



Essex County Council

## Cabinet

<b>10:00</b>	<b>Tuesday, 21 July 2020</b>	<b>Online Meeting</b>
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The meeting will be open to the public via telephone or online. Details about this are on the next page. Please do not attend County Hall as no one connected with this meeting will be present.

**For information about the meeting please ask for:**

Emma Tombs, Democratic Services Manager

**Telephone:** 033303 22709

**Email:** democratic.services@essex.gov.uk

### **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.

In accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020, this meeting will be held via online video conferencing.

Members of the public will be able to view and listen to any items on the agenda unless the Committee has resolved to exclude the press and public from the meeting as a result of the likely disclosure of exempt information as defined by Schedule 12A to the Local Government Act 1972.

#### **How to take part in/watch the meeting:**

**Participants:** (Officers and Members) will have received a personal email with their login details for the meeting. Contact the Democratic Services Officer if you have not received your login.

#### **Members of the public:**

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Please note that an audio recording may be made of the meeting – at the start of the meeting the Chairman will confirm if all or part of the meeting is being recorded.

		Pages
1	<b>Membership, apologies, substitutions and declarations of interest</b>	<b>5 - 5</b>
2	<b>Minutes: 26 May 2020</b>	<b>6 - 9</b>
3	<b>Questions from the public</b> A period of up to 15 minutes will be allowed for members of the public to ask questions or make representations on any item on the agenda for this meeting. No statement or question shall be longer than three minutes and speakers will be timed.  If you would like to ask a question at the meeting, please email <a href="mailto:democratic.services@essex.gov.uk">democratic.services@essex.gov.uk</a> before 12 Noon the day before (Monday 20 July).	
4	<b>2020/21 Financial Overview as at the First Quarter Stage (FP/693/05/20)</b>	<b>10 - 30</b>

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|----------|---|----------------|
| <b>5</b> | <b>Optimisation of Essex Housing (FP/692/05/20)</b><br>The Equality Impact Assessment is available <a href="#">here</a> .   | <b>31 - 53</b> |
| <b>6</b> | <b>Decisions taken by or in consultation with Cabinet Members (FP/704/05/20)</b>  | <b>54 - 57</b> |
| <b>7</b> | <b>Date of next meeting</b><br>To note that the next meeting of the Cabinet will take place on Tuesday 15 September 2020 at 10.00am. The meeting is expected to be held online.                   |                |
| <b>8</b> | <b>Urgent Business</b><br>To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency. |                |

### **Exempt Items**

(During consideration of these items the meeting is not likely to be open to the press and public)

The following items of business have not been published on the grounds that they involve the likely disclosure of exempt information falling within Part I of Schedule 12A of the Local Government Act 1972. Members are asked to consider whether or not the press and public should be excluded during the consideration of these items. If so it will be necessary for the meeting to pass a formal resolution:

**That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.**

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| <b>9</b> | <b>Confidential appendix (B): Optimisation of Essex Housing (FP/692/05/20)</b> <ul style="list-style-type: none"> <li>• Information relating to the financial or business affairs of any particular person (including the authority holding that information);</li> </ul> |
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**10**

**Urgent Exempt Business**

To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency.

**Committee:** Cabinet

**Enquiries to:** Emma Tombs, Democratic Services Manager  
[Emma.tombs@essex.gov.uk](mailto:Emma.tombs@essex.gov.uk)

**Membership, Apologies, Substitutions and Declarations of Interest**

**Recommendations:**

To note:

1. Membership as shown below
2. Apologies and substitutions
3. Declarations of interest to be made by Members in accordance with the Members' Code of Conduct

**Membership**  
(Quorum: 3)

**Portfolio**

Councillor D Finch	Leader of the Council (Chairman)
Councillor K Bentley	Deputy Leader and Infrastructure (Vice-Chairman)
Councillor T Ball	Economic Development
Councillor S Barker	Customer, Communities, Culture and Corporate
Councillor R Gooding	Education and Skills
Councillor D Madden	Performance, Business Planning and Partnerships
Councillor L McKinlay	Children and Families
Councillor J Spence	Health and Adult Social Care
Councillor S Walsh	Environment and Climate Change Action
Councillor C Whitbread	Finance

## Minutes of a meeting of the Cabinet that was held remotely on Tuesday, 26 May 2020

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### Present:

Councillor	Cabinet Member Responsibility
Councillor D Finch	Leader of the Council (Chairman)
Councillor T Ball	Economic Development
Councillor S Barker	Customer, Communities, Culture and Corporate
Councillor R Gooding	Education and Skills
Councillor L McKinlay	Children and Families
Councillor J Spence	Health and Adult Social Care
Councillor S Walsh	Environment and Climate Change Action
Councillor C Whitbread	Finance

Councillors Mackrory, Pond, Henderson, Turrell, Young, Henry, Buckley, Durham, Pratt, Maddocks, Garnett, Weston, Moran, Aldridge, Wagland, Jackson and Mitchell were also present.

### 1. Membership, Apologies, Substitutions and Declarations of Interest.

The report of Membership, Apologies and Declarations was received and the following were noted:

1. Councillor Whitbread had been appointed Cabinet Member for Finance since the last meeting of Cabinet.
2. Apologies for absence were received from Councillors K Bentley (Deputy Leader and Cabinet Member for Infrastructure), and D Madden (Cabinet Member for Performance, Business Planning and Partnerships).
3. There were no declarations of interest

### 2. Minutes: 17 March 2020

The minutes of the meeting held on 17 March 2020 were agreed as a correct record and would be signed by the Chairman.

### 3. Questions from the public

Questions and representations were received from Mr I and Mrs L Blanchette, Mr P Robinson (CBE) and Professor A Vickers in relation to Agenda item no.6 (A120-A133 Link Road and Colchester Rapid Transit: Preferred Routes).

Councillor Finch responded to the questions, that related to the impact on air pollution and the environment, the timing of any land purchases within the

context of the planning approval process and the ongoing evidence that the proposals were still sound given the possible impact of the current COVID-19 pandemic.

**4. Establishment of a Provider Framework for Supported Living Care for Adults with Disabilities (FP/678/04/20)**

The Cabinet received a report seeking approval to establish a multi-supplier Framework for the provision of care and support services within Supported Living schemes to adults with disabilities in a way that is aligned with the Care Act and gives the adult choice.

Councillor Spence responded to questions from Councillors Mackrory and Henderson in relation to the options available to the Council should the CQC rating of 'Good' or 'Outstanding' required of providers drop below these levels, and clarification of the hourly rates that would be payable.

**Resolved:**

1. Authorise the procurement of a four-year multi-supplier Supported-Living Framework agreement (the Framework) of providers of care and support services through an OJEU-compliant procurement process.
2. Authorise the Cabinet Member for Health and Adult Social Care to award the contracts to the successful providers, following completion of the procurement.
3. Agree that the Framework will operate on fixed hourly rates, initially £15.92 for standard placements and £17.80 for enhanced complex placements.
4. Agree that the Supported Living Framework can be re-opened to enable new providers to bid for inclusion on the Framework up to three times a year to increase choice for Adults within Essex.
5. Note the proposal that the Director, Commissioning, Adult Social Care may use their delegated authority to re-open the framework where it is proposed to without any changes and therefore no financial implications.
6. Agree that the Director of Commissioning can authorise the use of a mini-competition to appoint a Care and Support Provider for a Supported Living Scheme where necessary.

**5. Social Care Case Management Programme: Interim Procurement Decision (FP/623/01/20)**

Cabinet received a report seeking agreement on the route to market for the interim contractual arrangements for social care case management (SCCM) systems. The report also provided context and key information about SCCM systems used across the Council.

**Resolved:**

1. Agree to call off from the Crown Commercial Service (CCS) Data and Application Solutions (DAS) Framework (the Framework) to procure a contract for SCCM for an initial term of two years with the option to extend for a further three one-year periods, with the contract to commence on 23 July 2021.
2. Agree that the Executive Director for Children and Families, in consultation with the Executive Director for Finance and Technology, will make a decision on the statement of requirements, including whether or not the Youth Offending Case Management System is included in the new contract from July 2021.
3. Agree that the Executive Director for Children and Families, in consultation with the Executive Director for Finance and Technology, will make a decision on the award of the contract following an analysis of the most economically advantageous supplier using the award criteria in section 3.
4. Note that the decision on any extension will be taken by the Cabinet Member.
5. A request for funding to initiate the longer-term SCCM discovery and procurement project will be submitted when the critical team members are released from their work on the COVID-19 emergency.
6. **A120-A133 Link Road and Colchester Rapid Transit: Preferred Routes (FP/648/03/20)**

Cabinet received a report seeking agreement of a preferred option for the A120 to A133 link road, and to agree to take forward for further consideration the RTS, Options B2 and B5, C1 and C2, along with routing through the town centre. The report also requested authority to progress the preferred route for the A120- A133 Link Road through preliminary design, planning application and prepare information for land negotiations, including preparation in parallel for Compulsory Purchase Order (CPO) should it be needed.

Councillor Finch provided responses to questions by Councillors Young, Pond, Henderson and Turrell in relation to the need to ensure an infrastructure first approach particularly providing sustainable walking and cycling options, the ways in which the building of new homes could support the local economy, the need to ensure that the RTS was non-polluting, the management of financial risks, and the need for ongoing communication regarding proposals and possible modifications.

Additionally Councillor Finch proposed that Councillor Bentley deliver a briefing to all Councillors on the RTS concept and the models considered to date in order to ensure Councillors were fully informed.



**Resolved:**

1. Note the outcome of the consultation on the A120 to A133 Link Road and Rapid Transit System.
  2. Agree to adopt Option 1C Variant, as set out in Appendix E, as the preferred route option for the A120-A133 link road.
  3. Agree to progress Option 1C Variant through preliminary design, planning application and prepare information for land negotiations (including information in parallel for preparation for compulsory purchase).
  4. Agree that the Director, Capital Delivery may acquire land agreed by negotiation in relation to the preferred route for the A120-A133 link road.
  5. With respect to the Rapid Transit System, agree to develop Options B2 and B5 including High Street area for the town centre to Greenstead roundabout part of the rapid transit scheme and Options C1 and C2 route from Greenstead Roundabout to the proposed garden community.
  6. Agree that the Cabinet Member for Infrastructure may agree the final proposed route of the Rapid Transit System.
7. **Decisions taken by or in consultation with Cabinet Members (FP/647/03/20)**

The report of decisions taken by or in consultation with Cabinet Members since the last meeting of the Cabinet was noted. The report included details of urgent key decisions taken without being on the forward plan and exempted from call in, and other decisions exempted from call in in response to the Covid-19 pandemic.

