Council will ensure that all of its investments are covered in its annual Capital Strategy, and will set out, where relevant, the Council's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.

The Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the Council's risk exposure.

Essex Organisation Strategy 2017-21

Foreword

This document sets out Essex County Council's (ECC's) Organisation Strategy for the four year period 2017-21.

Essex is a great county, from towns inside the M25 to coastal villages looking out to Suffolk. We have vibrant urban centres, international ports and airports, universities and world class firms, alongside beautiful rural countryside and the longest coastline in England.

At ECC we are passionate about better lives for people in Essex. We believe prosperity is the best route to achieve that - so people can help each other, and themselves. We are also ready to step in - to protect vulnerable children, to help care for older people - and to support our economy to flourish.

As a public body it is important we spend taxpayers' money wisely, on the issues that matter to our residents. To offset reductions in government funding, we must constantly manage demand, reshape and reimagine services and look for opportunities to generate income. It is also important we work tirelessly to secure investment into the county that can help make Essex an even better place to live and work.

Our role is changing. The digital revolution opens up new opportunities for how services are delivered and how residents access information and choices. Increasingly our job is to create opportunities for people and communities to choose and act themselves, rather than to simply deliver services over which the public has no say.

This Organisation Strategy sets out our areas of focus over the next four years. It articulates how we will achieve better outcomes for Essex and secure the ambitions set out in the Vision for Essex.

To do that, we will need to change the way we work as an organisation. Our ambition, at the end of this period is for Essex to be the best local authority in the country – because that is what the people of Essex deserve.



Cllr David Finch, Leader



Gavin Jones, Chief Executive

Essex Organisation Strategy

Our Strategic Aims

Enable inclusive economic growth

Help people get the best start and age well

Help create great places to grow up, live and work

Transform the council to achieve more with less

Our Strategic Priorities

Help people in Essex to prosper by increasing their **skills**

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

Target economic development to **areas** of opportunity

Help keep vulnerable **children** safer and enable them to fulfil their potential

Enable more vulnerable **adults** to live independent of social care

Improve the **health** of people in Essex

Help to secure stronger, safer and more neighbourly **communities**

Help secure sustainable development and protect the **environment**

Facilitate growing communities and new **homes**

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

Equality Objectives

1. Strategic aim: Enable inclusive economic growth

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

2. Strategic aim: Help people get the best start and age well

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

3. Strategic aim: Help create great places for people to grow up, live & work

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

4. Strategic aim: Transform the council to achieve more with less

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

Strategic Aim - Enable Inclusive Economic Growth

Faster economic growth will improve not only the living standards of people in Essex but also their health and wellbeing, opportunities and life chances. Securing economic prosperity is the best means of helping people help themselves; and an inclusive economy is one where the benefits of growth are shared by all. In 2015 Essex contributed more than £31bn to the national economy. Essex has international gateways in Stansted and Southend Airports and Harwich Port as well as major economic engines in Chelmsford, Harlow, Basildon and Colchester. We host some of the world's best companies, creating world-leading technologies, including Raytheon, E2V and Arrow, as well as being the best place in the UK to start a new business with an average of 235 start-ups for each £1bn of GVA (gross value added) – a rate that is higher than London's.

We also have a strong small and medium enterprises market and Essex is well-known as one of the most entrepreneurial counties in the UK. However, we must strive to grow our economy in order to meet the aspirations and aims of the future. We have had a growth rate of 0.9% a year over the last decade and while growth is good this currently sits below the UK average. The gap between our wealthiest and most deprived places is too wide, with economic inactivity remaining particularly high in Tendring (26.5%) and Maldon (25.1%) compared to Essex as a whole (19.8%). Ninety-four per cent of schools in Essex have an Ofsted rating of 'good' or 'outstanding' and progress has been made in raising qualification levels. However only 29% of residents have at least a level 4 qualification compared to 37% for the rest of the UK. We are working with our education colleagues to ensure this level is increased and opportunities in growth sectors are offered, particularly in the digital economy, Science, Technology, Engineering and Mathematics (STEM) and Care. Longer term the lack of appropriate skills for a digitally driven economy will be a critical gap if not addressed. Already we are seeing how the internet is changing industries; delivering a new type of competition, which provides both opportunities and challenges to the jobs market. Over the next 20 years it is estimated that artificial intelligence will take 35% of existing jobs, leading to a longer term impact on the job market.

There is enormous untapped opportunity in the economy of Essex and an entrepreneurial spirit that is hard-wired into our DNA – which is why we can be confident in asserting an overarching ambition not only to accelerate the pace of growth in the economy compared to similar areas but also to ensure the growth we do achieve benefits local people and places.

Strategic Priorities

We have set three Strategic Priorities for this strategic aim: help people in Essex to prosper by increasing their skills; enable Essex to attract and grow large firms in high growth industries; and target economic development to areas of opportunity.

1. Help people in Essex to prosper by increasing their skills

While the number of well qualified people in Essex has increased, the workforce is less well qualified than the UK as a whole, certain parts of our population are significantly less skilled and can face other barriers to economic inclusion, and there is a mismatch between the courses offered to learners after the age of 16, and the skills our employers need.

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

We need to attract more large firms, given the size of our economy, and more firms in the sectors that are growing fastest. Many of our roads are congested at rush hour and commuters to London travel on crowded trains, making some people in Essex wary of further development.

3. Target economic development to areas of opportunity

Essex has significant untapped economic potential compared to the rest of the South East. We need to focus our economic activity on those areas with significant development opportunities whilst at the same time making sure we secure the benefits of economic growth for local people.

Strategic Aim - Enable Inclusive Economic Growth

Priority One	To do this we will:
<p>Help people in Essex prosper by increasing their skills</p>	<p>a. Offer children good economic prospects, by providing an outstanding education in Essex, in particular for disadvantaged children and in lower performing places</p>
	<p>b. Improve the skills of young people and adults in occupations that Essex firms require, by ensuring skills providers reflect local employers' needs now and in the future</p>
	<p>c. Raise the aspirations of young people for careers in growth sectors by ensuring better career information, advice and guidance is available to them</p>
	<p>d. Support people with learning disabilities and those using mental health services to access sustainable and meaningful employment opportunities</p>
Priority Two	To do this we will:
<p>Enable Essex to attract and grow large firms in high growth industries</p>	<p>a. Attract new large firms, and improve Essex's reputation beyond the county by providing an outstanding investment offer</p>
	<p>b. Enable Essex firms in high-growth sectors to consolidate and expand, by providing advice and increasing business space</p>
	<p>c. Support trade, by better connecting key economic centres, especially along major transport corridors, and helping people to travel by public transport, bike and on foot</p>
	<p>d. Increase the number of businesses with access to good broadband by rolling out the broad band programme</p>
Priority Three	To do this we will:
<p>Target economic development to areas of opportunity</p>	<p>a. Optimise the potential for economic growth, by targeting places with strong development opportunities</p>
	<p>b. Optimise the benefit of economic growth for Essex residents, by linking new investment to areas with lower employment</p>
	<p>c. Deliver economic growth in partnership, by building strong relationships with partners in opportunity areas</p>

Strategic Aim - Help people get the Best Start and Age Well

ECC has a critical role to safeguard and support the most vulnerable people in the county. Our focus is on ensuring that children get the best start in life, and that everyone can enjoy health and well-being and is enabled to fulfil their potential.

One fifth of Essex's population (20%) is over 65 and this is projected to increase to almost one third (32%) by 2030. With demand for services growing faster than income, especially in adult social care, we need to help people to help themselves and make the best choices. We will work with communities and the NHS to achieve this change. Technology offers significant opportunities for residents to manage their own care more effectively. From monitoring at home, to online social networks facilitating care support, ECC and partners will ensure services are designed to always take advantage of the benefits technology brings.

ECC also has a critical role to play in safeguarding and supporting the most vulnerable people in the county and currently supports more than 6,500 children and young people, including 1,000 who are in care, and 17,000 adults with social care needs. We want to ensure the most vulnerable children and young people are supported to have every opportunity of achieving the same social, educational, health and economic outcomes as their peers.

While the overall life expectancy in Essex for both men and women is higher than the England average, there is a significant gap (7.2 years for men and 5.5 years for women) between our wealthiest and most deprived places. Our focus is on ensuring everyone can enjoy health and wellbeing and is able to prosper.

We will never compromise on our paramount responsibilities to keep vulnerable children safer and enable them to fulfil their full potential and to ensure as people enter old age they can live the lives they choose for themselves.

Strategic Priorities

We have set three Strategic Priorities for this strategic aim: help keep vulnerable children safer and help them to fulfil their potential; enable more vulnerable adults to live independent of social care; and improve the health of the people of Essex.

1. Help keep vulnerable children safer and enable them to fulfill their potential

The council's innovative approach has helped make it safer for children to live at home, reducing the number of children who live in care. We face new challenges that include dealing with sexual exploitation and gangs but it is our priority to improve outcomes for the most vulnerable children, young people and families in Essex.

2. Enable more vulnerable adults to live independent of social care

Essex has a growing and ageing population and demand for care is growing. But 13% of over 65s are in work and this figure is increasing. Satisfaction with adult social care is rising but is lower than our peers.

3. Improve the health of the people in Essex

Life expectancy is higher than national averages but varies by geography within Essex and is lower for vulnerable and socially excluded groups due to deprivation. Lifestyle choices can exacerbate these inequalities. Avoidable deaths from heart disease and mental health remain key issues. Obesity, diabetes and dementia are growing problems.

Strategic Aim - Help people get the Best Start and Age Well

Priority One	To do this we will:
<p>Help keep vulnerable children safer and enable them to fulfill their potential</p>	<p>a. Protect the most vulnerable - including through tackling sexual exploitation, domestic abuse, youth violence and e-safety - by strengthening safeguarding across the children's partnership and putting things right when they go wrong</p>
	<p>b. Close the gap in outcomes for the most vulnerable children, young people and families by improving school attendance and attainment, embedding national programmes of reform and increasing access to preventive health care as well as support for emotional well-being and mental health</p>
	<p>c. Build resilience by providing practical advice that enables children, young people and families to make positive choices and resolve their own difficulties before accessing services</p>
	<p>d. Achieve better outcomes by innovating, collaborating with partners and using our resources efficiently to increase our collective focus on the needs of young people through early help and the mobilisation of community assets, and an increased focus on young people's needs through the Community Grant Programme</p>
	<p>e. Help children, young people and families achieve better outcomes by developing a well-trained and supported workforce across the system, with the right culture and capability to deliver effective interventions</p>
Priority Two	To do this we will:
<p>Enable more vulnerable adults to live independent of social care</p>	<p>a. Reduce the need for hospital admissions or formal care services, by delivering community based solutions</p>
	<p>b. Support elderly people and those with learning disabilities to live independently by working with the market and community to make sure there are high quality solutions available and providing extra care where needed</p>
	<p>c. Fully engage service users and carers in the design and delivery of our support offer, by coproducing it with them where possible</p>
	<p>d. Support people to support themselves, where appropriate, by innovating, including through digital and community solutions</p>
	<p>e. Ensure people can plan for, source and pay for their care, by accessing information and digital infrastructure</p>
Priority Three	To do this we will:
<p>Improve the health of people in Essex</p>	<p>a. Reduce health inequalities and improve levels of health, by reducing economic inequality between more affluent and deprived communities</p>
	<p>b. Give all children the best chance of an outstanding education, by offering targeted parenting and school readiness initiatives</p>
	<p>c. Enable people to make healthier choices, by facilitating community programmes and enabling access to good, appropriate health and dental care services for children in care</p>
	<p>d. Improve mental health and the life chances of people with mental health issues, by prevention, early intervention and enabling better lifestyle choices, social inclusion and economic opportunities</p>
	<p>e. Help people live longer, by ensuring that targeted health checks and health programmes are available to those most at risk of heart disease, stroke and diabetes</p>

Strategic Aim - Help to create great places to grow up, live and work

Essex is a county of immense contrasts with a combination of rural, urban and coastal communities. It has a total population of 1.44 million and a series of large urban settlements, however, at almost 1,500 square miles in size, almost three quarters (72%) of the county is considered to be rural. More than a third of the population in Essex (36%) call these rural areas home. Residents enjoy a high quality of life in the county and 82% have indicated that they are either 'very satisfied' or 'fairly satisfied' with their local area. But they are also concerned about the pace of change and the character of development the county will need to accommodate – 136,000 new homes over the next 20 years - and don't want to see the characteristics of the county they cherish compromised by these changes. Great places are the products of their people and communities, supported by good public services and private enterprise. City, district and borough councils, and the emergency services in Essex, have important roles to play in shaping our communities as places to live. We are also keen to work with the thousands of voluntary and community groups we have across Essex to make sure they can continue to play a key role in supporting the communities they serve.