8. **Date of Next Meeting**

It was noted that the next meeting of the Cabinet would take place on Tuesday 16 June 2020 at 10.00am. It was expected that the meeting would be held online.

9. **Urgent Business**

There was no urgent business.

10. **Urgent Exempt Business**

There was no urgent exempt business.

There being no further business, the meeting closed at 10.46am.

**Chairman - 21 July 2020**

<b>Report title:</b> 2020/21 Financial Overview as at the First Quarter Stage	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Nicole Wood, Executive Director for Finance and Technology	
<b>Date:</b> 21 July 2020	<b>For:</b> Decision
<b>Enquiries to:</b> Adrian Osborne, Head of Strategic Finance and Insight	
<b>County Divisions affected:</b> All Essex	

## **1. Purpose of report**

- 1.1 The purpose of this report is to set out the forecast financial position of Essex County Council's (ECC) revenue and capital budgets as at the first quarter stage of the 2020/21 financial year. There is a forecast over spend of **£12.3m** (1.2%) against a net revenue budget of **£1bn**. The over spend is directly driven by the additional costs and lost income or savings, as a result of the COVID-19 pandemic.
- 1.2 In these unprecedented times, the impact of COVID-19 and the uncertain impact on both demand for services and future income, means it is difficult to provide a certain forecast for the year. The position is volatile, with significant risks given the nature of the pandemic. For example, it is not clear how long social distancing restrictions will be in place for all areas; there is the inherent uncertainty around future potential waves or local lockdowns; there is funding from Government to meet substantial COVID-19 emergency costs but this falls short of the full costs and liabilities arising from COVID-19. There are potentially further costs arising from COVID-19 from September, including higher home to school transport costs, potential pent up demand in social care as easing continues and Personal Protective Equipment (PPE). At this stage it is unclear as to whether there will be any further additional funding from Central Government. It is inevitable that there will be volatility in the position as the year progresses.
- 1.3 There was an announcement of further emergency Government funding on the 2nd July, for which ECC has not yet received precise confirmation of our allocation. This is not expected to meet the full costs of our current over spend or future risks.
- 1.4 Subject to confirmation from Government of the emergency funding package, ECC will look to put in place a recovery strategy to ensure we achieve financial balance. This recovery planning process will look at both opportunities to manage net expenditure and, where appropriate, access to emergency reserves to meet exceptional costs.

- 1.5 There is an under spend of **£19.1m** (7.8%) on capital against the current budget of **£246m**. After taking account of budget change requests in this report there will be a residual under spend of **£570,000**.

## 2. Recommendations

Approval is sought for the following:

- 2.1 To draw down funds from reserves as follows:

- i. **£5m** from the Reserve for Future Capital Funding to the Deputy Leader and Infrastructure portfolio to cover revenue expenditure on rectifying carriageway defects, environmental works and safety measures (section 5.9.ii). Whilst the Council has received grant funding towards this expenditure, the grant can only be applied to finance capital expenditure.
- ii. **£2.6m** from the Emergency Reserve to the Health and Adult Social Care portfolio relating to the loss of Residential income as a result of the impact of COVID-19 (section 5.8.iii).
- iii. **£828,000** from the Private Finance Initiatives (PFI) Equalisation Reserves to the Education and Skills portfolio in relation to Debden School PFI (£501,000) and Clacton Secondary schools' PFI (£497,000) (section 5.5.ii).
- iv. **£320,000** from the Adults Digital Programme Reserve to the Health and Adult Social Care portfolio to fund projects such as bed finder, electronic home care and shared care records (section 5.8.iii).
- v. **£186,000** from the Transformation Reserve to the Education and Skills portfolio to cover costs incurred on the Demand Responsive Transport project (section 5.5.ii)
- vi. **£175,000** from the Transformation Reserve to the Children and Families portfolio to support Divisional Based Intervention Team staffing (section 5.1.iii).
- vii. **£156,000** from the Community Initiatives Fund Reserve to the Customer, Communities, Culture and Corporate portfolio to cover expenditure that was incurred in Quarter 1 (section 5.2.ii)
- viii. **£247,000** from the Transformation Reserve to the Children Families portfolio to introduce a Multi-Disciplinary team in Tendring (section 5.1.iii).

- 2.2 To appropriate funds to reserves as follows:

- i. **£15.5m** to the Emergency Reserve and **£1.2m** to the General Balance from Health and Adult Social Care portfolio due to lower demand levels than originally anticipated for COVID-19 funding approved in relation to hospital discharge beds, staffing and special equipment. (section 5.8.iii)
- ii. **£843,000** to the Private Finance Initiatives (PFI) Equalisation Reserves from Infrastructure portfolio in relation to A130 PFI due to lower in year predicted costs (section 5.9.ii).
- iii. **£234,000** to the Private Finance Initiatives (PFI) Equalisation Reserves from Education and Skills portfolio in relation to Building schools for the future and Woodlands PFI (section 5.5.ii).

## 2.3 To approve the following adjustments:

- i. Retrospectively approve the draw down of **£650,000** from the Insurance Reserve to the Finance portfolio as part of the 2019/20 Provisional Outturn. A late insurance provision was charged against the Insurance Cost Recovery Account (ICRA) at Outturn due to a new claim being identified.
- ii. Vire **£113,000** from the Economic Development portfolio to the Finance RSSS portfolio following the Place and Public Health management restructure (sections 5.3.ii & 5.14.ii)
- iii. Vire **£29,000** from the Children and Families portfolio to the Customer, Communities, Culture and Corporate RSS portfolio relating to support arrangements for a Technical Services contract (sections 5.1.iii & 5.13.ii)
- iv. To amend the capital budget as shown in Appendices C (i) and C (ii) which allows for capital slippage of **£24.1m**, capital budget additions of **£15.4m**, capital budget reductions of **£15.3m** and advanced works of **£5.5m** (see section 7.2).

## 2.4 Note that a Capital Receipts Strategy is being developed to enable a broader use of capital receipts in-line with the flexibility currently permitted by the Ministry of Housing, Communities and Local Government; this strategy will be brought to Cabinet and then to Full Council for approval. If approved, the Council will then potentially be able to return £5m to the Reserve for Future Capital Funding (see section 2.1.i).

## 3. Executive Summary: Revenue

- 3.1 Appendix A summarises the revenue budgets and forecast outturn for each portfolio. There is a full year forecast over spend of **£12.3m (1.2%** against a net budget of **£1bn)**. The overspend is directly driven by the additional costs

and lost income or savings, as a result of the COVID-19 pandemic and specifically:

- i. Environment and Climate Change Action **£4.7m** due to under recovery of income in closed Country Parks and the non-delivery of savings due to the impact of COVID-19.
  - ii. Deputy Leader and Infrastructure **£3.6m** due to shortfall in Park and Ride income as a result of COVID-19 and undeliverable savings for Parking Partnerships.
  - iii. Customer, Communities, Culture and Corporate **£2.6m** due to income shortfalls on Registrations and Libraries Services because of the COVID-19 lockdown restrictions put in place.
  - iv. Education and Skills Non DSG **£1.7m** with over spends in Home to School, Passenger Transport and Adult Community Learning (ACL), as a result of COVID-19 causing reductions in Parental contribution and a loss of Tuition Fees income.
  - v. Finance **£1.3m** over spend where the budgeted increase in Commercial income in this current economic climate, notably through reviews of fees and charges, is now very unlikely to be achieved.
- 3.2 There are further potential cost pressures related to COVID-19 that may occur from August. These include the reopening of services, social distancing measures on Local Bus and Home to School Transport, and the impact on waste tonnages from lockdown, which could be significant but, as yet, cannot be quantified. If these risks come to fruition, further pressure will be placed on the Council's financial position without additional government funding. There are also risks around future Adult Social Care demand and when access to the Department for Health and Social Care COVID-19 funding will cease, though government has indicated that through the settlement process there will be further consideration of sustainable funding for social care.
- 3.3 The Council has been proactive around its response to COVID-19, with **£74.5m** of approved decisions enabling drawdown from reserves to meet the cost of COVID-19 related actions. Emergency funding from central government to date has totalled **£63.6m** and has been welcomed by the council, however despite this allocation there is an estimated residual COVID-19 specific pressure of **£13.8m**. It is also anticipated £12m will be received from the Clinical Commissioning Groups (CCGs) for supporting hospital discharge. The Council has also where relevant used the Coronavirus Job Retention Scheme and claims for April and May totalled £202,000. Further funding from central government was announced on the 2<sup>nd</sup> July in the form of additional emergency funding, partial income guarantees for losses on fees and charges and treatment of tax deficits. Actual distributions per local authority have not yet been advised.

- 3.4 The latest estimated reduction in council tax collection fund income for 2020/21 is **£25m**, although there is a high level of uncertainty with this given the level of deferrals in place and the impact of the tapering of the Coronavirus Job Retention Scheme. The cash impact of this loss has to be reflected in the following financial year, however the government announcement on 2 July advised these losses can be spread over the next 3 financial years, creating a cash pressure of approximately £8m per annum between 2021/22 and 2023/24. If the £25m collection fund loss results in a permanent reduction to the tax base, that will also create a further £25m pressure on the 2021/22 budget, which will be a significant funding reduction for the Council.
- 3.5 Of the **£56.5m** of urgent COVID-19 decisions that were taken for Adult Social Care, **£16.7m** of anticipated costs are no longer expected to materialise as; the demand for hospital discharge beds has been lower than originally predicted, the introduction of 7 day working rota was for a shorter period than originally planned and there has not been an increased demand for special equipment as expected. This means that **£16.7m** can be returned to reserves. However, the impact of loss of residential income in the first 10 weeks of the COVID-19 period has been more significant than originally forecast and therefore there is a request to repurpose **£2.6m** of reserves funding to offset the increased loss of income. This will result in net **£14.1m** being returned to reserves.
- 3.6 The position reported in section 5 is after proposed adjustments in this report, set out in sections 2.1 to 2.3.

#### **4. Executive Summary: Capital**

- 4.1 The original capital programme for 2020/21 as set by Full Council in February 2020 was **£234.8m**. The forecast outturn is **£227m**, before adjustments proposed within this report. This represents an under spend of **£19.1m** against latest budget of **£246m**. After taking account of budget change requests in this report, there is a residual under spend of **£568,000**. More detail is set out in Section 7.
- 4.2 The **£19.1m** under spend in the Capital Programme position relates to the following requests in this report:
- Slippage: £24.1m
  - Additions: £15.4m
  - Reductions: £15.3m
  - Advanced Works: £5.5m

With the COVID-19 pandemic a Capital Programme Prioritisation exercise was undertaken in May with a view to ease pressures on the council borrowing position by focussing on investments that have less of a reliance on borrowing. The result of the exercise identified a reduction of **£21.8m** in

2020/21 (pre-Provisional Outturn adjustments) which is driving the majority of the reported Q1 slippage. Further details of significant movements are provided in section 7.

- 4.3 Appendix C (i) summarises current year forecasts and changes to the Capital Programme for 2020/21 since approval of the original programme in the Budget Report to Council in February 2020. Appendix C (ii) contains the detail of the budget adjustments seeking approval.

## **5. Revenue Position**

### **5.1 Children and Families - £636,000 (0.5%) under spend**

- i. The forecast under spend mainly relates to an increase in the daily rate claimable via the Home Office for Unaccompanied Asylum Seeking Children. This will entitle Essex to claim an estimated additional **£820,000** to fund the support provided in 2020/21 (and ongoing).
- ii. This position includes pressure built into the forecast for a possible 10% rise in Children in Care (CIC) costs for a period of five months (£3.1m) and an increase in unregistered placements due to delays in sourcing placements (£749,000).
- iii. Approval is sought in this report for the following:
  - **£175,000** from the Transformation Reserve to support the staffing costs agreed through the Children's Sustainability Board for the Divisional Based Intervention Team
  - Vire **£29,000** to Customer, Communities, Culture and Corporate RSSS portfolio relating to support arrangements for Servelec, a Technical Services contract for the provision of social care case management.
  - **£247,000** from the Transformation Reserve to introduce a Multi-Disciplinary team in Tendring to support existing frontline teams working with multiple and complex needs.

### **5.2 Customer, Communities, Culture and Corporate - £2.6m (14.2%) over spend**

- i. The over spend is primarily due to Registrations Service (**£1.4m**) and Libraries Service (**£1.1m**) both attributable to income shortfalls because of the restrictions put in place in response to the COVID-19 pandemic.
- ii. Approval is sought in this report for the following:
  - **£156,000** to be drawn down from the Community Initiatives Fund reserve in relation to expenditure incurred in Quarter 1.

### **5.3 Economic Development - £320,000 (1.5%) over spend**

- i. The over spend is mainly due to partial non-delivery of Essex Housing saving target of **£218,000**. Initially it was expected that Essex Housing LLP would be incorporated for April and that no further ECC revenue funding would be required, generating a saving. It is now assumed that following a recommended decision going before Cabinet in July that this saving will be delivered from the 1st of September. This forecast assumes that no further costs will be incurred under this budget from that date. In addition, there is a forecast under recovery of subscription income for Visit Essex **£21,000**.
- ii. Approval is sought in this report for the following:
  - **£113,000** to be vired to the Finance RSSS portfolio in relation to the Place and Public Health management restructure.

#### **5.4 Education and Skills Dedicated Schools Grant (DSG) - £7m under spend**

- i. There is an in year under spend in the High Needs Block of **£7.6m** owing to additional funding, although the forecast closing block balance remains in deficit at **£2.5m**. The Schools and Central School Services Block is over spent by **£600,000** which will be funded through both the surplus balance brought forward on this block and the School Improvement and Brokerage Grant.

#### **5.5 Education and Skills Non Dedicated Schools Grant - £1.7m (2%) over spend**

- i. The over spend is caused by Home to School Transport which is reporting a **£461,000** over spend mainly due to lost parent contributions for post 16 transport following the COVID-19 pandemic.

Further over spend is reported in Passenger Transport of **£363,000**. This results from Transport Information (£200,000), where the bus shelter advertising procurement exercise has been halted owing to the economic downturn in the advertising market, plus pressures within UgoBus after losing the South Essex College contract, and Concessionary Fares' fixed administration fee being higher than budgeted.

Adult Community Learning (ACL) is reporting an over spend of **£253,000** due to an anticipated decrease in the amount of tuition fee income expected in 2020/21 as a result of COVID-19.

- ii. Approval is sought in this report for:
  - **£828,000** to be drawn down from the PFI reserves for Debden and Clacton PFI schemes
  - **£234,000** to be returned to the PFI reserves for Better Schools for the Future and Woodlands PFI schemes
  - **£186,000** from the Transformation Reserve relating to costs incurred on the Demand Responsive Transport project.



## **5.6 Environment and Climate Change Action - £4.7m (5.8%) over spend**

- i. The over spend position relates to **£2.3m** anticipated under recovery of income in leisure as a result of social distancing measures that will need to remain in place within Country Parks, coupled with the additional cost incurred in reopening the sites. Since the parks have reopened, it is only car parking that is currently providing an income source, with cafes and activities such as Sky Ropes, remaining closed under current Central Government guidance. Further over spends relate to Waste Management (**£1.6m**) due to the partial non-delivery of savings of the Blue and Green environment programme due to the impact of COVID-19. Outdoor Education is reporting a **£940,000** over spend due to the risk regarding further income loss as a result of lockdown crystallising.

## **5.7 Finance - £1.3m (8%) over spend**

- i. The over spend relates mainly to **£1.3m** in Traded Strategy where the current economic climate has made the increased income target for this year very unlikely to be achieved. Potential options are being investigated to partially mitigate this pressure.

## **5.8 Health and Adult Social Care – £139,000 (0%) under spend**

- i. The Quarter 1 forecast is based on budgeted demographic growth and price uplifts continuing for the remainder of the year and the impact of COVID-19 related decisions. The forecast makes no prediction about further savings delivery. The impact of COVID-19 on the demand for Adult Social Care services for the remainder of this financial year and future years cannot be quantified at this stage. Any placements made on the Hospital Discharge pathway over and above the normal placement trend for this time of year are claimable from Health funding while the “emergency period” is still on going. The date on which this period will come to an end and service users will be assessed and financially assessed for their ongoing needs is still not known.
- ii. Drivers of the underlying position:
  - Cash Payments, driven by lower volume and a lower average price than budgeted for, some of this impact was seen in 2019/20 after the budget was set, together with greater levels of surplus fund reclaims for dormant accounts (**£6.4m**). This under spend is more than offset by an over spend on Domiciliary Care, largely due to the non-delivery of the Meaningful Lives Matter savings programme, **£8.1m**
  - An under spend in Nursing (**£1.6m**), driven by lower than budgeted volumes and price together with Respite, (**£975,000**) due to the impact of COVID-19.

- Increase to the Bad Debt Provision, largely driven by Unsecured Residential Debt less than 1 year old and over 540 days old, **£1.1m**
- iii. Approval is sought in this report for the following:
- **£320,000** drawdown from the Adults Digital Reserve to fund projects such as bed finder, electronic home care and shared care records
  - A technical adjustment returning originally agreed COVID-19 funds of **£15.5m** to the Emergency Reserve and **£1.2m** to the General Balance in relation to demand being lower than originally predicted for hospital discharge beds, staffing and special equipment.
  - **£2.6m** drawdown from the Emergency Reserve of COVID-19 funding for increased loss of residential income

## 5.9 Deputy Leader and Infrastructure - **£3.6m (7.4%) over spend**

- i. The over spend is attributable to **£1.5m** under recovery of Park and Ride income based on the assumption of nine months of lost income at **£177,000** per month following the temporary closure of all sites due to the lockdown measures currently in place due to COVID-19. The sites are re-opening but with reduced capacity and demand. Further over spend of **£752,000** within Local Highways Panels relating to undeliverable savings for Parking Partnerships. Finally over spend within Partnership Overheads **£574,000** linked to Ringway Jacobs savings target that were due to be delivered from the Lean review which has been delayed due to COVID-19.
- ii. Approval is sought in this report for the following:
- **£843,000** return to the A130 PFI reserve following lower traffic volumes than predicted and therefore lower costs in year.
  - **£5m** withdrawal from the Future Capital Funding Reserve to cover expenditure relating to member led carriageway defects, environmental works maintenance to help prevent flooding and vital safety improvements to pedestrian barriers, road embankments and vehicle restraint systems. Whilst the Council has received grant funding towards this expenditure, the grant can only be applied to finance capital expenditure. Note that a Capital Receipts Strategy is being developed to enable a broader use of capital receipts in-line with the flexibility currently permitted by the Ministry of Housing, Communities and Local Government; this strategy will be brought to Cabinet and then to Full Council for approval. If approved, the Council will then potentially be able to return £5m to the Reserve for Future Capital Funding.

## 5.10 Leader - **£57,000 (0.7%) under spend**

- i. The position is driven by under spends in Democratic Core (**£22,000**) relating to staffing, Corporate Subscriptions (**£21,000**) and Corporate

Policy (**£15,000**) based on the trend established by 2019/20 under spend and run rates.

#### **5.11 Other Operating Costs – on-line**

- i. This on-line position is reported after an over spend of **£1.3m** on Interest receivable which includes a loss of **£170,000** income from Schools PFI dividends after the sale of our interest, reduced income assumptions from Essex Housing (**£286,000**) and a reduction of **£844,000** on interest earned on cash balance following reduced interest rates achievable during the current economic environment. These over spends are offset by **£800,000** reduced interest paid by the authority on reserves held for other entities and the application of **£500,000** of funding carried forward from 2019/20 in anticipation of these pressures materialising to bring the position on-line.