People live their lives in places. We recognise the key role we have to play in ensuring our communities are safe, neighbourly and linked to opportunities. That is why, in addressing our housing challenge, our key concern is the quality of the communities that will be created, not just the number of houses that will be built – ensuring house building is led by the needs of the economy and always supported by the provision of social infrastructure.

Strategic Priorities

We have set three Strategic Priorities for this strategic aim: help to secure stronger, safer and more neighbourly communities; help to secure sustainable development and protect the environment; and facilitate growing communities and new homes.

1. Help to secure stronger, safer and more neighbourly communities

Individuals, families and communities are the best guardians of their own interests. Where it is appropriate to do so, we should support communities to help themselves by seeking to foster and build community capacity and capability. But we also recognise there are times when public services need to step in – we will continue to work with communities and partners to address crime and the fear of crime.

2. Help to secure sustainable development and protect the environment

Essex is 72% rural with 350 miles of coastline. Resident satisfaction with Essex as a place to live is high. Housing growth needs to be linked to economic growth and supported by appropriate infrastructure to ensure jobs are available and communities are sustainable. Essex also has areas of flood risk that need protecting.

3. Facilitate growing communities and new homes

Essex's residents recognise the importance of high quality homes. As a county, we need a flexible housing market that reflects changing needs and affordability at various stages of life. At the same time our residents value the diversity of the county's landscape and question what the consequences of housing growth will do to the county they love. Essex will need to build 136,000 new homes over the next 20 years. That is an increase of 24% on the existing housing stock. We are committed to facilitating that housing growth and we will do so, working with partners, in such a way that the characteristics of the county that we cherish are protected and enhanced, not undermined. We are not just building new homes, we are building communities.

Strategic Aim - Help to create great places to grow up, live and work

Priority One	To do this we will:
<p>Help to secure stronger, safer and more neighbourly communities</p>	<p>a. Realise the strength of our communities, by enabling residents to develop their independence</p>
	<p>b. Enable local communities to identify their own local issues and tackle them, by using their own assets</p>
	<p>c. Improve the well-being of residents, by working with the voluntary and community sector to address local social issues</p>
	<p>d. Make communities in Essex safer, in particular for our most vulnerable residents, by working collaboratively with partners</p>
Priority Two	To do this we will:
<p>Help to secure sustainable development and protect the environment.</p>	<p>a. Reduce the impact of flooding, by working with local communities to increase their resilience to flooding</p>
	<p>b. Improve the quality of life for Essex residents, by continuing to improve our open green space and making the most of the Essex countryside for the wider benefit of all</p>
	<p>c. Reduce the environmental impact and cost to the taxpayer of dealing with waste, by operating efficient waste management services and working effectively with partners and communities</p>
	<p>d. Improve the image of the county, by enhancing our cultural offer and promoting the very best of Essex</p>
	<p>e. Reduce carbon emissions and energy costs for the public and businesses, by developing new strategies that promote clean growth and affordable energy</p>
Priority Three	To do this we will:
<p>Facilitate growing communities and new homes</p>	<p>a. Protect and enhance the quality of places, by promoting high quality, forward-thinking design of communities and homes</p>
	<p>b. Deliver new homes, by working with partners to develop new settlements on garden community principles, and releasing public land</p>
	<p>c. Deliver sustainable new communities, by effectively identifying and securing sufficient investment in infrastructure for new development</p>
	<p>d. Ensure growing communities are sustainable, by offering quality opportunities for work and leisure that people can access, alongside new homes</p>

Strategic Aim - Transform the Council to achieve more with less

We are fortunate to have some of the best public employees in the country. To deliver our priorities and maximise our positive contribution to the lives of people and businesses in Essex we need to continue to develop as a proactive, efficient and effective organisation.

Over the last five years we have saved £597 million and during the course of this Organisation Strategy we will need to identify a further £186 million through savings or income generation. Given the commitments we have made in the strategy, that means we will need to think very differently about how we operate. We will need to be more innovative, more open to risk and risk mitigation, more entrepreneurial and more commercially-minded than ever before. But we are building on a solid platform for change.

Almost three-quarters (72%) of our residents are open to new technological innovations and more than half (57%) of all Essex households are prepared to contact ECC through online channels. To deliver our priorities and maximise our positive contribution to the lives of people and businesses in Essex we need to seize the opportunity that new digital technologies provide to both lower costs and improve customer experience.

Just as our county is changing, so too must the organisation that serves it. We are already a long way down that path – having run local government’s largest transformation programme. But the pace will accelerate during the life of this Strategy. We will invest in our employees to make sure they can drive the transformation our communities need and we will embrace the opportunities created by new technology to make ECC the leading local authority for digital transformation in the country.

Strategic Priorities

We have set three Strategic Priorities for this strategic aim: limit cost and drive growth in revenue; develop the capability, performance and engagement of our people; and re-imagine how residents’ needs can be met in a digital world.

1. Limit cost and drive growth in revenue

During the course of this Organisation Strategy, the County Council will transition to becoming more or less fully self-financing – through Council Tax and possible changes to Business Rates retention. That means we must continue to ensure we operate as efficiently as possible and maximise the value of every pound of taxpayers’ money we spend while seeking out new opportunities to grow our income streams.

2. Develop the capability, performance and engagement of our people

We employ approximately 7,500 people. They are our greatest asset. All public services are at heart people services. We are building an organisation that values doing the right thing for the people we serve above everything else. And we will continue to invest in our people to make sure they have the skills and capabilities to serve the people of Essex as they deserve.

3. Re-imagine how residents’ needs can be met in a digital world

The digital revolution is transforming the way we live our lives. Over the next decade artificial intelligence and big data will reshape the possibilities that are open to us. Right now we are living through an age when products are dissolving into services, and services are being recreated on shared platforms. We must reimagine our role and the services we enable, to better meet people’s needs and expectations in the internet age.

Strategic Aim - Transform the Council to achieve more with less

Priority One	To do this we will:
Limit cost and drive growth in revenue	a. Maximise income for us and the districts, by facilitating appropriate housing and business growth to create sustainable communities
	b. Optimise revenue from services, by charging appropriately and realising commercial benefit
	c. Drive out inefficiency, by reducing costs, increasing productivity including through lean methods and better tools for sharing, collaboration and flexible working
	d. Get maximum value out of every pound of taxpayers' money spent in Essex, by working collaboratively with partners
	e. Reduce the financial burden on taxpayers and enhance facilities, by the targeted use of capital investment
Priority Two	To do this we will:
Develop the capability, performance and engagement of our people	a. Promote high performance and new, effective ways of working across the organisation and with partners, by driving a shift in our culture
	b. Better understand and develop the skills and capabilities the organisation needs, by working with employees and partners in the private and community sectors
	c. Ensure everyone understands how their work contributes to the delivery of our mission and operating strategies, by engaging appropriately
	d. Enable employees to work effectively and feel valued, by providing a good working environment and fit for purpose tools
	e. Have the right people in place to meet changing requirements, by understanding the people we have and the people we need
	f. Have employees who understand the need for and deliver change, by creating a highly engaged and forward thinking workforce
Priority Three	To do this we will:
Re-imagine how residents' needs can be met in a digital world	a. Deliver successful services designed around the user, by providing appropriate access to information as an enabler
	b. Design services in collaboration with partners, driven by the needs of users
	c. Drive cheaper, better, faster service delivery, by embracing technology
	d. Use digital as the engine to drive whole system change, by building digital skills into our core capability in our workforce

Making it Happen: Building Blocks

This Organisation Strategy represents the most ambitious and comprehensive statement of our medium-term priorities the County Council has published. It is based on a realistic assessment of where we currently are, the challenges we face, and the opportunities we must seize.

Everything we are seeking to achieve in this Organisation Strategy is built on four key building blocks and it is important this Strategy is understood in relation to these key elements.

Building Block	Why it's Important	Key Strategy	Content
People	We are a people business. Our people are our most important asset. We will be demanding a lot from our employees over the next few years as we shift the culture in the ways described in this Strategy and it is important that we make the investment that will be required to ensure we can continue to secure the best employees in local government.	Workforce Strategy	The Workforce Strategy will transform the way in which we work, to enable us to achieve our strategic priorities. It will clearly define and prioritise our approach to building the critical people capabilities and culture the organisation needs. It will set out our framework for attracting, retaining and developing talent, and the way our people are led, engaged and deployed.
Digital	Our transformation will be underpinned by service design approaches to outcome improvements. We will not just redesign current provision, but will fundamentally re-imagine what we do and how we do it.	Essex Service Standards	The Essex Service Standards set out below will underpin how we drive transformation in ECC. We will start with the user, take an agile approach, manage performance and run excellent systems.
Commissioning	Commissioning is a key capability for the organisation. Our redesign process has focused on ensuring commissioning as a capability is built into our DNA. We will not be able to secure the aspirations set out in this Strategy if we do not get right our approach to commissioning.	Re-imagining Commissioning	The Re-imagining Commissioning Report has helped us re-think our approach to commissioning as a capability, and how the organisation, with partners, can equip itself to be a truly great commissioner for the outcomes our communities need.
Partners	ECC is not an island entire to itself. We operate in one of the most complex public policy systems in the country. We have a large number of partners who are critical to our ability to secure the outcomes set out in this Strategy. It is therefore important that we have an agreed sense of where we need to go with our key partners.	Vision	We have many strategies agreed with our partners but the one that sets out comprehensively our collective sense of long-term ambition is the Vision for Essex. The Vision for Essex sets out our long-term aspirations for the county to 2035.

People: Our Workforce Strategy

The new workforce strategy will clearly define how we will build the capability, skills and culture our employees need for the future and will ensure the organisation has the right workforce and workplace environment. The Strategy has four key themes:

Creating the right conditions

When our employees come to work we want them to have the best possible experience with nothing stopping them from giving their all each day. We want employees to feel a personal commitment to our organisational objectives and behaviours, but equally importantly to also enjoy a sense of satisfaction and wellbeing.

Keeping ahead of the curve

We want Essex to stay ahead of the curve. We will achieve this by harnessing the power of people analytics to determine and influence what our workforce will look like in four years' time. We already have a good foundation to do this with the data we collect. We will maximise the value of our people data and deliver robust action plans to ensure we create the future workforce we need.

Transforming passion into impact

We want the best people working for ECC. We will work hard to strengthen our attraction as an employer and develop a strong brand for Essex. We want to be a desirable place to work that is diverse and promotes equality.

Enabling growth and development

We have identified the need to develop new skills and ways of working. We are very conscious of the challenging times we are living in – staying still is not an option, the skills we currently have are not the ones we will need in the future. This means that as an organisation we need to become better at supporting employees to renew their skills, and this needs to be done at a faster pace.

Organisational Behaviours that underpin the culture of an organisation and its success.

Inspires	Passionate and enthusiastic about making a difference. Motivates self and others to see exciting possibilities for the future of Essex.
Innovates	Thinks creatively, takes calculated risks and learns from mistakes . Is curious and challenges the status quo , seeking opportunities for original solutions .
Enables	Supports and encourages others to experiment with new ways of working in an atmosphere of trust, respect and dignity . Accountable for own development and sharing best practice with others.
Collaborates	Contributes to teams and networks and involves others to deliver shared solutions and services for our customers. Works effectively with partners to join together in a common purpose.
Delivers	Provides a quality service by displaying professional excellence and expertise taking into account diverse customer needs . Seeking best value for money and pursuing commercial opportunities as they arise.

Digital: Using the Essex Service Standards to drive our approach to Transformation

Essex County Council is committed to use the government's digital service standards to develop and deliver services.

The 18 standards transformed central government digital services. Our new digital services will be tested against the 18 standards before they go live, in order to ensure their quality and value for money.

Like central government, we are also exploring how the standards might be applied on a wider basis to support end-to-end service transformation. The majority of services will use the internet at some point during the customer journey, and many of the standards can help us to develop services beyond the online world; the heart of the method works for all services: it expects us to continually engage with service users, learn from them, and change our services in response to feedback.

We will test and learn how the standards can be most effectively applied to support organisational transformation and the development of effective, sustainable services.