#### **5.12 Performance, Business Planning and Partnerships – £198,000 under spend (10.1%)**

- i. This under spend reflects staffing vacancies whilst the service undertake recruitment to the new structure.

#### **5.13 Customer, Communities, Culture and Corporate Recharged Strategic Support Services - £1m (1.6%) under spend**

- i. The under spend is attributable to uncommitted carry forwards from 2019/20 of **£1.9m** in the Customer Service position. However Business Support partially offsets the under spend by **£483,000** due to planned recruitment and reduced vacancy factor (lowered due to COVID-19).
- ii. Approval is sought in this report for the following:
  - Vire **£29,000** from the Children and Families portfolio relating to support arrangements for Servalac, a Technical Services contract.

#### **5.14 Finance Recharged Strategic Support Services - £48,000 over spend**

- i. The over spend is driven by an under recovery of income due to lost commercial opportunities within the construction industry following the economic downturn resulting from COVID-19 lockdown measures meaning that the saving target for 2020/21 will not be delivered in full.
- ii. Approval is sought in this report for the following:
  - **£113,000** from the Economic Development portfolio relating to costs associated with the Place and Public Health management restructure.

#### **5.15 Leader Recharged Support Services - £87,000 (3.2%) over spend**

- i. This position is driven by a staffing pressure in Equality and Diversity **£59,000** which is currently being mitigated by under spends elsewhere in

the Strategy Insight and Engagement service (that fall outside this portfolio) and agency staff pressures in Communications and Customer Relations **£27,000**.

#### **5.16 Performance, Business Planning and Partnerships Recharged Support Services - £212,000 (2%) under spend**

- i. This position includes an under spend of **£145,000** relating to delays in recruitment across Data & Analytics and Performance & Business Intelligence as a result of the creation of a new team. This is combined with a **£67,000** under spend attributable to delays in recruitment in Transformation Support Unit.

### **6. Trading Activities**

- 6.1 Trading activities as a whole are reporting a shortfall of **£110,000** against the budgeted surplus of **£497,000**.
- 6.2 Place Services is reporting a net surplus of **£383,000**, which represents achievement of their target. Success in recruiting to vacant positions is expected to help delivery of stretch income targets in future financial years.
- 6.3 Music Services is reporting a net surplus of **£4,000**, which represents an under achievement of **£109,000** to target. The target for 2020/21 is under review as the terms and conditions of the Music Hub Grant have been amended and expenditure that was previously chargeable to the grant is no longer eligible.

The service is expecting to fully mitigate the impact of COVID-19, although are flagging a risk as the majority of the income budgeted for the summer term will not be received as lessons could not be provided, although the service has moved to online tuition where this is possible. In addition, the furlough scheme has been used to partially mitigate the lost income from schools, with tutors being paid in full in line with ECC policy.

- 6.4 These forecast positions will leave a net residual surplus in reserves of **£801,000** of which **£796,000** relates to Place Services.
- 6.5 Appendix B shows the position by each Trading Activity.

### **7. Capital**

- 7.1 An under spend of **£19.1m** (7.8%) is forecast against the latest capital budget of **£246m**. After taking account of budget change requests in this report there is a residual under spend of **£568,000**.
- 7.2 Approval is sought for:
  - i. Slippage of **£24.1m**

- ii. Budget additions of **£15.4m**
- iii. Budget reductions of **£15.3m**
- iv. Advanced works of **£5.5m**

7.3 The key points to note are listed below, and the detailed requests are shown at Appendix C(ii).

7.4 **Children and Families- £325,000 under spend**

- i. **Fostering and Adaptation**; Approval is sought for a net reduction of **£250,000** following completion of the Capital Programme Prioritisation review

7.5 **Customer, Communities, Culture and Corporate - £129,000 under spend**

- i. **Changing Place**; Approval is sought to reprofile £100,000 of spend into future years following the Capital Programme Prioritisation exercise in light of COVID-19.

7.6 **Economic Development – on line**

- i. There is no variance to budget

7.7 **Education and Skills - £10.8m under spend**

- i. **Special Schools**; Approval is sought to reprofile **£2.2m** into future years as the Wickford Pupil Referral Unit has not been able to reach Full Business Case stage, which is now expected in September with works beginning in November. Approval is also sought for a net reduction of **£5.1m** with schemes that are no longer going to be delivered by ECC being removed from the Capital Programme as part of the Capital Programme Prioritisation exercise.
- ii. **Harlow Primary**; Approval is sought to reprofile **£2.5m** into future years owing to the Harlowbury site, as lockdown restrictions are impacting the ability to remove materials as planned. The project is now an estimated 12-14 weeks behind schedule.
- iii. **Tendring**; Approval is sought to reduce the scheme by **£1m** as a result of lower pupil places in the area than expected. A resulting change in scope at Clacton County High School and Colne Community Secondary School is driving a reduction of **£500,000** each from the Capital Programme.

7.8 **Environment and Climate Change Action - £3.5m under spend**

- i. **Flood Management**; Approval is sought to reprofile **£3.5m** into future years due to rephasing of the scheme following the Capital Programme Prioritisation exercise.

## 7.9 Health and Adult Social Care – on line

- i. There is no variance to budget.

## 7.10 Deputy Leader and Infrastructure - £4.3m under spend

- i. **Named Highway Schemes**; Approval is sought to reprofile **£4.1m** into future years in relation to M11 Junction 8, Advanced Scheme Designs and A130 Millennium Way resulting from the capital programme re-prioritisation of works.

Approval is sought to add **£4.8m** to M11 Junction 7A to accommodate estimated additional costs required to implement measures in light of COVID-19 to allow for social distancing within cabins.

Approval is sought to advance **£3.5m** from future years in relation A127 Fairglens Interchange resulting from the latest cashflow forecast which suggests £7.4m will be delivered this financial year.

- ii. **Highways maintenance**; Approval is sought to reprofile **£7.3m** to future years with delays in the LED Phase 4. The LED street lighting has commenced with procurement of required stock to convert the remaining circa 80,000 street lights. However, projected slippage of (£7.3m) when compared to previous profiles in now forecast relating to extended lead-in times for the units as a result of disruption to supply chains caused by COVID-19. While installation of units will commence this calendar year, it is most likely that the installation of larger volumes of lanterns will not really pick up until early 2021, therefore the new spend forecast has been adjusted to reflect this.

Approval is sought to reduce **£5.9m** from the capital programme in relation to Essex Highways schemes, which saw a 10% reduction as part of the capital programme re-prioritisation of works due to the levels of ECC borrowing initially required.

Approval is sought to add **£7.1m** across various schemes following Department of Transport grant funding allocation of **£17.9m**, which is mainly being used to restore the budgets of Highways schemes to the levels before the 10% reduction was applied. The remaining addition is due to the Braintree High Street scheme (£1.8m) following receipt of the Challenge Fund Tranche 1 during 2019/20.

- iii. **BDUK**; Approval is sought for the following:

To slip **£805,000** with the under spend to be reinvested into an existing Phase 4 contract for delivery in 2021/22.

To reduce **£684,000** from phase 3 and add **£684,000** to phase 4.. Addition in Phase 4 is due to a Phase 3.3 (reduction) update to existing coverage data by

BT Openreach which means premises in the intervention area are no longer eligible for investment.

To reduce **£434,000** with the Ultrafast GPs project has progressed and the costs have been refined and are now confirmed at £1.7m.

#### 7.11 **Controlled Elsewhere - £35,000 under spend**

- i. Residual variance of **£35,000** under spend in relation to the Schools Devolved Formula Capital grant, which the Council hold on behalf of Essex Schools and have no control over the spend, for transactions that do not meet the capitalisation criteria.

#### 7.12 **Appendix C** provides a comparison of approved and forecast outturn capital payments by Portfolio and sets out the variance plan which summarise the proposals for addressing the forecast budget variances.

### 8. **Policy context and Outcomes Framework**

This report is an assessment of the financial position of the County Council, which itself is a representation of the corporate plan. The budget and organisation plan were approved in parallel in February 2020.

### 9. **Reserves**

#### 9.1 A summary of the forecast balances on reserves is provided in **Appendix D**.

#### 9.2 There has been a significant amount of movement on reserves as part of the COVID-19 response. Approval is sought in this report that **£14.1m** of decisions taken on anticipated expenditure relating to COVID-19 in Adult Social Care which are not now required, are returned to reserves: (i) **£12.9m** to replenish the Emergency reserve and (ii) **£1.2m** to the General Balance.

### 10. **Financial Implications**

#### **Finance and Resources Implications (Section 151 Officer)**

#### 10.1 The report is provided by the Section 151 Officer. There are no further comments.

### 11. **Legal Implications**

#### 11.1 The Council is responsible for setting the budget each year. Once agreed the executive then have to implement the policy framework and keep within the budget, subject to the limits set by Financial Regulations.

## **12. Equality and Diversity implications**

- 12.1 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.
- 12.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 12.3 The equality implications are assessed as part of budget setting process and as part of individual schemes.
- 12.4 There are no equality and diversity or other resource implications associated with this report.

## **13. List of Appendices**

Appendix A	Revenue Forecast Outturn
Appendix B	Trading Activities
Appendix C (i)	Capital Forecast Outturn
Appendix C (ii)	Capital Variance Plan
Appendix D	Balance Sheet - Earmarked Reserves

(Available at [www.essex.gov.uk](http://www.essex.gov.uk) if not circulated with this report)

## **14. List of Background Papers**

Budgetary control reports.



## Revenue

Portfolio	Latest Budget £000	Quarter 1 Variance £000	% of Latest Budget
Children and Families	128,985	(636)	(0.5%)
Customer, Communities, Culture and Corporate	18,657	2,646	14.2%
Deputy Leader and Infrastructure	47,976	3,568	7.4%
Economic Development	20,755	320	1.5%
Education and Skills DSG	(3,048)	(6,995)	(229.5%)
Education and Skills Non DSG	82,114	1,682	2.0%
Environment and Climate Change Action	80,775	4,720	5.8%
Finance	16,089	1,284	8.0%
Health and Adult Social Care	480,991	(139)	(0.0%)
Leader	7,776	(57)	(0.7%)
Other Operating Costs	74,174	1	0.0%
Performance, Business Planning and Partnerships	1,952	(198)	(10.1%)
Customer, Communities, Culture and Corporate RSSS	65,001	(1,038)	(1.6%)
Finance RSSS	21,025	48	0.2%
Leader RSSS	2,717	87	3.2%
Performance, Business Planning and Partnerships RSSS	10,436	(212)	(2.0%)
<b>Total</b>	<b>1,056,373</b>	<b>5,082</b>	<b>0.5%</b>
DSG Offset	(3,048)	(6,995)	
<b>Total Excluding DSG</b>	<b>1,059,421</b>	<b>12,077</b>	<b>1.1%</b>
Funding		192	
<b>Revised Total</b>	<b>1,059,421</b>	<b>12,270</b>	<b>1.2%</b>

## Traded Services

## Appendix B

	Revenue reserve 1 April 2020	Income	Budget Expenditure	(Surplus)/ Deficit	Income	Forecast Expenditure	Forecast (Surplus) / deficit	Final Outturn position	Appropriations To County Revenue Account	To Trading Activity reserve	Variance Plan Proposals to/(from) reserves	Revenue reserve 31 March 2021
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>FINANCE, COMMERCIAL &amp; TRADED</b>												
Place Services	(713)	(2,774)	2,391	(383)	(2,588)	2,205	(383)	(83)	(300)	(83)	-	(796)
Music Services Traded	(115)	(4,744)	4,631	(113)	(3,227)	3,222	(4)	109	(113)	-	-	(6)
<b>Total</b>	<b>(828)</b>	<b>(7,518)</b>	<b>7,022</b>	<b>(496)</b>	<b>(5,815)</b>	<b>5,428</b>	<b>(387)</b>	<b>26</b>	<b>(413)</b>	<b>(83)</b>	<b>-</b>	<b>(802)</b>

## Appendix C (i)

### Capital

	Year to date			Budget Movement		Revised Budget	Full Year	
	Budget	Actuals	Variance	Original Budget	In year approved changes		Outturn	Variance
	£000	£000	£000	£000	£000	£000	£000	£000
Children and Families	112	28	(84)	1,040	159	1,199	874	(325)
Customer, Communities, Culture and Corporate	1,054	177	(877)	5,564	1,081	6,645	6,516	(129)
Deputy Leader and Infrastructure	34,672	12,937	(21,735)	143,098	3,373	146,471	142,143	(4,328)
Economic Development	2,382	154	(2,228)	20,960	1,674	22,634	22,636	2
Education and Skills	10,917	2,974	(7,943)	58,163	2,836	60,999	50,242	(10,757)
Environment and Climate Change	916	325	(591)	4,479	1,103	5,582	2,098	(3,484)
Health and Adult Social Care	68	(492)	(560)	421	195	616	616	-
<b>ECC Capital Programme</b>	<b>50,121</b>	<b>16,103</b>	<b>(34,018)</b>	<b>233,725</b>	<b>10,421</b>	<b>244,146</b>	<b>225,125</b>	<b>(19,021)</b>
Schools Cash Balance	140	987	847	-	840	840	840	-
Devolved Formula Capital	15	49	34	1,061	-	1,061	1,026	(35)
<b>Total School Balances</b>	<b>155</b>	<b>1,036</b>	<b>881</b>	<b>1,061</b>	<b>840</b>	<b>1,901</b>	<b>1,866</b>	<b>(35)</b>
<b>Total Capital Programme</b>	<b>50,276</b>	<b>17,139</b>	<b>(33,137)</b>	<b>234,786</b>	<b>11,261</b>	<b>246,047</b>	<b>226,991</b>	<b>(19,056)</b>

### Financed by:

	Budget Movement		Revised Budget	Full Year	
	Original Budget	In year approved changes		Outturn	Variance
	£000	£000	£000	£000	£000
<b>ECC Capital Programme</b>					
Grants	100,214	1,630	101,844	96,055	(5,789)
Reserves	6,242	(6,242)	-	-	-
Developer & Other contributions	10,219	(3,284)	6,935	8,228	1,293
Capital receipts	14,580	762	15,342	15,342	-
Unsupported borrowing	102,557	18,395	120,952	106,405	(14,547)
<b>ECC Capital Programme</b>	<b>233,812</b>	<b>11,261</b>	<b>245,073</b>	<b>226,030</b>	<b>(19,043)</b>
Grants	974	-	974	961	(13)
Unsupported borrowing	-	-	-	-	-
<b>School Balances</b>	<b>974</b>	<b>-</b>	<b>974</b>	<b>961</b>	<b>(13)</b>
<b>Total ECC &amp; Schools Capital Funding</b>	<b>234,786</b>	<b>11,261</b>	<b>246,047</b>	<b>226,991</b>	<b>(19,056)</b>

## Capital Variance Plan

## Variance plan

Portfolio	Approved changes					Variance Plan					
	Slippage	Additions	Reductions	Advanced Works	Approved changes	Slippage	Additions	Reductions	Advanced Works	Residual Variance	Total Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children and Families	159	-	-	-	159	-	200	(525)	-	-	(325)
Customer, Communities, Culture and Corporate	1,081	5,000	(5,000)	-	1,081	(100)	-	-	-	(29)	(129)
Deputy Leader and Infrastructure	4,393	171	(171)	(1,020)	3,373	(13,806)	12,698	(7,063)	3,534	309	(4,328)
Economic Development	1,674	-	-	-	1,674	-	-	-	-	2	2
Education and Skills	4,196	11,081	(11,081)	(1,360)	2,836	(6,696)	2,519	(7,688)	1,939	(831)	(10,757)
Environment and Climate Change	1,103	-	-	-	1,103	(3,500)	-	-	-	16	(3,484)
Health and Adult Social Care	202	-	-	(7)	195	-	-	-	-	-	-
<b>ECC Capital Programme</b>	<b>12,808</b>	<b>16,252</b>	<b>(16,252)</b>	<b>(2,387)</b>	<b>10,421</b>	<b>(24,102)</b>	<b>15,417</b>	<b>(15,276)</b>	<b>5,473</b>	<b>(533)</b>	<b>(19,021)</b>
Schools Cash Balance	840	-	-	-	840	-	-	-	-	-	-
Devolved Formula Capital	-	-	-	-	-	-	-	-	-	(35)	(35)
<b>Total Capital Programme</b>	<b>13,648</b>	<b>16,252</b>	<b>(16,252)</b>	<b>(2,387)</b>	<b>11,261</b>	<b>(24,102)</b>	<b>15,417</b>	<b>(15,276)</b>	<b>5,473</b>	<b>(568)</b>	<b>(19,056)</b>

## Appendix C(ii) cont'd

Portfolio & Scheme	Slippage £000	Additions £000	Reductions £000	Advanced Works £000	2020/21 Changes Requested
ADAPTATIONS	-	200	-	-	200
Children with disabilities	-	-	(75)	-	(75)
Expansion of Fostering Service	-	-	(450)	-	(450)
<b>Children and Families</b>	-	<b>200</b>	<b>(525)</b>	-	<b>(325)</b>
CHANGING PLACES	(100)	-	-	-	(100)
<b>Customer, Communities, Culture and Corporate</b>	<b>(100)</b>	-	-	-	<b>(100)</b>
A120 Millennium Way Slips	(275)	-	-	-	(275)
A127 FAIRGLEN INTERCHANGE	-	-	-	3,534	3,534
ADVANCED SCHEME DESIGN	(1,000)	-	-	-	(1,000)
BDOUK ESSEX SUPERFAST PROGRAMME PHASE 3	-	-	(684)	-	(684)
BDOUK ESSEX SUPERFAST PROGRAMME PHASE 4	(805)	684	-	-	(121)
BDOUK ULTRAFAST GPS LFFN	-	-	(434)	-	(434)
BRAINTREE HIGH STREET	-	1,750	-	-	1,750
BRIDGES	-	-	(750)	-	(750)
Bus & Passenger Transport Infrastructure	(500)	-	-	-	(500)
CHELMSFORD GROWTH AREA	-	13	-	-	13
Cycling Infrastructure	-	45	-	-	45
FOOTWAY MAINTENANCE	-	830	(830)	-	-
LED ROLLOUT	(7,300)	-	-	-	(7,300)
M11 JUNCTION 7A AND GILDEN WAY UPGRADING	-	4,850	-	-	4,850
M11 JUNCTION 8	(2,874)	-	-	-	(2,874)
PT Transport Advertising	(1,053)	-	-	-	(1,053)
PUBLIC RIGHTS OF WAY	-	40	(40)	-	-
ROAD MAINTENANCE	-	4,075	(4,075)	-	-
SECTION 106	-	162	-	-	162
SURFACE WATER ALLEVIATION	-	250	(250)	-	-
<b>Deputy Leader and Infrastructure</b>	<b>(13,807)</b>	<b>12,699</b>	<b>(7,063)</b>	<b>3,534</b>	<b>(4,637)</b>
BASILDON PRIMARY BASIC NEED	-	62	-	-	62
BASILDON SECONDARY BASIC NEED	-	-	(51)	-	(51)
BRAINTREE PRIMARY BASIC NEED	(425)	15	-	-	(410)
BRAINTREE SECONDARY BASIC NEED	-	-	(16)	-	(16)
BRENTWOOD PRIMARY BASIC NEED	(300)	-	-	-	(300)
CASTLE POINT BASIC NEED	-	-	(266)	-	(266)
CHELMSFORD PRIMARY BASIC NEED	-	30	-	-	30
COLCHESTER PRIMARY BASIC NEED	-	799	(177)	-	622
COLCHESTER SECONDARY BASIC NEED	-	2	-	-	2
EARLY YEARS	-	192	-	-	192
EPPING FOREST PRIMARY BASIC NEED	-	79	(81)	-	(2)
HARLOW PRIMARY BASIC NEED	(2,450)	50	-	-	(2,400)
ROCHFORD PRIMARY BASIC NEED	(75)	-	-	-	(75)
SPECIAL SCHOOLS	(2,195)	983	(6,047)	-	(7,259)
TENDRING PRIMARY BASIC NEED	(600)	-	(50)	-	(650)
TENDRING SECONDARY BASIC NEED	(600)	-	(1,000)	-	(1,600)
UTTLESFORD PRIMARY BASIC NEED	(50)	305	-	1,939	2,194
<b>Education and Skills</b>	<b>(6,695)</b>	<b>2,517</b>	<b>(7,688)</b>	<b>1,939</b>	<b>(9,927)</b>
FLOOD MANAGEMENT	(3,500)	-	-	-	(3,500)
<b>Environment and Climate Change</b>	<b>(3,500)</b>	-	-	-	<b>(3,500)</b>
<b>Total Capital Programme</b>	<b>(24,100)</b>	<b>15,417</b>	<b>(15,275)</b>	<b>5,473</b>	<b>(18,489)</b>