Essex Service Standards	
Start with the user	<ul style="list-style-type: none"> • Understand user need • Make sure users succeed first time • Encourage everyone to use digital • Ensure a consistent online user experience • Test end to end service
Deliver agile projects	<ul style="list-style-type: none"> • Use agile methods • Have a multidisciplinary team • Iterate and improve frequently • Do ongoing research
Manage performance	<ul style="list-style-type: none"> • Identify performance indicators • Collect performance data • Report performance data • Test with Cabinet lead
Run excellent systems	<ul style="list-style-type: none"> • Use open standards and common platforms • Make all new source code open • Understand security and privacy issues • Evaluate tools and systems • Make a plan for being offline

Commissioning: Commissioning as a capability

Commissioning well is a key capability for our organisation - it goes beyond the delivery of outcomes through the provision of services. We have reviewed our approach to commissioning over the last twelve months and agreed a new definition:

‘Commissioning: using all the levers at your disposal to bring about change in a place, in order to improve citizen outcomes long-term’

Commissioning is about more than procurement – it is, more broadly, about establishing the conditions in which outcomes can be achieved.

We are now seeking to ensure that through our workforce strategy and our approach to digital we are mainstreaming the approach to commissioning in to everything we do. In particular we will:

- **Shine a light on great work** and show what it looks like: capture and and tell some compelling stories.
- **Address the implications for our organisation’s culture** at a senior level: understand what would have to change for ECC **to be an organisation** that achieves this approach to commissioning; by delivering this we will demonstrate our commitment to change.
- **Provide support to a more formal community of practice** – for example, for strategic leaders of commissioning teams. Review, reflect and learn as an organisation because we understand the importance of building learning in to the DNA of the organisation both at an individual and enterprise level. Deliberate and systematic reflection on what has worked well and what has not is the key to future improvement.
- **Incubate innovation in plain sight.** We will focus on priority issues, with open real-time learning conversations built around them by senior leaders who can change the system conditions.

Partners: Shared Vision

ECC operates in one of the most complex public policy systems in the country. We have a large number of partners who are critical to our ability to secure the outcomes set out in this Strategy. It is therefore important we have an agreed sense of where we need to go with our partners. To ensure that exists we have been working with partners across Essex to agree a joint long-term Vision for the County. The Future of Essex was agreed by an Assembly of Essex Partners on 19th September 2017.

It sets out seven key ambitions that we have agreed we will focus on to secure the long-term well-being of the county. They are:

Ambition	Priority
Unite behind a sense of identity	Busting stereotypes, celebrating achievement, building pride
Enjoy life long into old age	Reducing the gap in life expectancy, tackling avoidable physical and mental illnesses and promoting independence wherever possible
Provide an equal start for every child	Improving school readiness, supporting safe and secure relationships, and making sure every child can go to a great school
Strengthen communities through participation	Nurturing a safer, better connected society by giving people more ways to control and contribute to their communities
Develop our county sustainably	Enhancing the things that make Essex a great place to live – our countryside, our coastline, our heritage – and working with local people and communities, to build homes not houses, places not developments, communities not estates
Connect us to each other and the world	Tackling congestion on our roads and railways, securing large scale investment in low carbon modes of transport and delivering super-fast broadband to every part of Essex
Share prosperity with everyone	Giving more people the chance to achieve the highest qualifications in key growth industries, providing the space for businesses to grow and relocate, and developing a united and relentless focus on attracting and maximising investment in Essex

We have ensured the aims and priorities of our Organisation Strategy align to these areas and we are now working with partners to understand what actions we need to take to support the delivery of the Vision and how we will measure progress towards its achievement.

Making it Happen: Assessing our Impact



Strategic Planning Framework and the Golden Thread

Through the publication of this Organisation Strategy we are strengthening our business planning framework. The Organisation Strategy is driven by the Vision – what it is that we, with partners, want to achieve for Essex over the long-term. Our specific contribution to that is set out in this Organisation Strategy and in our annual Organisation Plan which provides more detail of the specific actions we will take over the next twelve months to progress the delivery of our aims and priorities. These strategic documents are underpinned by business and service plans through which our functions plan their activity. Ultimately every individual in the organisation, through their individual performance plans, should be able to link their daily work back to the organisation’s strategic aims and priorities and ultimately to the Vision for Essex.

Success Statements

Success statements for the Organisation Strategy have been developed through the Business Plan process alongside our medium-term resource planning. These statements set out what we aim to achieve for Essex by 2021 and will be translated into measures and targets. On an annual basis those measures and targets will be published as part of our Organisation Plan and we will report on our success in delivering against the targets each year.

Enable inclusive economic growth		
By helping people in Essex increase their skills we will have a greater skilled workforce that meets the needs of the local economy now and in the future	By enabling Essex to attract large firms in high growth industries, we will generate more employment opportunities for Essex residents, strengthen our economic base and raise our growth rate	By targeting economic interventions to areas of opportunity, we will prioritise the Council’s activities to strengthen our economic base, whilst ensuring the benefits of growth are experienced more widely, including economically disadvantaged communities
Help people to get the best start and age well		
By helping to keep vulnerable children safer and enabling them to fulfil their potential we will narrow the gap in economic and educational outcomes	By enabling more vulnerable adults to live independent of social care, more people in Essex will enjoy healthy lives in their own homes for as long as possible	By improving the health of people in Essex we will tackle deprivation and reduce variances in life expectancy

Help create great places to grow up, live and work

By helping to secure stronger, safer and more neighbourly communities our residents will feel safer, have greater independence and volunteering in the community will be the norm

By helping to secure sustainable development and protecting the environment residents can enjoy a good quality of life and can access more of Essex's open green space and countryside

By facilitating growing communities and new homes more people will be able to live in good quality homes and work in thriving communities in Essex

Transform the council to achieve more with less

By limiting costs and driving growth and in revenue the authority will deliver efficient services and where possible run them commercially

By transforming our workplace conditions to attract and continuously develop skills, new capabilities, high performance and motivation our people will deliver excellent services for our residents

By re-imagining how residents needs can be met in a digital world we will increase satisfaction with our services by putting the user first

Appendix C – Equality Impact Assessment (Organisation Plan and Budget)

Overview

- 1.1 This appendix describes the most significant equality pressures confronting each main service area, informed by an equality analysis. It highlights the effect of policy and governance changes; an overview of positive and neutral impacts; and a service impact overview. These outcomes are based upon spending decisions taken during the last two years and changes resulting from the 2018/19 budget.
- 1.2 It is important to note that the budget is the financial expression of the Organisation Plan and our operational intent, and where known, the equality impact of change is disclosed. However there are a number of individual decisions that will arise over the period of the 2018/19 budget. These will be subject to specific equality impact assessments in line with the Council's equality impact assessment (EIA) guidance. Political decisions will only be taken once effective and meaningful engagement has taken place on a need by need basis.
- 1.3 In making this decision the Council must have regard to the Public Sector Equality Duty (PSED) under s149 of the Equality Act 2010, i.e. have due regard to the need to:
 - a. Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
 - b. Advance equality of opportunity between people who share a protected characteristic and those who do not;
 - c. Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 1.4 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. In addition, marital status is a relevant protected characteristic for 1.3(A)
- 1.5 The PSED is a relevant factor in making this decision but does not impose a duty to achieve the outcomes in s149, is only one factor that needs to be considered, and may be balanced against other relevant factors.
- 1.6 Part of the equalities governance at the Council is to ensure that equality impact assessments are undertaken when considering new and/or revised policies to inform and underpin good decision making processes. This also helps us pay due regard to our equality obligations.
- 1.7 The Equality Act also says that public bodies must pay 'due regard' to equality. This means that the Council must:
 - move or minimise disadvantages suffered by people due to their protected characteristics;
 - take steps to meet the needs of people from protected groups where these are different from the needs of other people.

- 1.8 An initial equality analysis of the planned activity and budget proposals incorporated in the 2018/19 Organisation Plan identifies that around 40% of the proposals have the propensity to have a greater impact on some parts of our Essex Communities than others.
- 1.9 At this stage, it is not possible to fully measure this impact of the proposals on those people who have protected characteristics under the Equality Act 2010, or how the geographic spread of budget proposals will be felt across rural and urban areas of Essex. However, initial analysis shows that the budget proposals are likely to have a greater impact on services used by older and disabled people and those used by children and young people than for other groups of people with protected characteristics.
- 1.10 As the budget proposals are developed, individual Equality Impact Assessments will be undertaken. This will include an assessment of who is likely to be impacted by the changes, whether they are considered to have 'protected characteristics' under the Equality Act 2010 and if they are, what mitigation activity is proposed to ensure that they will not be disproportionately affected.

Policy and Governance Changes

- 1.11 The proposed social care precept may adversely impact some residents of Essex; however residents on the lowest incomes will remain eligible for support with their bills via their local council tax support schemes (operated and maintained by the city, district and borough councils). The increase proposed relates to a specific social care precept that will be ring-fenced for adult social care. This should positively impact on vulnerable adults within Essex by helping to protect and improve social care services.
- 1.12 The localisation of council tax benefit (introducing new payees to council tax as a result of national policy changes) was implemented in 2013/14 alongside a scheme for hardship and investment in collection initiatives including Citizens Advice support. As set out previously, the 12 billing authorities have sustained collection rates against this backdrop, ensuring no negative impact on other council tax payers. Given that success, the Council's budget proposes continuation of the investment into collection and hardship for 2018/19.
- 1.13 Essex County Council has joined forces with the borough, district and city councils and police and fire authorities to tackle council tax fraud across the county. The programme:
- ensures those entitled to discounts or exemptions on their council tax are receiving the right support;
 - has introduced extensive regular reviews to ensure the levels of benefits people receive are correct;
 - encourages people to notify councils if their circumstances change, and the consequences of not doing so, to enable councils to take swift and appropriate action against people fraudulently claiming council tax benefit.

- 1.14 The Council has anticipated specific increases in demand for services as a result of national welfare changes but the full impact of these changes will become more apparent in the months beyond implementation. This is likely to predominantly impact on working age adults with disabilities and where families have someone with a disability. At this point it is unclear whether the impact is likely to be positive, negative or neutral.
- 1.15 The budget will be discharged against a background of continuing intense pressure across the health and care system in Essex.

Portfolio Impacts Overview

Cross cutting

- 1.16 We are undertaking an organisation redesign to reflect the challenges that the County Council faces; this will affect the majority of employees (excluding teaching staff). The redesign is underway and we are in the implementation phase.
- 1.17 Support services redesign is under way with plans to significantly reduce the cost of these services. This is affecting all employees within these areas and may impact how services are delivered to internal customers. It is not expected to impact on the level of service provided to residents.

Children and Families

- 1.18 The priority is to help children and young people get the best start in life and help protect them from significant harm, when things go wrong. We do this by delivering a range of early help, family support, and social work interventions, together with our partner agencies, to children and their families. We have a specific responsibility to ensure that children in our care and care leavers receive high quality support from us, as corporate parents. We aim to be at the cutting edge of best practice and innovation, both in early help and social work. We will always learn from feedback from the children and families we work with, as well as professional developments in the social care and social work fields.
- 1.19 Set out below are the major objectives for 2018/19, affecting:
- the way we commission services for children in care;
 - organisational improvements to improve delivery;
 - the remodelling of services for disabled children; and
 - the income we receive from being leaders within social work practice.
- 1.20 There will be **£1.6m** of budget proposals realised from our Placement Strategy through from our continued work, placing children in care in the most appropriate setting for them, for example, in fostering households, rather than in residential care. We will be considering options over the coming months for investment in Childrens and Families infrastructure, to accomplish this. This will be achieved against the national and local upward trend of children in care, and demographic growth, locally in 2017/18.

- 1.21 Linked with the strategic aim, *Transform the Council to achieve more with less*, we will look towards digital investment options with a view to implementation in 2019/20. These options will improve efficiency and streamline the frontline service resulting in **£912,000** being delivered in 2018/19 through managing the workforce more efficiently.
- 1.22 Hargrave House closed in December 2017, which should deliver a full year saving of **£1.1m**. An equality impact assessment has been undertaken.
- 1.23 There are budget proposals of **£400,000** which will be realised in respect of engagement with providers to commission outcomes for the provision of respite for Children with Disabilities, where we will be seeking innovative community based solutions. It is anticipated that the impact on children with disabilities will be positive in that a wider range of innovative engagement options, including those afforded through social media and digital technology, will be commissioned. In particular, as future engagement contracts will be outcome based, future providers will have greater freedoms to explore more inclusive means of engaging with some of the most vulnerable young people in our communities
- 1.24 A further **£50,000** of additional income is anticipated from the provision of professional consultancy services to other Local Authorities. Services are being provided to share learning and improve practice. This aims to improve outcomes for children and young people outside of Essex, while building resilience within management capability, within Essex.