## Appendix D

### Reserves

	2020/21 movements				
	Balance at 1	(Contributions)/	Adjustments	Future	Estimated
	April 2020	Withdrawals	proposed in	commitments	Closing
	£000	£000	quarterly report	£000	balance
			£000		£000
Long Term Contractual Commitment					
PFI Reserves					
A130 PFI	(39,278)	4,652	(843)	(258)	(35,727)
Building Schools for the Future PFI	(233)	-	(234)	79	(388)
Debden School PFI	(630)	-	501	(864)	(993)
Clacton Secondary Schools' PFI	(532)	-	497	(592)	(627)
Waste Reserve	(112,276)	-		-	(112,276)
Grant Equalisation Reserve	(49,853)	1,548		37,400	(10,905)
Trading Activities (not available for use)	(828)	413		(387)	(802)
Partnerships and Third Party (not available for use)	(1,653)	-		-	(1,653)
Schools (not available for use)	(29,283)	-		-	(29,283)
General Balance	(56,439)	49,444	(1,154)	(53,600)	(61,749)
Reserves earmarked for future use					
Adults Digital Programme	(2,869)	-	320	2,549	-
Bursary for Trainee Carers	(500)	-		500	-
Capital Receipts Pump Priming	(3,204)	(1,000)		-	(4,204)
Carbon Reduction	(622)	76		-	(546)
Carry Forward	(14,803)	10,618		4,185	-
Collection Fund Risk	(1,412)	-		-	(1,412)
Commercial Investment in Essex Places	(12,583)	-		-	(12,583)
Community Initiatives Fund	(487)	(350)	156	681	-
EES Pension Risk	(4,000)	-		-	(4,000)
Emergency	-	2,900	(12,900)	-	(10,000)
Emergency Planning	(300)	-		-	(300)
Essex Climate Change Commission	(250)	(4,750)		1,250	(3,750)
Future Capital Funding	(1,905)	(4,074)	5,000	-	(979)
Health and Safety	(3,100)	-		-	(3,100)
Highways	-	(5,000)		-	(5,000)
Insurance	(7,411)	1,151		-	(6,260)
Property Fund	(651)	(326)		-	(977)
Quadrennial Elections	(1,093)	(500)		-	(1,593)
Recovery	(2,900)	-		-	(2,900)
Service Improvement	(3,971)	(2,600)		180	(6,391)
Social Distancing & Hygiene	(900)	-		900	-
Technology Solutions	(3,785)	(2,745)		1,666	(4,864)
Tendring PPP	(303)	-		-	(303)
Transformation	(37,401)	(19,835)	608	14,714	(41,914)

**Forward Plan reference number:** FP/692/01/20

<b>Report title:</b> Optimisation of Essex Housing – creation of Limited Liability Partnerships (LLP)	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Paul Crick, Director, Performance, Investment and Delivery	
<b>Date:</b> 21 July 2020	<b>For:</b> Decision
<b>Enquiries to:</b> Gwyn Owen, Head of Essex Housing. Telephone 03330 136 120 email <a href="mailto:gwyn.owen@essex.gov.uk">gwyn.owen@essex.gov.uk</a> )	
<b>County Divisions affected:</b> All Essex	

### **Confidential Appendix**

This report has a confidential appendix which is not for publication as it includes exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

## **1. Purpose of Report**

- 1.1 Essex Housing is ECC's in-house development arm which works with public sector partners across Essex. It was established in 2016 to identify and bring forward surplus land in order to help address general, specialist and affordable housing need, generate capital receipts and deliver revenue benefits.
- 1.2 Essex Housing has successfully delivered a number of housing schemes. Based on learning to date it is believed there is an opportunity to deliver even greater benefits more efficiently through improving Essex Housing's operating arrangements and operating part of Essex Housing through a Limited Liability Partnership (LLP) structure. This report seeks approval to establish the LLP structure as well as establishing new governance and operational processes to increase pace, scale and efficiency.

## **2. Recommendations**

- 2.1 Agree to:
  - the establishment of a limited liability partnership, Essex Housing Development LLP; and
  - delegate to the Leader, in consultation with the Cabinet Members for Economic Development and Finance, the Section 151 Officer and the Monitoring Officer authority to establish a further LLP to own, rent and manage housing.
- 2.2 Agree that ECC becomes a member and designated member of the LLPs outlined at 2.1, with a 99% interest.

- 2.3 Agree on behalf of the Council and as the 100% shareholder of Seax Trading Limited that Seax Trading Limited becomes a member and designated member of each LLP outlined at 2.1, with a 1% interest.
- 2.4 Agree that the management board of the LLPs outlined at 2.1 will be established as set out in 4.2.6 and 4.2.7 of the report.
- 2.5 Agree that ECC will enter into service level agreements with the LLPs set out in 2.1 for the provision of services by ECC to the LLP so that the LLP can purchase staff services in order to offer its services.
- 2.6 Agree that the Director, Performance, Investment and Delivery may:
  - agree the terms of the constitution of each LLP which will be set out in the LLP Agreements between Essex County Council, Seax Trading Limited and each individual LLP; and
  - adopt and implement each LLP's delivery planafter consulting the Section 151 Officer and the Monitoring Officer.
- 2.7 Agree, on behalf of the Council, the Essex Housing Five Year Business Plan at Appendix A.
- 2.8 Agree the Essex Housing Annual Delivery Plan 2020/21 contained in the Confidential Appendix.

### **3. Summary of issue**

- 3.1 Essex Housing is an internal development arm of ECC which works with public sector partners across Essex. It was established in 2016 to identify and bring forward surplus land for development for the benefit of Essex, specifically in order to help address general, specialist and affordable housing need. As a by-product it also generates capital receipts and delivers revenue benefits.
- 3.2 Essex Housing is a key enabler of all ECC's Strategic Aims as set out in the Council's Organisation Strategy. In particular, Essex Housing contributes to the following priorities:
  - enable more vulnerable adults to live independent of social care
  - 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
- 3.3 The Essex Housing model is now well established. It has completed a number of successful developments, worked with a range of partners including local authorities, NHS, Essex Police and Essex County Fire and Rescue Service. Essex Housing has been recognised nationally as best practice through a number of publications and has been shortlisted for awards for both the



operating model and completed developments. Essex Housing's innovative model will continue to explore new opportunities, including modern methods of construction, zero carbon construction and a range of opportunities to make schemes increasingly energy efficient such as heat pumps, solar panels and electric car charging points.

- 3.4 To date, ECC has approved funding to bring forward 895 homes (41% of which are specialist or affordable). Of these:
- 64 have been built and either sold or are currently being marketed
  - 194 have planning permission in place
  - 163 are awaiting determination
  - The remaining schemes are currently being designed and prepared prior to planning applications being made
- 3.5 Given the relative maturity of the operating model and the need for continuous improvement, ECC has undertaken a comprehensive review of the existing operation.
- 3.6 The review identified that whilst the existing operation has been successful, there are several changes that could further improve efficiency and deliver even greater benefits to ECC and residents. These include:
- adopting an agile approach for decision making by delegating decisions to the Essex Housing LLP Board and Cabinet Member for Economic Development, although it should be noted that the overall number of formal decisions will increase.
  - establishing an LLP structure to enable ECC to have the flexibility to use any Essex Housing surpluses to fund capital or revenue expenditure, which it is currently unable to do under the existing structure, to continue delivering and investing in services for Essex residents
  - establishing a brand to reflect Essex Housing's distinct identity within the market and provide consistency across developments.
- 3.7 ECC has thoroughly explored six options as listed below. Operations can be optimised to increase pace, scale and benefits to ECC and residents of Essex. The exploration of options has included externally facilitated workshops, a number of key workstreams overseen by a steering group and obtaining specialist financial, legal and tax advice.

#### **4. Options**

##### **4.1 Option 1 – optimise in-house model (recommended in conjunction with Option 2)**

- 4.1.1 Essex Housing would continue to remain an in-house function of Essex County Council.
- 4.1.2 Essex Housing would adopt an agile approach for decision making. This would include:

- a delivery plan to be published annually that sets out an indicative capital expenditure and development plan of forthcoming sites.
- establishment of an Essex Housing Board
- delegation of responsibility to the Cabinet Member for Economic Development to approve funding for the development of the sites in line with the annual delivery plan, in consultation with the Monitoring Officer and S151 Officer.

4.1.3 This option will enable ECC to retain complete control over how each site is brought forward whilst ensuring Essex Housing continues to support the delivery of ECC's Independent Living Programme which delivers housing and care for vulnerable people in the County. Essex Housing staff will remain in-house and will not be subject to TUPE. The adoption of an agile approach to decision making will enable Essex Housing to operate at a greater pace and scale. Remaining in-house will enable partnership work with other public sector bodies to continue.

4.1.4 It is proposed that an informal internal group will be formed, to be known as the Essex Housing Board. The Essex Housing Board will provide input in developing a plan for Essex Housing's activities. It is proposed that the members of this board will include:

- Cabinet Member (Chair and casting vote) to be appointed by the Leader
- Director of Finance
- Director of Strategic Commissioning and Policy (delegated from the Executive Director for Adult Social Care)
- Head of Essex Housing
- An independent board member that the board will appoint in order to bring additional experience and expertise to the LLPs

4.1.5 This option would be complimented by the introduction of a distinct brand for Essex Housing that would enable it to build upon its reputation in the market. This option is being recommended in conjunction with option 2, without this supplementary option, there are financial benefits that will not be realised. These are explained at 4.2.

## **4.2 Option 2 – establish Essex Housing LLP (recommended in conjunction with Option 1)**

4.2.1 Under this option ECC would set up an Essex Housing Development LLP in furtherance of its Strategic Aims set out in paragraph 3.2 in order to deliver new housing and economic growth for the benefit of the area or persons resident or present in its area. ECC under the Localism Act 2011 has a power to do anything that individuals generally may do, subject to certain exceptions (this is known as the general power of competence). The LLP will be set up under the general power of competence and other relevant statutory provisions.

### **Essex Housing Development LLP (the Development LLP)**

- 4.2.2 The Development LLP will be used to undertake all development activity. The Development LLP will prepare an annual delivery plan that ECC will be asked to consider and approve, in line with the ECC budget timetable. The Development LLP will then submit a report to ECC for each scheme for approval and bring forward schemes in accordance with these delivery plans. The Development LLP will then develop the sites in accordance with the delivery plan. Surpluses generated from the Development LLP activities will be returned to LLP members (Essex County Council and Seax Trading Limited), as outlined in the financial implications section.
- 4.2.3 It is not proposed that the LLP will directly employ any staff. Instead, ECC will make available professional and support staff to enable the LLPs to deliver the projects. In return, the LLP will pay ECC an agreed fee reflecting both the salary costs of the individual and overheads such as IT, accommodation, pensions as part of a formal Service Level Agreement.

### **Management of the LLPs**

- 4.2.4 LLPs must have at least 2 members and 2 designated members (which can be the same body corporate). ECC will be a member and designated member, with a 99% interest in each LLP, and Seax Trading will be a member and designated member with a 1% interest. The Member acts as the LLP's agent and is only liable to the amount they have contributed to the LLP, unless the member agrees to contribute to the LLP's assets on its winding up. A designated member is a statutory role and has responsibilities and functions that are similar to those that a company director/secretary is required to do under company law.
- 4.2.5 The rights and duties of the members of the LLPs as between themselves and as between the members and the LLP will be governed by express agreement in the form of an LLP Agreement. The LLP Agreement will set out the management structure of the LLPs, as set out in Appendix C, including a Management Board.
- 4.2.6 The governance structure for the LLP will be framed by the Council's role and rights as a member of the LLP, even if this is indirectly through a separate entity. The board will be charged with management of the LLP.
- 4.2.6 The day-to-day running of the LLP will be managed by the management board. It is proposed that the management board will consist of five people and decisions will be taken unanimously except where ECC has specified otherwise. In addition, the Director, Performance, Investment and Delivery will attend as with observer status ECC's Shareholder Lead as well as the Cabinet Member for Economic Development. The board membership will provide political, legal and financial oversight and accountability as well as operational experience. The management board will consist of:
- Cabinet Member (Chair and casting vote) to be appointed by the Leader
  - Director of Finance
  - Director of Strategic Commissioning and Policy, Children and Families (delegated from the Executive Director for Adult Social Care)

- Head of Essex Housing
- An independent board member that the board will appoint in order to bring additional experience and expertise to each LLP.

4.2.7 The management board will act in accordance with the specific powers and responsibilities delegated to it under the LLP Agreement. To ensure proper controls over the LLP, the members of the partnership will retain strategic control over the operation of the vehicle through the right to approve, and monitor delivery of, a delivery plan and the requirement that certain listed decisions, referred to as "reserved matters", must be referred back to the members (ie ECC and Seax Trading Limited) rather than being within the discretion of the board. These reserved matters are to be in line with ECC's controls over its other companies, as set out in more detail in Appendix D, ECC's approval will be required for things like approving business plans; approving the LLPs' funding or investment plans; and entering into any contract with a value of over £2m.

4.2.8 The principle is that the partners approve the delivery plan and the board then have the remit and discretion to implement it subject to the reserved matters. The level of discretion given to the board depends on the framing of the report– i.e. how prescriptive or flexible it is – and what the reserved matters are.

### **Progressing a scheme**

4.2.9 A five-year business plan will be taken to Cabinet to be approved to outline the LLP's long-term objectives. Each year, an annual plan setting out indicative capital expenditure and development plan of forthcoming sites for the LLP over the upcoming year will be put forward to ECC for approval so that the LLP can adopt this delivery plan. To progress a scheme identified in the annual delivery plan, the following steps will be undertaken:

- the LLP will consider each scheme based on a set of criteria established by ECC set out in the annual plan;
- a report will then be drafted and submitted to the LLP Board to consider and make a recommendation to ECC regarding viability of a scheme;
- a report will then be submitted to the Cabinet Member for Economic Development with S151 and MO approval requesting approval to proceed with the recommended site including authority to undertake planning and procure a contractor, and obtain the funding needed to do so;
- a second report will be submitted to the LLP Board and the Cabinet Member for Economic Development in consultation with the Cabinet Member for Finance with S151 and Monitoring Officer approval requesting approval to dispose of the land from ECC to the LLP and approval of financing arrangement for the LLPs to proceed with construction.

4.2.10 Current assumptions in the delivery plan assume ECC will act as the primary lender to the LLP, this will drive revenue benefits for ECC dependent on annual the borrowing rates and extent of capital requirement. Financing opportunities, both local authority funding and private sector funding, will be

reviewed on an ongoing basis to determine optimum terms for the 'group' (ECC and LLPs combined).

4.2.11 This option is complimentary to Option 1 which addresses the optimisation of the existing model.

4.2.12 The advantages of adopting an LLP structure include:

- being able to offer assured short hold tenancies which will enable ECC to offer units for rent to help meet a range of needs throughout the county
- LLP's are tax "transparent" for income profit and capital gains, where members are taxed directly in accordance with their tax status;
- ECC is not liable to pay corporation tax and therefore will not incur tax on any surpluses returned however Seax Trading Ltd, will incur Corporation Tax on their share of surplus returned.
- it has the flexibility of a traditional partnership, but members have the benefit of limited liability.

4.2.13 Whilst there are time and cost implications of complying with regulatory and administrative requirements (e.g. filing of annual accounts, confirmation statement and an auditor's report), ECC undertakes this practice regularly and with limited costs. The benefits of adopting an LLP structure outweigh the time and cost implications.

4.2.14 Without implementing both Options 1 and 2 it is not possible to achieve all the benefits set out in this paper.

#### **4.3 Option 3 – establish Essex Housing as a company structure – companies limited by shares**

4.3.1 This option would be similar to Option 2 and involve setting up separate limited companies, limited by shares, for the purposes of development, consultancy and rental. This option includes delivers the same benefits set out at option 2 and enables ECC to use surpluses generated by Essex Housing flexibly across revenue and capital expenditure as well as providing opportunities to deliver revenue benefits for the council.

4.3.2 Unlike an LLP structure this option would enable Essex Housing to develop outside of the ECC administrative boundary. This is because LLP's are restricted to operating within the same administrative area as the relevant local authority. In contrast, companies are able to operate beyond such boundaries.

4.3.3 However, adopting a company structure would result in greater tax implications for ECC. The purpose of Essex Housing is to help address specialist, affordable and open market housing needs within the County as opposed to developing anywhere in the pursuit of profit. As a result, Option 2 is recommended over Option 3.

#### **4.4 Option 4 - establish Essex Housing as a 'full carve out' LLP**

4.4.1 This option would be similar to Option 2, except it would require the current employees attached to Essex Housing to transfer to the LLP and it is likely to need its own financial director etc.

4.4.2 Undertaking a full carve out of the Essex Housing team would result in a far longer, more costly (TUPE of staff and purchasing new operating systems) and more complicated implementation period than both Options 2 and 3 as well as setting up pension arrangements for employees. Furthermore, establishing a shell structure rather than a full carve out will also enable ECC to continue to manage risk and exercise direct control with staff remaining in house.

#### **4.5 Option 5 - establishing Essex Housing as a company structure (a full carve out) – companies limited by shares**

4.5.1 This option would be similar to Option 3, except it would require the company to have its own employees and systems to use.

4.5.2 Undertaking a full carve out of the Essex Housing team would result in a far longer, more costly (TUPE of staff and purchasing new operating systems) and more complicated implementation period than both Options 2 and 3. Furthermore, establishing a shell structure rather than a full carve out will also enable ECC to continue to manage risk and exercise direct control with staff remaining in house.

#### **4.6 Option 6 – do nothing**

4.6.1 This option would not maximise the potential benefits of the Essex Housing model with regards to operating at greater pace. Furthermore, MTRS revenue benefits would not be realised as the financial flexibility an LLP structure would offer would not be achieved. Essex Housing would be unable to offer assured shorthold tenancies or offer units to rent in-line with private rented sector practices. The opportunity to create a distinct Essex Housing brand across all developments which would help develop brand recognition and support future marketing of sites would also be missed.

### **Recommendation**

4.7 The recommended approach is to implement both Options 1 and 2; optimising the current in-house model, complimented with the establishment of a Limited Liability Partnership shell structure. This approach will provide the most suitable conditions for Essex Housing to operate at optimum efficiency whilst at the same time ensuring ECC retains direct control but also benefits from greater financial flexibility.

## **5. Issues for consideration**

### **5.1 Financial Implications**

5.1.1 As a result of implementing Option 2 (recommended in line with Option 1) it is estimated there will be surpluses available for distribution from the LLP, the

Essex Housing Development LLP forecast financial performance is shown in 5.1.2.