Culture, Communities and Customer

- 1.25 The Community Hubs Programme supports Face to Face Services in establishing vibrant hubs in our communities that include our library and registration services with other partners, creating places where people can learn, read, share, be inspired and take an active role in community life, as well as accessing the services that they need. Part of the Programme's work in 2017/18 was to consult and review the mobile library service. Service changes following the review will potentially affect women, younger, older and disabled people. However a separate equality impact assessment will be completed to understand the implications and measures required to mitigate any impact.
- 1.26 The staffing budgets in this portfolio are likely to be affected by the Support Services redesign (see paragraph 1.17).

Economic Growth, Skills, Infrastructure and the Digital Economy

- 1.27 The portfolio has identified budget proposals of **£163,000** for 2018/19, which will be delivered through a reduction in Transportation Studies. It is not considered that this proposal will have a disproportionate impact on persons who share any relevant protected characteristic.

Education

- 1.28 The Education Services Grant ceased in 2017/18. Budget proposals of **£2.6m** are expected to be delivered in 2018/19 to reflect the reduction in income.
- 1.29 The **£430,000** savings identified for the Missing Education and Child Employment Service are on track to be delivered.
- 1.30 Service priorities delivered through EES have been reviewed, which has resulted in a reduction of funding in 2018/19. In addition School Improvement has developed a trading model with schools.

Environment and Waste

- 1.31 The portfolio has identified budget proposals of **£1.6m** for the next 3 years. In addition to these efficiencies the Waste Management service has absorbed, and continues to absorb, significant pressures in relation to waste growth as a result of population growth and changes in resident behaviour.
- 1.32 The major areas of activity underway or proposed, to deliver current and future proposals relate to:
- a. Reviewing the waste infrastructure we operate, and our approach to treating the organic waste collected in Essex, to identify more cost effective and efficient ways of delivering these activities. This is expected to deliver in the region of **£1m** by 2020/21;
 - b. The development and delivery of a waste prevention and minimisation programme, consisting of public engagement and education to encourage the adoption of waste avoidance behaviours and the delivery of services to make it easier for us all to avoid generating waste. The programme aims to deliver waste reduction across Essex with associated benefits of at least **£20,000**;
 - c. Ensuring we have the correct mechanisms in place to recover all costs relating to the disposal of commercially generated waste streams. This is expected to deliver benefits of **£120,000** in 2018/19.
- 1.33 Early indications suggest that there is not expected to be any impacts to protected groups at this stage but an equality impact assessment will be completed as part of the governance and decision making for each individual project.
- 1.34 Working closely with Essex Waste Collection Authorities, there are a number of projects in early stages of development which aim to reduce the treatment and disposal costs of waste; realising savings and efficiencies in the region of **£280,000** in 2019/20. As these changes are progressed, individual equality impact assessments will be undertaken.

Health and Adult Social Care

- 1.35 The priority is to make the best and most sustainable use of all available resources to ensure people, their families and carers have access to the

information and tools to enable them to live healthily and independently for as long as possible and to exercise choice and control over their lives, while ensuring safety, dignity and quality of life for those in need of long term care.

- 1.36 This is largely a reactive support service, but this model is not sustainable and must change as demand – which continues to rise because of demography, ill-health and expectations - exceeds available resource. Through effective practice, we want to see a transformational shift from a focus on long-term care and support to early intervention and enabling people to live independently as long as possible. This approach will enable us to improve outcomes for people in a financially sustainable way and within the financial constraints within which the Council operates.
- 1.37 There are budget proposals of **£30m** planned for 2018/19. There is also a need to ensure that Council subsidies are reduced where people have the financial means to pay for services.
- 1.38 Detailed equality impact assessments will take place where required, ensuring that we actively engage and consult with those service users and their carers that are likely to be affected by any proposed changes. This will help us understand any equality impacts, including the impacts on protected characteristics, and where possible identify mitigating factors.
- 1.39 We currently support about 17,000 adults with social care needs at any one time. About 10,800 of these are older people, nearly 3,500 people with learning disabilities, 2,250 people with physical or sensory impairments, and over 550 people with mental health needs. We assess and review around 5,000 carers a year. Clearly, there are district variations of older people and those with disabilities across parts of our county. The 2011 Census tells us that an estimated 146,211 adults in Essex provide informal care to relatives, friends or neighbours. This represents 10% of the population.
- 1.40 We will deliver an overarching change programme aligned to the Organisation Strategy. Continued rising demand and falling budgets means that services cannot guarantee their long term sustainability without adopting new approaches. These new approaches will ensure delivery of the 2018/19 budget proposals through the following initiatives:
- a. It is widely recognised that digital technology can transform the way in which people manage their own health and well-being, engage with services and improve the way in which organisations deliver services, work together and co-ordinate care to optimise benefits to the citizen. We have an ambition to be a digital leader, and recognise that transformation of the way in which we deliver Adult Social Care is key to this success. This programme will save around **£2m** in 2018/19 and would be achieved from productivity grouped investment (Digital Adult Social Care team; Workforce Productivity; and Mosaic Changes) and deliverables are:
 - It will improve how social workers carry out domiciliary assessments. They will be able to do assessments remotely

- Review into how domiciliary assessments are carried out to ensure done correctly and more productively
 - This will all translate into ensuring right sizing of domiciliary packages – it will prevent service users being put on unnecessarily expensive packages;
- b. The Adult Social Care Sustainability programme establishes a more consistent and efficient approach to the delivery of operational reviews for adults by applying best value principles. The programme of activities is designed to deliver savings and efficiencies of over **£10m** and will :
- enable us to meet need in as sustainable a way as possible;
 - ensure that the capability and capacity required to sustainably deliver the right outcomes for older people and adults with disabilities is developed and embedded within the service, supported by a legally compliant policy and strong commercial arrangements that are adopted and consistently utilised by all operational teams;
 - work with Health colleagues to ensure that those individuals who are eligible for continuing health care get the support they need;
 - build on the Good Lives conversations and the Increasing Independence ‘enablement and progression’ approaches, ensuring we continue to work with individuals and support them to have greater independence and control over their lives.
- c. We will continue to deliver our Independent Living Older People programme which is designed to provide housing for people over the age of 55 whose current home no longer meets their needs, and alleviate budget pressure on the service. The programme will be delivered via two routes; capital investment from the Council and use of our own land. Our investment will enable revenue savings and facilitate the delivery of 1,800 units over a 5 year period to 2020. In 2018/19, construction work will commence on three schemes which will see the delivery of more than 250 units to meet identified local demands.
- d. We will implement a Market Interventions project to focus on developing, shaping and trialling innovative pathways or technology with Social Care Providers. The aim of the project is to make the procurement of services more efficient and realise savings and efficiencies of around **£1.4m**. The project will work collaboratively with our providers and explore and develop different approaches to increase supply through our existing framework contracts, thus reducing reliance on expensive Spot placements.
- e. We will review our Transport policies to enable us to achieve best value and sustainability in the medium term. This will include reviewing practice to ensure that social workers take a more consistent approach within the law and national and local policy, whilst seeking to provide assurance that expenditure is as low as possible and is consistent with our statutory responsibilities. Any changes are likely to apply to all Adult Social care client groups that use Transport. In addition, we will review our discretionary grant spend to ensure we are getting best value and meeting

need in the most appropriate way possible from the investment we are making.

- f. We will continue to review and implement changes to some policies relating to charging for Adult Social Care services in order to ensure that those people who have the financial means to pay for services do so. These changes will affect approximately 4,700 Service Users receiving care in their own homes (non-residential), across the County. This work is expected to generate additional income of **£0.2m** in 2018/19, but further savings in later years.
- g. We will work with our wholly owned traded company 'ECL' to transform a number of services they deliver on our behalf. Some of this work will be complementary to and build on other initiatives elsewhere in the Council. We anticipate savings of **£0.5m** in undertaking this work.

1.41 In our mental health services we are taking three approaches to enable us to achieve these savings and efficiencies within the framework of our vision.

These are:

- a) Earlier intervention, through development of the new Care and Assessment Team to pick up demand before a need for Secondary Care support develops.
- b) Building greater independence and resilience through redesign of the mental health accommodation pathway, including varied support options for stepping down from residential care.
- c) Back-office efficiencies through our annual negotiation with the Secondary Mental Health trusts.

Highways

1.42 Budget proposals of **£3.7m** have been identified for the 2018/19 financial year. These should be noted in the context of also absorbing pressures in relation to increased demand through demographics and economic growth.

1.43 Further budget proposals are categorised into the 3 main areas outlined below, which will result in a generally maintained service provision and cost reduction:

- a) Partnership and Contract efficiencies within the Ringway Jacobs partnership (highways maintenance); whilst benefits are being achieved through seeking continuous improvements, different ways to deliver services more efficiently, and economies in scale, which may result in the level of service output. This may also change the level of reactive maintenance on the highway network. However the detail of this is yet to be worked up.
- b) Combined approach to work with other partners including Police and the Parking Partnerships. Financial benefits will be achieved through one-off opportunities, different methodologies, reducing subsidies and increasing income opportunities.

c) Increased income for fees and charges, including in the main Bus Lane Enforcement, Records Management and Green Claims. Failure to enforce could lead to safety and congestion issues. Increased enforcement activity will result initially in higher penalties issued to non-compliant users of the Essex Highway Network. It should be noted that performance and behaviour will improve over time and there should be a significant reduction in penalties issued. It is anticipated that Bus Lane enforcement and Records Management income will decrease over time.

1.44 However despite these opportunities and partial mitigations we will see a growing impact on the network and users linked to planned reductions in capital funding levels.

1.45 It is not considered that these proposals above will have a disproportionate impact on persons who share any relevant protected characteristic.

1.46 In the drive to reduce the Council's subsidy across the Essex Park and Ride service, we have identified adverse impacts on certain protected groups. In particular on users of the older person's bus pass after 9am, with whom the service has proven popular (60% of patronage in Colchester). The introduction of the cross-city route in Chelmsford in 2016 elicited concerns from older people and physically disabled people. This was due to changes to stops along the route. We will continue to monitor impacts of changes to the service on protected groups and where necessary we will implement mitigating actions accordingly.

Housing, Property and Planning

1.47 Budget proposals within this portfolio relate to the scalability of Essex Housing and it is not considered that they will have an adverse impact on persons who share any relevant protected characteristic. An equality impact assessment will be completed as part of the governance and decision making for each individual project.

Leader

1.48 The staffing budgets in this portfolio are likely to be affected by the Support Services redesign (see paragraph 1.17).

Resources

1.49 The Digital Foundations Programme is a series of projects to improve our technology infrastructure. It includes workstreams to migrate our servers to the cloud, upgrade the desktop experience and install a new cloud-based Customer Relationship Management (CRM) platform. It aims to increase productivity by allowing more flexible and mobile working and to ensure value for money service provision.

1.50 The staffing budgets in this portfolio are likely to be affected by the Support Services redesign (see paragraph 1.17).

Appendix D - Equality Impact Assessment (Organisation Strategy)

Context

1. Under s.149 of the Equality Act 2010, when making decisions, Essex County Council must have regard to the Public Sector Equality Duty, i.e. have due regard to:
 - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act;
 - advancing equality of opportunity between people who share a protected characteristic and those who do not; and
 - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
 - age
 - disability
 - gender reassignment
 - marriage/civil partnership
 - pregnancy/maternity
 - race
 - religion/belief
 - sex/gender
 - sexual orientation
3. In addition to the above protected characteristics you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.
4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy.
6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. The EqIA will be published [online](#):
8. All **Cabinet Member Actions, Chief Officer Actions, Key Decisions and Cabinet Reports must be** accompanied by an EqIA.
9. For further information, refer to the EqIA guidance for staff.
10. For advice, contact:
Shammi Jalota shammi.jalota@essex.gov.uk
Head of Equality and Diversity
Corporate Law & Assurance

Section 1: Identifying details

Your function, service area and team: Corporate Development, Corporate Strategy, Strategy Team

If you are submitting this EqIA on behalf of another function, service area or team, specify the originating function, service area or team: NA

Title of policy or decision: Refreshed Essex Organisation Strategy

Officer completing the EqIA: Petra Crees Tel: 0333 013 6161 Email: petra.crees@essex.gov.uk

Date of completing the assessment: 15 January 2018

Section 2: Policy to be analysed

Is this a new policy (or decision) or a change to an existing policy, practice or project?

Change to an existing policy.

Describe the main aims, objectives and purpose of the policy (or decision):

The Essex Organisation Strategy sets out how the organisation will work and what it will achieve over the next four years. It defines the organisation's priorities and areas of focus.

What outcome(s) are you hoping to achieve (i.e. decommissioning or commissioning a service)?

The outcomes are our four strategic aims:

1. Enable inclusive economic growth

2. Help people to get the best start and age well
3. Help to create great places to grow up, live and work
4. Transform the council to achieve more with less

Does or will the policy or decision affect:

- service users
- employees
- the wider community or groups of people, particularly where there are areas of known inequalities?

All of the above

Will the policy or decision influence how organisations operate?

Yes, through changing how we commission and fund service delivery with partner organisations and community and voluntary groups.

Will the policy or decision involve substantial changes in resources?

The Strategy will be used to inform resource allocation across the authority in a joined up business planning and budgetary process. This has been detailed in the 18/19 Organisation Plan which is subject to its own EqIA.

Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes?

The agreed Strategy defines the corporate outcomes over a four year period and shapes decision-making and resource allocation. It has been used to drive Functional Business Plans owned by each of the Executive Directors, service plans and individual employee supporting success objectives in a simplified business planning process that strengthens the golden thread through the organisation.

Other strategies that will be influenced by the Organisation Strategy are the Workforce Strategy, Digital Strategy and Re-imagining Commissioning Report.

The changes in the refreshed strategy provide greater detail on how we will achieve the organisational change required to deliver corporate outcomes and includes agreed end states for each of those outcomes.

Section 3: Evidence/data about the user population and consultation¹

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1

What does the information tell you about those groups identified?

We can provide a socio-economic analysis of the groups likely to be affected

¹ Data sources within EEC. Refer to Essex Insight: <http://www.essexinsight.org.uk/mainmenu.aspx?cookieCheck=true> with links to JSNA and 2011 Census.

	<p>by the delivery of the Organisation Strategy on request as follows:</p> <ol style="list-style-type: none"> 1. Effective and efficient organisation 2. Sowing the seeds for future success 3. An unbalanced age 4. Changing demand for skills 5. Lifestyle related diseases 6. Recurrent care 7. The London effect 8. Infrastructure and economic growth
3.2	<p>Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision?</p> <p>Although individual/community groups have not been consulted in relation to the Organisation Strategy, it has been influenced by the Essex Vision which has been developed with extensive engagement with Essex residents, businesses, partner organisations and voluntary groups. This report contains detailed information on who was consulted and included young people, the voluntary sector and businesses.</p> <p>New Equality objectives have also been included in the refreshed Strategy and these have been through an extensive consultation process both with ECC employees, the wider Essex public and voluntary and community groups.</p>
3.3	<p>If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary. Please include any reasonable adjustments, e.g. accessible formats, you will provide as part of the consultation process for disabled people:</p> <p>See 3.2 When the Strategy was launched a range of accessible methods were used for engaging with the public including the development of an easy read version of the Strategy. This will be updated to include the new content.</p>

Section 4: Impact of policy or decision		
Use this section to assess any potential impact on equality groups based on what you now know.		
Description of impact	Nature of impact Positive, neutral, adverse (explain why)	Extent of impact Low, medium, high (use L, M or H)
Age	Positive - Different parts of the Strategy have a specific focus on particular age groups where appropriate but the overall balance of the Strategy does not favour one age group over another. For example, there are focuses on young	H

	people in respect of safety and education, adults for skills retraining and housing and the elderly in respect of care and support.	
Disability – learning disability	Positive – The Strategy specifically acknowledges the needs of people with learning disabilities	H
Disability – mental health issues	Positive – Mental Health needs are recognised in several places in the Strategy both specifically and generally as part of our aim to improve the health of residents in Essex.	H
Disability – physical impairment	Positive – Whilst physical impairment is not mentioned specifically, it does form part of the aims around improving health and supporting people to live independently	M
Disability – sensory impairment (visual, hearing and deafblind)	Positive – Whilst sensory impairment is not mentioned specifically, it does form part of the aims around improving health and supporting people to live independently	M
Gender/Sex	Neutral – there is nothing in the Strategy that would impact disproportionately in respect of gender/sex	L
Gender reassignment	Neutral – there is nothing in the Strategy that would impact disproportionately in respect of gender	L
Marriage/civil partnership	Neutral – there is nothing in the Strategy that would impact disproportionately in respect of marriage/civil partnership	L
Pregnancy/maternity	Neutral – there is nothing in the Strategy that would impact disproportionately in respect of pregnancy/maternity	L
Race	Neutral – there is nothing in the Strategy that would impact disproportionately in respect of race	L
Religion/belief	Neutral – there is nothing in the Strategy that would impact disproportionately in respect of religion/belief	L
Sexual orientation	Neutral – there is nothing in the Strategy that would impact disproportionately in respect of sexual orientation	L
Cross-cutting themes		
Description of impact	Nature of impact Positive, neutral, adverse (explain why)	Extent of impact Low, medium, high (use L, M or H)
Socio-economic	Positive – the overall aim of the Strategy is to improve outcomes for the residents of	H

	Essex. It looks specifically at improving the resilience of communities, improving health outcomes and life chances/economic prospects.	
Environmental, eg housing, transport links/rural isolation	Positive – The Strategy offers a balance between required development and protecting the environment and access to green spaces. It seeks to improve transport links and infrastructure and enable residents to move more freely around the county	H

Section 5: Conclusion			
		Tick Yes/No as appropriate	
5.1	Does the EqlA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No <input checked="" type="checkbox"/>	
		Yes <input type="checkbox"/>	If ' YES ', use the action plan at Section 6 to describe the adverse impacts and what mitigating actions you could put in place.

Report title: Scrutiny Activity	Agenda Item 7
Report to: Full Council	
Report author: Cllr Jillian Reeves, Chairman of the Scrutiny Board	
Date: 13 February 2018	For: Discussion
Enquiries to: Joanna Boaler, Head of Democracy and Transparency (Statutory Scrutiny Officer) joanna.boaler@essex.gov.uk or Richard Buttress, Senior Democratic Services Officer richard.buttress3@essex.gov.uk	

1. Introduction

This report provides brief summary of the scrutiny activity which has taken place over the last two years. Appendix 1 sets out the position in more detail.

The Council continues to face challenging budget pressures, which have been compounded by uncertainty due to the shifting national political environment.

Despite these challenges, the Council has endeavoured to take proactive action to address current and future challenges, and deliver improved services for the residents of Essex.

The Council's policy and scrutiny committees have had a busy period, with a diverse work programme across all four committees.

This report and its Appendix, details this scrutiny activity and shows the positive impact that the committees have had in the organisation. Much good scrutiny activity has been undertaken during this period of consolidation which has seen the intake of a new cohort of councillors as well as a number of staffing changes affecting scrutiny, including the appointment of the Head of Service as the statutory scrutiny officer. There are examples of good work and positive outcomes of which members can be proud across each of the Committees.

2. Induction

Following the County Council elections in May 2017 an induction programme took place which supported new members to the council and the committee understand the role and remit of the committee as well as acting as a refresher for those who returned following the election.

3. Executive Summary of Activity

Corporate Policy and Scrutiny Committee – Chairman Councillor Mike Mackrory

- The committee has had regular reports and presentations around the financial management of the Council, this includes reviewing the budget before it is presented to Council, the half year reports and the reserves.
- A Task and Finish Group was established to review and suggest improvements to the Member Enquiries Service, a number of these have been implemented or are being undertaken.

- The committee received a report from the Essex Coroner as well as the opportunity to visit the Coroner's Office and Jury Accommodation. The committee will monitor the improvements required and have asked for further reports.

Health Overview Policy and Scrutiny Committee – Chairman Councillor Jill Reeves

- The committee has undertaken a significant amount of joint work with neighbouring authorities to review the merger of Colchester and Ipswich Hospitals, the PET CT scanner for South Essex, Complex urological cancer surgery and Emotional wellbeing and mental health services for children and young people.
- Joint Health and Overview Scrutiny Committees have been established to review and monitor the Sustainability and Transformation Partnerships (STPs) as Essex has three STPs whose boundaries are beyond the Council's jurisdiction.

People and Families Policy and Scrutiny Committee – Chairman Councillor Malcolm Maddocks

- The committee has established a number of task and finish groups to review specific activity and issues these include: Educational Attainment, Carers Service, Residential and Domiciliary Care and Young Carers. Each of the groups made recommendations and these have been embedded into the service and beyond these included linking early years provision, holding a seminar and member training and visits.
- The committee received three call-ins, these were: Procurement and Final Award of a New Model to Deliver Integrated Pre-Birth to 19 Health, Wellbeing and Family Support Services (two decisions) and Housing Related Support: Post 16 Services.

Place Services and Economic Growth Policy Scrutiny Committee – Chairman Councillor Eddie Johnson

- The committee has established a number of task and finish groups to review specific areas of work, these include: Jobs, welfare and skills, Country Park charging and localism and subsidiary. Each of the groups has or will made recommendations, many of which are implemented.
- The committee has also received reports on the mobile library consultation, culture, housing developments and gypsies and travellers.
- The committee received two call-ins: Street lighting and Proposed One-Way 7.5 Tonnes Weight Limit on a road in Rivenhall.

Scrutiny Activity – Annual Report 2016-18

1. Scrutiny

The Centre for Public Scrutiny (CfPS) describes local government scrutiny as ‘an independent function, led by local elected Councillors, that works with local people and local bodies to help improve services’. Essex County Council’s (ECC) policy and scrutiny committees gather evidence and prepare reports on issues of importance to the local community, often making recommendations to the Council’s Cabinet Members and other local bodies (including the health service) to bring about these improvements.

Scrutiny aims to contribute to the Council’s outcomes in many ways, including:

- Giving Councillors a role in policy development
- Providing a forum for direct engagement with communities and their representatives
- Feeding into the planning of consultations and other public engagement
- Giving Cabinet Members and officers a constructive forum through which to seek Councillor’s input or support for ideas in a political environment
- Keeping Councillors and members of the public informed
- Playing a key role in monitoring, influencing and holding to account the Health Service
- Monitoring the Council’s performance, tracking progress against plans, reviewing the success of the Council’s actions
- Acting as a critical friend to the Leader and Cabinet, holding to account when necessary
- Helping the Authority champion success and learn from experience.
- Through the call-in process, providing a structure for scrutinising specific decisions of the Cabinet or Cabinet Members.

Essex County Council has four scrutiny committees:

- [Corporate Policy and Scrutiny Committee](#)
- [Health Overview Policy and Scrutiny Committee](#)
- [People and Families Policy and Scrutiny Committee](#)
- [Place Services and Economic Growth Policy and Scrutiny Committee](#)

Much of their work is carried out by smaller sub-groups which report back to the main committees. Because these are always time-limited groups with a specific purpose, they are called ‘Task and Finish groups’.

The four committees are overseen by the Scrutiny Board, made up of the Chairmen of each Scrutiny Committee, and the Chairman of the Audit, Governance and Standards Committee. The Board has a role in steering the direction of Scrutiny, encouraging and disseminating best practice, allocating work across the committees, looking out for new issues on the horizon, leading scrutiny member development and playing a key role in engagement with cabinet members and senior officers. Following the election in May 2017, the Board has worked to fulfil this role of

managing the Council's Overview and Scrutiny function through overseeing the scrutiny function, managing resources and championing its work.

2. Induction

In advance of the County Council elections a specific Scrutiny Induction programme was developed with the Scrutiny Board. The programme took place in July and August (postponed from the dates originally programmed) due to the timing of the General Election) and was led by officers from Democratic Services and the Chairman of each Scrutiny Committee.

The first generic sessions for each of the Committees:

- Outlined the legal context for scrutiny and the expectations placed on scrutiny members
- Defined scrutiny at Essex County Council and provided an overview of scrutiny procedures
- Explored the remit of the individual Committees
- Outlined the schedule of meetings and expectations
- Gave details of support officers

Each of the first sessions were presented with an outline of the role of the Scrutiny Board; had discussions on being an expert scrutineer, the benefits of team working; the Centre for Public Scrutiny principles; how to challenge; and the resources available to be an expert scrutineer. Some broad best practice principles of work programming and topic selection were also introduced in either the first or second sessions. The value of using different types of scrutiny activity was also discussed.

The timetable and sessions were drawn up so that both new and returning Members would find some elements of the programme useful, if by way of an introduction or a refresher. Attendance, given the timing of the induction programme, was very encouraging.

The Committees are now undertaking ongoing development, of which the Scrutiny Board has an oversight role, to support their specific requirements; a recent example was the development day that the HOPSC had in relation to Sustainability and Transformation Plans.

3. Work of the Committees

Corporate Policy and Scrutiny Committee

The committee has a wide ranging remit covering financial administration including the budget, procurement and commercial services, customer and registration services, libraries, information technology, property and facilities management and democratic representation. The committee shadows the Cabinet Members for Resources; Culture, Communities and Customer; Housing, Property and Planning; Economic Growth, Skills, Infrastructure and the Digital Economy and the Leader of the Council.

Member Enquiries Task and Finish Group

In January 2017, a task and finish group was set up by the committee to review the Member Enquiries service.

A number of meetings were held to discuss a variety of areas that could be improved and as a result, a number of recommendations were put forward which were agreed with the Cabinet Member and officers. Some of the recommendations have already been introduced and are working well, such as Members now receiving an automated email acknowledgement within 24 hours of sending an enquiry to the Member Enquiries Team.

Coroner's Service

In October 2017, the committee received a report from the Coroner's Service detailing the work of the service, along with good news stories and also some of the challenges they are currently facing. The committee agreed that further reports are brought back to the Committee on progress of the case management system, stillbirth reviews, jury accommodation, digital scanning and mortuary provision.

Members of the committee also visited Seax House for a tour of the Coroner's Office to understand the issues in context.

Local Government Association (Call-In)

In March 2017, a call-in was made after the Chairman of the Committee received notification of Essex County Council's decision to give notice to leave the Local Government Association at the end of March 2018.

As a result of this call-in, it was proposed and subsequently agreed that the committee will re-address this issue at a future meeting.

Budget

In November 2017, the committee received an update on the financial position of Essex County Council following the announcement of the national Autumn Budget statement. In depth reports were reviewed by the committee and very productive discussions took place. All of the concerns raised by the committee were responded to and as a result, a number of suggestions were taken on board by officers which would be taken into account during the budget setting process.

Reserves

In January 2018, the committee were briefed on how the Council is managing its reserves, with a number of questions posed to the presenting officers. Assurances were given that the Council has the right amount of reserves in the right places, should they need to be called upon in the future.

Transformation updates

The committee made a decision not to continue to receive quarterly updates on the Council's transformation programme. This enabled the committee to free up more of its time to concentrate more on specific projects within the agenda and the savings these projects deliver.

Health Overview Policy and Scrutiny Committee (HOPSC)

Context

The Essex health arena is complicated with multiple health bodies; some who identify patient needs and purchase (or commission) health services on their behalf (these are generally called Clinical Commissioning Groups), and others who are providers of those services. Some of the biggest providers of health services in Essex are the five hospital trusts and these continue to face significant financial, performance and resource issues and, during the last two years, two of them have been subject to a higher level of regulatory oversight as a result of those issues. This is exacerbated by demand pressures arising from demographic growth, longer life expectancy, and people increasingly having more complex and multiple health conditions.

The HOPSC has had a programme of engagement activity with these and other provider organisations (as well as commissioners), to increase transparency and accountability and offer support and constructive challenge on how they are driving quality improvements.

Mergers

Colchester and Ipswich Hospitals have been working towards a merger of both hospital trusts due to complete later in 2018. On 9 January 2018 the respective trust boards of Basildon, Mid Essex and Southend Hospitals also announced that they are set to discuss proposals which could see them moving towards the creation of a single NHS trust.

The HOPSC will be working with scrutiny colleagues in adjoining authorities to monitor the planning and governance of these proposed mergers both formally through Joint HOSCs already established and in other informal arrangements. In addition, the HOPSC will also continue to have oversight of these mergers.

Over a 15 month period the HOPSC also monitored and challenged the planning the progress of the merger of North Essex Partnership Foundation Trust and South Essex Partnership Trust (who provided adult mental health services in Essex) and, in particular, the governance processes established to oversee the merger. The merger competed in the summer of 2016 with the establishment of the Essex Partnership Trust.

Sustainability and Transformation Partnerships

Sustainability and Transformation Partnerships (STPs) have established health and social care footprints across England and Wales – three of them cover parts of Essex and all cut across administrative borders. The HOPSC's role has been to

challenge the plans being developed by these partnerships, how they will engage with other key stakeholders and the public and are the changes proposed sustainable and in the best interests of the overall local health system. The HOPSC has held a number of sessions with STP leaders over the last two years as the STP plans have been developed.

Patient Engagement in the Success Regime (subsequently the Mid and South Essex Sustainability and Transformation Partnership)

With Healthwatch Essex the HOPSC co-hosted a conference which brought together health bosses and asked how they would listen to the people of Essex when considering the redesign of health services in the county. The conference was also attended by representatives from patient engagement groups, health commissioners and providers, and the community and voluntary sector. In particular, delegates stressed that service users must be involved at the beginning of service redesign processes and that there need to be sufficient time allowed for meaningful engagement prior to formal proposals being finalised. NHS England was also asked to demonstrate how they will engage early with patient groups, primary care and community and voluntary organisations.

Working in partnership with neighbouring HOSCs

As STP proposals have been further developed into specific changes to services the HOPSC has started to work formally in joint committees with the HOSCs of neighbouring authorities. With the three STPs footprints overlaying the county of Essex all operating at different speeds this has been reflected in how far those joint scrutiny arrangements have been developed. The current status on these is as follows:

North East Essex and Suffolk STP - a Joint HOSC is running with Suffolk County Council to scrutinise proposals.

Mid and South Essex STP - a Joint HOSC is to be established with Southend and Thurrock Unitary Authorities with the first formal meeting in late February 2018.

Hertfordshire and West Essex STP – this STP is not yet near a stage of formal consultation on proposals for service changes. No substantive discussions have yet been held with Hertfordshire HOSC regarding joint working.

During the last two years the HOPSC has also worked formally with neighbouring authorities on other health issues:

Complex urological cancer surgery in Essex

A specific Joint HOPSC was established with Southend and Thurrock Unitary Councils to look at NHS England proposals for a single specialist centre in Essex for complex urological cancer surgery and the process leading up to their conclusion of recommending a site at Southend Hospital. As part of its review the Committee spoke to patient group representatives and clinical nurse specialists to hear how they felt the communication process had been managed as well as discussing the proposal directly with NHS.

The committee supported the evidence for a single specialist centre. However, it had concerns around the adequacy and clarity of stakeholder engagement and made recommendations primarily around future communications, more partnership working with external stakeholders, including patients, on this and similar reconfiguration issues in future.

PET CT Scanner for south Essex.

A Joint HOSC with Southend Borough Council reviewed a proposal to identify a sole site for a fixed PET CT Scanner to serve the south of the county. The Joint HOSC reviewed the clinical cases for the two competing sites and recommended that NHS England implement their chosen site as soon as possible to ensure that capacity could be quickly increased to enable earlier diagnosis and improved patient outcomes whilst making future communication clear in distinguishing the project from the proposals for urological cancer surgery.

Informal joint working

The HOPSC has also sought to work informally with adjoining authorities to develop a combined scrutiny approach to specific issues. Southend Councillors participated in an Essex HOSC Task and Finish Group reviewing emotional wellbeing and mental health services for children in Essex whilst Essex and Hertfordshire county councillors attended a site visit at Princess Alexandra Hospital (Harlow) to look at how the provider was implementing improvements to respond to issues raised in a Care Quality Commission inspection report. That site visit then informed a formal scrutiny session with the provider the following month.

Emotional wellbeing and mental health services for children and young people

A Task and Finish Group, including two Southend Borough Councillors, reviewed the perception, signposting and accessibility of mental health services for children and young people in Essex, the level of co-ordination and joined up working between different partners and included a review of a new service being provided by North East London Foundation Trust (NELFT).

The Group spoke to NELFT, Healthwatch Essex, school staff, Essex County Council officers and some community and voluntary bodies before making recommendations on closer working with the community and voluntary sector, NELFT developing a clear strategy to further reduce waiting times for assessment and first treatment and clearer communication of their service thresholds as well as all Essex schools understanding the developing the best practice support for mental health established by some Essex schools.

Cross-committee working

With increasing integration of health and social care it is also expected that there will be more joint working with the People and Families Policy and Scrutiny Committee in looking at cross cutting issues. Already the two committees have had joint briefings on issues of common interest and a joint task and finish group has just been established to look at issues around hip fractures and falls prevention.

Future focus

The challenge for HOPSC now is to scrutinise how the overall local health system is responding to all the financial, performance and resource pressures and how commissioners and providers are working collaboratively in meeting the challenges. This will also include increasing focus on prevention and the role of Public Health as part of the health system. Therefore, it is anticipated that the HOPSCs future focus will be more towards scrutinising cross cutting issues and partnership and wider system working rather than just the performance of individual providers although the latter will still feature to some extent in its work programme.

The HOPSC's future work programme is structured under the following headings: Quality and Transformation of Services (which includes Sustainability and Transformation Partnership plans), Community Healthcare (which includes Public Health and prevention), Capacity and Financial Sustainability (includes hospital bed management and ambulance service and Equity – access to services).

People and Families Scrutiny Committee (PAF)

Context

The committee has a wide remit ranging from education, through children's and youth services, sport and physical activity to social care. The Committee 'shadows' the portfolio responsibilities of three Cabinet Members (Education, Health and Adult Social Care, and Children and Families).

Some items are kept on the committee's work programme indefinitely for regular monitoring and challenge and these are usually reviewed at least annually. Two particular examples of this are:

Safeguarding

Each year the committee reviews the work and priorities of the Essex Safeguarding Adults Board and the Essex Safeguarding Children Board. The latest sessions on this are scheduled for February and March 2018 and will be concentrating primarily on future priorities and the business plan for each Board whilst also noting the contents of the annual report for each Board which detail the historical work undertaken by them. This year, for the first time, the Committee has decided to look at the work of the two boards separately on different days to help emphasise and differentiate their issues and priorities.

Previous discussions on the work of the Safeguarding Boards have led to recommendations for Safeguarding and PREVENT training took place on 31 January 2018.

Educational Attainment

As a result of a Task and Finish Group review of educational attainment (see below) the committee considers an Annual Report on Educational Attainment to assess the

progress made in education standards over the previous year with the presentation including an overview of outcomes, full data and data broken down by district. The next update on this is scheduled for April 2018.

During the last two years the full committee has also considered updates on other matters some of which were linked to past or subsequent Task and Finish Group activity (as detailed below); the updates included the Carers Strategy, Children's Centres and Healthy Child Programme – Key Performance Indicators, Children's Centres Public Consultation and Adult Community Learning.

In addition to work within full committee, over the last two years there has also been work conducted by smaller sub-groups (Task and Finish Groups) with the main work as follows:

Educational Attainment Task and Finish Group

A Task and Finish Group looking at educational attainment made recommendations on the pooling of staff resources across schools, improving information on staff recruitment and retention, how best to link Early Years provision with Infant/Primary Schools in order to create a seamless transition from pre-school, more support for school governors including the sharing of knowledge and best practice, and encouraging an aspiration for further increasing educational attainment. The Cabinet Member undertook to embed these within the service. It was also agreed that the committee should receive regular updates on educational attainment (see reference above).

Carers service Task and Finish Group

A Task and Finish Group looked at Carers' Strategy (which was being updated to reflect the requirements of the Care Act 2015) and made recommendations around presentation and greater clarity of aspects of the strategy and these were then incorporated into the redesign of the carers support service for adults. The redesign included improved identification of and support for carers in health settings, improved access to information including accessing personalised breaks and all support to be delivered through a single provider.

Residential and Domiciliary Care Task and Finish Group

A Task and Finish Group considered whether residential and domiciliary care services in Essex were safe, effective, caring, responsive and well-led. The Group made recommendations on grant funding, member visits to care homes, member training, communicating the requirements of the Care Act to all stakeholders and partners, encouraging more links between services and partners and the establishment of an all-party Corporate Carers Panel. The Group also highlighted some good practice in place supported by the Quality Innovation team.

Young Carers Task and Finish Group

The committee established a Young Carers Task and Finish Group to host a Scrutiny in a Day workshop attended by carers' bodies, charity groups, young adult carers to look at support available for young carers. Discussion and recommendations included extending Public Health social prescription referrals to

young carers, holding a seminar to raise awareness of housing issues specifically related to young carers, further discussions on the key role of schools in supporting young carers, and considering the inclusion of young carers' specific targets in the specifications of the 0-19 contract. The discussions helped inform a paper presented to the Health and Wellbeing Board on the future offer for young carers.

Call-ins

During the last two years the Committee has considered the following call-ins:

- (i) Final Award of Contract for Integrated Pre-birth to 19 Health Wellbeing and Family Support services.

Members considered the case for the call-in which centred on concerns about the procurement process, the intended contractor and consideration of alternative delivery models. The Committee also considered questions that were raised during the public question time that preceded the formal discussion. Whilst the Committee made some observations they supported the decision. It was noted that the scrutiny committee had been regularly updated on the development of the proposals.

- (ii) Procurement of a New Model to Deliver Integrated Pre-Birth to 19 Health, Wellbeing and Family Support Services

Members considered the case for the call-in of a decision to procure an integrated pre-birth to 19 service incorporating Health Child Programmes, Healthy Schools Programme, Family Nurse Partnership and Children's Centres. In particular, concerns were raised about the proposed delivery model for children's centres and access for vulnerable people. After discussion the Committee supported the decision.

- (iii) Housing Related Support: Post 16 Services

Members considered the case for the call-in of a decision to recommission the service to focus in future on particular priority cohorts of young people. The committee also heard from residents of local supported housing developments. The committee supported the decision subject to a three month pause in the procurement process to allow further discussion with stakeholders and service users.

In addition, call-ins can be resolved informally before they get to full committee by way of a private discussion between the Cabinet Member making the decision, the member(s) who have called it in and the Chairman of the relevant scrutiny committee. A recent example of this was a call-in on the proposed new in-house young carers service (which would include bespoke 1 to 1 support) which was withdrawn at the informal stage on the basis that the committee will review performance six months into the new contract (October 2018).

New membership

With the majority of the committee membership after the May 2017 elections being new to Essex County Council, there have been a number of specific briefings and

member development sessions held to develop knowledge of topics and issues that specifically come under the remit of the committee. Formal work of the committee has now commenced.

Cross-committee working

With increasing integration of health and social care it is also expected that there will be more joint working with the Health Overview Policy and Scrutiny Committee in looking at cross cutting issues. Already the two committees have had joint briefings on issues of common interest and a joint task and finish group has just been established to look at issues around hip fractures and falls prevention. Scoping has been completed and the review started in early February 2018. The review is expected to last up to three months.

Future Focus

The committee (sometimes also with the Health Overview and Scrutiny Committee) will seek to challenge the progress on the integration of health and social care. It will also seek to further strengthen links with other partners (such as Healthwatch Essex), and identify opportunities for direct engagement with communities and community representatives in developing its future work programme.

Place Services and Economic Growth Scrutiny Committee

Context

The committee has a wide ranging remit covering highways, the environment and waste, public transport, libraries, culture and economic growth in Essex. The committee shadows the Cabinet Members for Highways and Transportation; Culture, Communities and Customer; Environment and Waste; Housing, Property and Planning; and Economic Growth, Skills, Infrastructure and the Digital Economy.

Essex Country Parks: Car Park Charging Consultation

In November 2017, the committee received an update on the car parking consultation at Essex County Council's Country Parks. As a result of questions posed by the Committee, the Chairman suggested a one-off task and finish group be set up to identify recommendations that could be passed to the Cabinet Member for consideration.

Localism and Subsidiarity Task and Finish Group

Following a motion at full Council in July 2017 the committee established a task and finish group to look at how possible and practical it is for services to be delivered at a more local level and for budgets to be devolved. This Group has met four times to date and will be proposing recommendations to the committee in the near future.

Jobs, Welfare and Skills

A Task and Finish Group worked extensively over a significant period of time during 2016/17 and updates have been received from the Deputy Leader and Cabinet Member for Economic Growth, Skills, Infrastructure and the Digital Economy which have included the report being sent to the relevant Ministers of State to lobby government on the basis of the recommendations set out in the original scrutiny report. The report was also widely distributed to stakeholders throughout the county and region.

Library Service

In January 2018 the committee received a report on the Mobile Libraries consultation and outcomes. The Cabinet Member for Culture, Communities and Customer was able to seek the views of the committee in advance of the report going to and being approved by Cabinet. The committee also received notice about the public engagement exercise on the static library service.

Gypsies and Travellers

In September 2017 the committee received a report from the Cabinet Member for Housing, Property and Planning on the countywide strategy on Gypsy and Travellers groups. The report updated members on the Essex Countywide Travellers' Unit, unauthorised encampments, travellers' education and safeguarding.

Large Scale Housing Developments

September 2017 the committee received a report from the Cabinet Member for Housing, Property and Planning on the large-scale housing developments in the county, given there are around 180,000 new homes needed in the county between 2016 and 2036. At this stage the committee does not intend to revisit this issue.

Culture

In September 2017 the Committee received a report from the Cabinet Member for Culture, Communities and Customer on the heritage, tourism and culture offer in Essex. This updated the Committee on the review undertaken on this issue in 2011, which had moved on substantially since then. The Cabinet Member welcomed the Committee views on specific tourism sites and tourist accommodation in the county; the digitisation of the records service and signage, amongst other things.

Call-in

Proposed One-Way 7.5 Tonnes Weight Limit on a road in Rivenhall

In February 2017 a decision relating to a proposed restriction of larger vehicles in one direction on a road in Rivenhall was called-in. Following an informal meeting between the Member and Cabinet Member the call-in was withdrawn.

Street Lighting

In January 2018 a call-in was made by a Member of the Committee in relation to a decision on street lighting. Following an informal meeting between the Member and Cabinet Member the call-in was withdrawn.

New Membership

With much of the Committee membership after the May 2017 elections being new to Essex County Council there were two specific induction and member development sessions held to develop knowledge of topics and issues which specifically come under the remit of the committee, as well as develop the committee work programme.

Future Focus

The committee will be receiving a report on Air Quality in Essex, following a motion passed at the Council meeting in December 2017, which asked the committee to consider the issue. There will be an initial presentation prior to the committee deciding whether a review is best undertaken by the full committee or as a Task and Finish Group. Highways related issues and public transport will be to the fore as the committee work programme moves forward

4. Key topics proposed for 2018-19

To be effective, scrutiny must be proactive and should respond to issues as they emerge. For this reason, the proposed list of topics below can only be indicative, it will be subject to revision and alteration.

For further details about the committees' work programmes, information on any particular items or scheduling information, please contact Democratic Services. Email democratic.services@essex.gov.uk

Corporate Policy and Scrutiny Committee

- Budget
- Reserves
- Member Enquiries/Highways Report It Tool – follow-up
- Fees and charges review
- Registration Services
- Property Investment
- Administration of grants
- Commercial Property Fund – follow-up

Health Overview Policy and Scrutiny Committee

- Quality and Transformation of Services (including Sustainability and Transformation Partnerships)
- Community Healthcare (including Public Health and prevention)
- Capacity and financial sustainability of providers (includes hospital bed management and ambulance service)
- Equity – access to services (includes emotional wellbeing and mental health services – children/young people)

People and Families Policy and Scrutiny Committee

- Safeguarding
- Educational Attainment
- Young Carers
- School Places Planning
- 0 – 19 contract with Virgin Care
- The care market and relationships with providers

Place Services and Economic Growth Policy and Scrutiny Committee

- Localism and Subsidiarity
- Highways and Transportation
- Air Quality Monitoring and Control
- Passenger Transport and Bus Withdrawal Process
- Moving Around Essex

Council Issues

1. Amendment to Annex A of the Pay Policy Statement

In December 2017 the Council approved a revised pay policy statement. Unfortunately the version approved by full Council contained two errors at appendix A. In the proposed grade D the top of grade D should have been £65,000 and in grade J the bottom should be national living wage rather than £15,749. Council is asked to correct these errors.

Recommendation

That annex A of the Pay Policy Statement for 2017/18 and 2018/19 be amended with immediate effect to read:

1: The following box:

Grade D	£50,000	£65,500
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is replaced with

Grade D	£50,000	£65,000
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2. The following box:

Grade J	£15,749	£17,500
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is replaced with:

Grade J	National Living Wage	£17,500
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The Leader's Report of Cabinet Issues

This report is to receive the minutes of the Cabinet Meeting held on 23 January 2018.

The minutes of that meeting are attached as an appendix to this report.

Recommendation

To receive the minutes of the Cabinet meeting held on 23 January 2018.

Minutes of a meeting of the Cabinet held in Committee Room 1, County Hall, Chelmsford, CM1 1QH on Tuesday 23 January 2018

Present:

Councillor	Cabinet Member Responsibility
D Finch	Leader of the Council (Chairman)
K Bentley	Deputy Leader and Economic Growth, Skills, Infrastructure and the Digital Economy (Vice-Chairman)
S Barker	Culture, Communities and Customer
I Grundy	Highways
R Gooding	Education
S Lissimore	Housing, Property and Planning
D Madden	Children and Families
L McKinlay	Resources
J Spence	Health and Adult Social Care
S Walsh	Environment and Waste

Councillors J Aldridge (Chairman of Essex County Council), J Beavis, M Buckley, P Channer, I Henderson, M Mackrory, R Mitchell and C Pond were also present.

1. Membership, Apologies, Substitutions and Declarations of Interest.

The report of Membership, Apologies and Declarations was received and it was noted that:

1. The membership of the Cabinet was unchanged since the last meeting, although regrettably Councillor I Grundy's name had been omitted in error from the membership as shown in the report;
2. Apologies for absence had been received from the Chief Executive, Gavin Jones, for whom the Executive Director for Corporate and Customer Services, Margaret Lee, was substituting; and
3. Councillor C Pond declared a Code interest in agenda item 7 (Changes to Mobile Library Services) in that he is an Honorary Fellow of the Chartered Institute of Library and Information Professionals (CILIP).

2. Minutes of the meeting held on 23 November 2017

The minutes of the meeting held on 23 November 2017 were agreed as a correct record and signed by the Chairman.

3. Questions from the public

None.

4. Organisation Plan and Budget 2018/19 and refreshed Organisation Strategy (FP/453/03/16)

The Cabinet was asked to make a recommendation to Council that it adopts the Refreshed Organisation Strategy, Organisation Plan and Budget 2018/19 including the revenue budget, capital programme, financial strategy and capital strategy.

Cabinet Members provided the following information in response to questions and comments by Councillors Mackrory, Henderson, Pond and Young.

- Referring to paragraph 8.1 of the report, the Leader of the Council advised that the process of reviewing the gradings and roles of Council employees was ongoing. Information concerning the impact of these processes in terms of staffing changes and job losses would be provided to members of the Opposition Groups as soon as it became available.
- Councillor Spence confirmed that there was no plan to reduce expenditure on Adult Social Care by £30m, and that an innovative approach would ensure that social care services reached and impacted on an increasing number of residents. He advised that use of the Social Care precept was restricted to social care-related expenditure, and that therefore no underspends had been appropriated to relieve pressures in other service areas. The Social Care precept actually served to reduce the amount of funding for social care which needed to be found from within other services' budgets.
- Councillor McKinlay advised that the Council's approach to property investment would be reviewed as appropriate once the outcome of the Government consultation on changes to the prudential framework of capital finance was known. The projected income target would be reviewed to ensure accuracy, following which specific targets would be set for the future. Councillor McKinlay confirmed that the Council's current activity with regard to property investment complied fully with existing guidelines.
- Councillor McKinlay noted Members' positive comments regarding the increase in household recycling and composting rates. She advised that it was inappropriate at present to provide public comment on matters relating to Tovi Eco Park, but undertook to reply in writing to Councillor Henderson concerning the expenditure of funds within the Waste Reserve.
- Councillor McKinlay advised that £3m was to be set aside within the Children's Services budget for the purpose of transforming and modernising the service for the future. The Service currently offered good value for money in comparison with other services nationally, which was a credit to those involved.

- Councillor McKinlay commented that an explanation for the proposed level of borrowing in 2018/19 was provided within the report.
- Councillor McKinlay stated that, in setting the Council's budget, it was necessary to balance priorities. The proposed utilisation of the Social Care precept, together with the proposed 2.99% increase in Council Tax, represented an increase of around £1 per week for taxpayers and would provide what was needed to deliver the services needed, and no more. An ambitious programme was planned and Cllr McKinlay believed the proposed budget to be both balanced and to deliver value for money.
- The Leader of the Council undertook to provide to Councillor Pond specific examples of individual Cabinet Members' targets for efficiency savings.
- The Leader of the Council referred to the detailed budget for his portfolio, as set out within the report, demonstrating that it would be at a lower level in 2018/19 than it had been in 2016/17. He offered to respond to any questions which Members may have subsequent to the meeting.

Resolved:

Organisation Plan and Revenue Budget

That the following be recommended to full Council:

1. That the Organisation Plan be approved in the form appended to report FP/453/03/16.
2. That the Refreshed Organisation Strategy be approved in the form appended to report FP/453/03/16.
3. That the net revenue budget requirement be set at £865.2 million (m) (net cost of services less general government grants) for 2018/19.
4. That the net cost of services be set at £910.3m for 2018/19.
5. That the total council tax funding requirement be set at £635.6m for 2018/19.
6. That a 2% social care precept be levied and a 2.99% increase to Essex County Council's element of the council tax, therefore the Essex County Council element of the council tax charge for a Band D property in 2018/19 will be £1,221.75. A full list of bands is as follows:

Council Tax Band	2017/18	2018/19
	£	£
Band A	775.80	814.50
Band B	905.10	950.25
Band C	1,034.40	1,086.00
Band D	1,163.70	1,221.75
Band E	1,422.30	1,493.25
Band F	1,680.90	1,764.75
Band G	1,939.50	2,036.25
Band H	2,327.40	2,443.50

7. That the proposed total schools budget be set at £517.5m for 2018/19 which will be funded by the Dedicated Schools Grant.
8. That the underlying balance on the General Balance be set at £55.1m as at 1 April 2018.
9. That the capital payments guideline be set at £298.6m for 2018/19 and that the Executive Director for Corporate and Customer Services, in consultation with the Cabinet Member for Resources be authorised to make adjustments to the phasing of payments between years (should that be necessary) as the capital programme is finalised, and to report any impact on the Prudential Indicators at the subsequent quarterly review to Cabinet in July 2018. Any requests to change prudential borrowing would be brought before Full Council.

That the following be agreed:

10. That the Cabinet Member for Resources, in consultation with the Executive Director, Corporate and Customer Services, may make adjustments to the recommendations to Full Council upon receipt of:
 - (a) the final tax base and forecast business rates receipts for 2018/19 from the billing authorities (due by 31 January 2018)
 - (b) the final settlement from Government expected early February 2018.
11. That the statement of the Executive Director, Corporate and Customer Services (section 151 officer) on the robustness of the estimates and reserves and capital strategy be noted.

Capital Strategy

That the following be recommended to full Council for approval:

12. The 2018/19 – 2020/21 Prudential Indicators and limits, together with updated limits for 2017/18, as set out in Annexes 1A and 1B of the Capital Strategy as set out in Appendix A to report FP/453/03/16.
13. The Treasury Management Strategy for 2018/19, comprising the following, included within Annex 1 of the Capital Strategy:
 - a. Borrowing strategy;
 - b. Treasury management investments strategy; and
 - c. Indicative strategy for commercial investment activities.
14. The policy for making a prudent level of revenue provision for the repayment of debt (the Minimum Revenue Provision policy, as set out in Annex 1C of the Capital Strategy).
15. The Treasury Management Policy Statement and Treasury Management Practices be updated to those set out in Annexes 1E, 1F and 1G of the Capital Strategy.

That the following be noted:

16. The medium term (2019/20 – 2020/21) revenue issues facing the Council as set out in report FP/453/03/16, highlighting the funding sources and implications. The position is based on the best intelligence today including future funding, price rises and demands; but there is inherent uncertainty given the changes in national and local circumstances.
17. The recommendations in report FP/453/03/16 present a balanced budget for 2018/19. The Council's plans for 2019/20 and 2020/21 are not sufficiently firm as to allow for a balanced budget to be set. Further opportunities for improving income and funding, plus greater efficiencies will need to be secured in the medium term which will be achieved by a focus on outcomes based commissioning.
18. The above figures are based on a Band D tax base of 520,199 properties.
19. The Capital Strategy, presented as Annex A in Appendix 1 to report FP/453/03/16, sets out the long term context in which capital expenditure and investment decisions are made by the Council and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. It comprises a number of distinct, but inter-related, elements as follows:
 - **Capital expenditure** – this provides an overview of the governance process for approval and monitoring of capital expenditure, including the

Council's policies on capitalisation, and an overview of its capital expenditure and financing plans.

- **Capital financing and borrowing** – this provides a projection of the Council's capital financing requirement, how this will be funded and repaid, sets out the Council's borrowing strategy and explains how the Council will discharge its duty to make prudent revenue provision for the repayment of debt.
- **Treasury management investments** – this explains the Council's approach to treasury management investment activities, including the criteria for determining how and where funds will be invested to ensure that the principal sums are safeguarded from loss and that sufficient liquidity is maintained to ensure that funds are available when needed.
- **Commercial investments** – this provides an overview of the Council's intended approach to commercial investment activities, including processes, due diligence and defining the Council's risk appetite in respect of these, including proportionality in respect of overall resources.
- **Treasury management policy statement and treasury management practices** - presents, for approval, updates to the Council's Treasury Management Policy Statement and to its Treasury Management Practices. These set out the Council's policies, objectives and approach to risk management of its treasury management activities, and the manner in which it seeks to achieve its policies and objectives for treasury management.

5. **2017/18 Financial Overview as at the Third Quarter Stage (FP/746/02/17)**

The Cabinet considered the forecast financial position of Essex County Council (ECC) revenue and capital budgets as at the third quarter stage of the 2017/18 financial year, noting a forecast under spend on revenue of £102,000 (0.01%) against a net budget of £911.3m.

This assumed a full commitment of the Emergency Contingency (£4m), which if not required would result in a full year forecast under spend of £4.1m. This is an improvement since the Quarter 2 report of £1.5m.

Cabinet also noted an under spend of £6.1m on capital against the current budget of £268.8m. After taking account of budget change requests within report FP/746/02/17, there would be an under spend of £87,000.

Resolved:

1. That funds be drawn down from reserves as follows:

- a) £222,000 from the Quadrennial Reserve to the Leader portfolio attributable to costs associated with the local elections held in May 2017.
 - b) £76,000 from the Community Initiatives Fund Reserve to the Reserve for Future Capital Funding (via Environment and Waste portfolio), to match expenditure incurred to date in 2017/18 in relation to capital community projects.
2. That funds be appropriated to reserves as follows:
- a) £11.5m to the Reserve for Future Capital Funding from the Education portfolio due to a Dedicated Schools Grant (DSG) contribution to the Special Schools Capital Investment project (increasing the number of places in Essex to prevent the need for more expensive placements out of county).
 - b) £272,000 to the Carbon Reduction reserve from the Housing, Property and Planning portfolio due to a reduction in the tonnes of carbon compared to the original forecast.
 - c) £65,000 to the Private Finance Initiatives (PFI) Equalisation reserves from the Education portfolio in relation to Building Schools for the Future PFI (£44,000), Debden School PFI (£15,000) and Clacton Secondary schools' PFI (£16,000) returning the forecast under spend back to the reserve.
 - d) £45,000 to the Health and Safety reserve from the Housing, Property and Planning portfolio due to asbestos in schools work being completed at a lower cost than had been anticipated.
3. That the following be approved:
- a) With effect from 1 April 2017, cease the operation of a trading account for Essex Legal Services and account for the Legal service back in house within the Legal and Assurance Recharged Support Service (Resources Recharged Support Service), with a budget of **£4.3m**, and Deputyships into Resources portfolio with an income budget of **£353,000** (see 6.3)
 - b) In relation to 2.3i above, to vire controllable budgets from services to Legal and Assurance Recharged Support Service (**£5.1m**), to remove the planned appropriation from Other Operating Costs (**£1.6m**) and to create an income budget for Deputyships within Resources portfolio (**£353,000**) (see 6.3).

	£000
Create Legal Services budget within Resources RSSS	4,367
Remove income budgets from Resources RSSS for services for services provided to ELS	1,103
Remove expenditure budgets from Resources RSSS relating to legal charges	(365)
Total impact on Resources RSSS	5,106
Removal of planned appropriation from ELS (Other Operating costs)	1,552
Creation of Deputyships budget	(353)
Leader	(4)
Leader RSSS	(5)
Economic Growth, Skills, Infrastructure and the Digital Economy	(20)
Culture, Communities and Customer RSSS	(23)
Housing, Planning and Property	(30)
Environment and Waste	(35)
Culture, Communities and Customer	(133)
Education	(461)
Highways	(1,027)
Health and Adult Social Care	(1,036)
Children and Families	(3,531)
Transfer of budgets from other services	(6,306)
Net virement total	-

- c) To draw down £319,000 from ELS Reserve to Other Operating Costs and close the ELS traded reserve.
- d) To amend the capital budget as shown in Appendices C(1) and C(ii) which allows for capital slippage of £10.4m, capital budget additions of £9.3m, capital budget reductions of £11.7m and advanced works of £6.6m.

6. Move the Educational Visits Service into EES for Schools (FP/026/12/17)

Cabinet's approval was sought to move the budget for educational visits to enable the service to be independent of Essex Outdoors (by which it is currently managed). This would enable the service to generate additional financial contributions to the Council.

Resolved:

That the virement of the Educational Visits Service budget and associated costs, income and MTRS from the Essex Outdoors budget to the Essex Education Services (EES) for Schools budget be approved.

7. Changes to Mobile Library Services (FP/949/09/17)

(Councillor C Pond declared a Code interest in this item (minute 1 above refers).

Cabinet's approval was sought for changes to the Mobile Libraries Service, and other parts of the Essex Library Service, following the public consultation conducted on the matter between 19 September and 6 November 2017, ensuring that the Mobile Libraries Service provides value for money while also providing a comprehensive and efficient service.

Resolved:

4. That mobile library stops should be withdrawn unless they meet the following criteria:
 - The location being 1.5 miles by driving distance from a library;
 - The average number of customers per visit over a six month period (rounded to the nearest integer) is one or zero;
 - That each community should only have one stop (where two or more stops serve one community, the most popular and/or accessible stop will be kept); and
 - That each mobile library stop is at least half an hour in length (rather than the current length which is at least 20 minutes).
 - That mobile library visits should be three weekly rather than two weekly as currently.
 - That the stops remain accessible to the mobile library vehicles.
5. That the library needs assessment set out at Appendix 2 to report FP/949/09/17 be adopted.
6. That the new criteria be introduced from 2 April 2018, leading to a reduction in the number of mobile library stops from 557 to 213 stops.
7. That the seven mobile libraries coming to the end of their economic life be not replaced, meaning that the Council will reduce the number of mobile library vehicles from nine to two by May 2018.
8. That the remaining stops be reviewed every six months after 2 April 2018, with any changes being agreed by a Cabinet Member Action, along with a revised timetable if applicable.
9. That the following be agreed:
 - To work with affected communities to promote expansion of the home library service and community libraries.
 - To work with care home and sheltered housing providers to encourage them to develop home or community library services.
 - To provide support to providers of community libraries to ensure that volunteers are appropriately trained on duties including support for the community.
8. **To agree a pooled budget for people with learning disabilities being discharged from hospital as part of the Transforming Care Programme (FP/023/12/17)**

The Cabinet considered a proposal to create a pooled budget to meet the needs of the adults with learning disabilities and/or autism who are being discharged from hospital as a result of the national Transforming Care programme.

Resolved:

1. That a pooled budget be created for 29 adults with learning disabilities and/or autism who will be discharged from hospital between 1 April 2017 and 31 March 2019 as a result of the Transforming Care programme.
2. That the Director, Adult Social Care be authorised to enter the Council into a Section 75 agreement with Southend-on-Sea Borough Council and six Clinical Commissioning Groups (CCGs) within Essex and Southend to allow the proposed pooled budget to operate.

9. Procurement of a framework agreement for bio-waste treatment, transfer and transport services (FP/944/09/17)

The Cabinet's agreement was sought to commence the procurement of a framework agreement for waste treatment, transfer and transport services for separately collected bio-waste streams in Essex.

Resolved:

1. That the Council launch a competitive procurement for a four year framework agreement to provide treatment, transfer and transport of bio-waste using the open procedure in accordance with the Public Contracts Regulations 2015.
2. That the Director, Waste and Environment, in consultation with the Cabinet Member for Environment and Waste, be authorised to:
 - (a) Decide the lots to be used in the framework agreement and the procurement award criteria;
 - (b) Appoint suppliers to the framework agreement;
 - (c) Undertake mini-competitions in accordance with the framework agreement as required;
 - (d) Award service orders in accordance with the Council's Constitution; and
 - (e) Agree the terms with Southend-on-Sea Borough Council for inclusion of their food waste tonnage in the procurement.

10. Decisions taken by or in consultation with Cabinet Members (FP/003/11/17)

The report of decisions taken by or in consultation with Cabinet Members since the last meeting of the Cabinet was noted.

11. Date of Next Meeting

It was noted that the next meeting of the Cabinet would take place on Tuesday 20 February 2018 at 10.00am.