5.1.2

<b>Development LLP Performance</b>	<b>2020/21 (£'000)</b>	<b>2021/22 (£'000)</b>	<b>2022/23 (£'000)</b>	<b>2023/24 (£'000)</b>	<b>2024/25 (£'000)</b>	<b>Total</b>
Sales	0	9,081	83,643	52,284	49,651	194,659
Total Costs	(645)	(8,314)	(68,819)	(42,054)	(41,409)	(161,241)
Borrowing Costs	(495)	(3,699)	(5,673)	(3,123)	(2,792)	(15,782)
<b>Net Profit</b>	<b>(1,140)</b>	<b>(2,932)</b>	<b>9,150</b>	<b>7,107</b>	<b>5,451</b>	<b>17,636</b>
Net Surplus Available For Distribution To ECC	-	-	5,028	7,036	5,396	17,460
Net Surplus Available For Distribution To Seax Trading Ltd	-	-	51	71	55	176
Corporation Tax Payable by Seax Trading Ltd	-	-	(9)	(13)	(10)	(32)
<b>Total Surplus Available For Distribution (loss)/surplus</b>	<b>-</b>	<b>-</b>	<b>5,069</b>	<b>7,094</b>	<b>5,441</b>	<b>17,604</b>

5.1.3 The Development LLP is expected to make a loss in the first two financial years as the LLP will incur overheads and borrowing costs each year, however the sales are estimated to start from September 2021.

5.1.4 All surpluses generated from the LLP, as per 5.1.2, will be available for distribution annually to both members of the LLP, once a cumulative profit position is achieved. Members will be responsible for their own tax returns and declarations. These surpluses are included in the table in 5.1.6 below as these will be available for distribution back to ECC, treated as income, which can be flexibly used to fund revenue or capital.

5.1.5 The Development LLP losses, as per 5.1.2, will appear in Essex County Council's consolidated group accounts, but are not reflected in the council's single accounts, as a result such losses do not impact the council's financial sustainability or general fund. The council would reflect such losses in the event it was concluded by the council that the LLP was not sustainable.

5.1.6 The revenue implications for Essex County Council as a result of implementing option 2 are shown below:

<b>Revenue Implications Not in MTRS</b>	<b>2020/21 (£'000)</b>	<b>2021/22 (£'000)</b>	<b>2022/23 (£'000)</b>	<b>2023/24 (£'000)</b>	<b>2024/25 (£'000)</b>	<b>Total (£'000)</b>
Available Surplus For Distribution from LLP*	-	-	5,069	7,094	5,441	17,604
ECC Income From Financing	-	1,836	3,183	1,596	1,891	8,506
ECC Increased Capital Borrowing Requirement	(28)	(487)	(586)	(734)	(1,015)	(2,852)
<b>Total Revenue Implications Not in MTRS (loss)/surplus</b>	<b>(28)</b>	<b>1,349</b>	<b>7,666</b>	<b>£7,956</b>	<b>£6,316</b>	<b>23,258</b>

Revenue Implications in MTRS						
2020/21 Savings Shortfall	(477)	-	-	-	-	(477)
ECC Income From Financing (already in MTRS)	600	600	600	600		2,400
Essex Housing Revenue Budget	400	400	400	400	400	2,000
<b>Total Revenue Implications in MTRS (loss)/surplus</b>	<b>523</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>400</b>	<b>3,923</b>
<b>Total ECC Revenue Implications</b>	<b>495</b>	<b>2,349</b>	<b>£8,666</b>	<b>£8,956</b>	<b>£6,716</b>	<b>27,181</b>

5.1.7 Essex Housing team will not require an Essex County Council revenue budget, as illustrated in table 5.1.6. This saving has already been reflected in the Medium Term Resource Strategy (MTRS).

5.1.8 Table 5.1.6 is based upon Essex County Council providing capital financing to the development LLP at an effective market rate, with all loan terms in accordance with State Aid rules. This would provide a revenue income for Essex County Council (ECC Income from Financing), of which £600,000 is already included in the MTRS.

5.1.9 As a result of 5.1.6 and 5.1.7 it is expected that Option 2 will deliver revenue benefits for the council from 2020/21.

5.1.10 Original savings in the MTRS assumed a 'go-live' date of April 2020, a delay to September 2020, has resulted in a saving shortfall of £500,000 in 2020/21. Mitigation plans are currently under review by the service area.

5.1.11 The LLP will require a working capital loan across the first two financial years from set up, with the loan being repaid in full in Year 2. Terms agreed will be in accordance with State Aid rules and will be funded through ECC's own cash balances. This would have no revenue implications assuming the full balance is repaid on time. In the event that the LLP was unable to repay the balance to the council, it would be necessary for the council to write the debt balance off to revenue at that point.

5.1.12 It is proposed that the LLP would have no direct staff, with all services contracted in from the partners as necessary. There is an indicative allowance for corporate and financial services within the financial model. ECC will be the provider of these services and will ensure that full costs are recovered, this will be subject to a final schedule of service to be agreed with the LLP. Any alternative provision is subject to S151 and Monitoring Officer approval.

5.1.13 All professional fees required to support the set up of the LLP will be funded from existing operational budgets.

5.1.14 The capital implications for Essex County Council as a result of implementing option 2 are shown below. The revenue implications of the reduction in capital is reflected in table:

Capital Implications Not in MTRS	2020/21 (£'000)	2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)	Total (£'000)
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Gross Capital Receipts Reduction (Per Budget)	(7,578)	(19,370)	(49,598)	(57,753)	0	(134,298)
Capital Expenditure Reduction (Per Budget)	12,863	36,964	27,764	16,283	0	93,874
Capital Financing Increase – Development Loan agreement with LLP <sup>(5.1.16)</sup>	(7,089)	(48,392)	(17,051)	(5,965)	(9,856)	(88,352)
Loan Balance Repaid To ECC <sup>(5.1.16, 5.1.17, 5.1.18)</sup>	-	5,413	56,864	22,791	20,091	105,158
<b>Total Capital Implications</b>	<b>(1,805)</b>	<b>(25,385)</b>	<b>17,980</b>	<b>(24,644)</b>	<b>10,235</b>	<b>(23,619)</b>

5.1.15 Essex Housing capital receipts and expenditure, currently included in the capital programme, will not be received or incurred directly by ECC and will be recognised under the LLP's company accounts.

5.1.16 The Council will enter into loan agreements with the LLP, to provide development financing for each project, which will be added to the council's capital financing requirement. This loan balance is estimated to be repaid as per table 5.1.14.

5.1.17 The balance of Essex Housing work in progress, i.e. historic spend relating to ongoing projects, will be transferred to the LLP upon set up. A loan facility equal to this value, with terms in line with State Aid, will be agreed to allow the LLP to pay for the asset over time. This loan balance is estimated to be repaid as per table 5.1.14.

5.1.18 The LLP may acquire land owned by Essex County Council, when this occurs land will be transferred to the LLP, at a residual land value. A loan facility equal to this value, with terms in line with State Aid, will be agreed to allow the LLP to pay for the asset over time. This loan balance is estimated to be repaid as per table 5.1.14.

5.1.19 There will be a small opportunity cost associated with setting up and monitoring the LLP. All administrative costs associated with financial returns such as audit, tax, VAT and also insurance costs, will be paid for by the LLP and are included in the relevant business plan.

5.1.20 The LLP will procure an 'off-the-shelf' accounting package as an interim solution to maintain accounts. Essex Housing is part of the pre-advisory questionnaire with regards to Essex County Council's new Corporate System, which would allow for the LLP to be included under the same corporate structure.

5.1.21 Each development will have its own viability model and will only proceed if it is consistent with the approved overarching Business Plan and meets required hurdle rates, where applicable.

5.1.22 The company finances will continue to be overseen by Essex County Council finance officers, who will continue to provide financial advisory services. Any alternative financial services not provided by ECC will require S151 approval.

5.1.23 Professional advice has been sought from PWC, Link Asset & Essex Legal Services on the accounting, financing, tax and legal implications as well as guidance from ECC's own finance team.

## **5.2 Tax Implications**

5.2.1 ECC could receive payment or income in three forms in relation to the proposed arrangements. All three types of income can be received tax free by the Council. In addition, the receipt of loan principal repayments and returns of membership capital can also be received free of tax by the Council:

- payment for services provided
- interest income on loans provided to an LLP
- drawings (profit extraction from an LLP)

5.2.2 The LLP is not taxable in its own right on the profits that it generates, unlike a company, instead, the profits of each LLP are allocated to the individual members (partners) who are responsible for reporting their share of profits to HMRC in their individual tax returns, and for calculating their tax liabilities.

5.2.3 As a result, to the extent that the Council is appointed as a full legal member of the LLP, any surpluses or gains attributed to the Council would be exempt from corporation tax, because of the Council's absolute exemption from corporation tax.

5.2.4 Seax Trading Limited, owning 1% of the LLP, will be liable to Corporation Tax, at 18% for 2020/21, on its share of the surpluses returned, although clearly this may be able to be offset against any trading losses incurred by the LLP.

5.2.5 In relation to loan funding by the Council into the Partnership, the Council can receive interest from the LLP free of any withholding of 20% income tax. The obligation to withhold income tax on payments of yearly interest by the LLP is disapplied where the interest is payable to a local authority.

5.2.6 Special Stamp Duty Land Tax (SDLT) provisions apply to the transfer of land into a partnership by one of its partners, however per the advice sought from PWC, the expectation is that Group Relief will apply and therefore no SDLT will be payable in relation to the land transaction.

5.2.7 Appropriate administrative steps, as recommended by PWC, will need to be implemented on an annual basis to ensure that all tax implications stated above are effectively managed.

## **5.3 Legal implications**

5.3.1 The recommendation in this report is that ECC sets up an LLP, which is a body corporate and a legal entity separate from its members and governed by the Limited Liability Partnerships Act 2000. ECC has various powers to purchase, hold and sell land, for regeneration, environmental and other purposes. For example, the Local Authorities (Land) Act 1963 allows ECC to

carry out development to improve its area. The general power of competence set out in the Localism Act 2011 allows ECC to do anything that individuals generally may do subject to any restrictions; this enabling power allows ECC to set up an LLP if its main purpose is for the benefit of the authority, its area or persons resident or present in its area. As set out in the report, the primary purpose of the LLP is for the benefit of people in its area.

- 5.3.2 ECC is not a local housing authority so it does not have the specific statutory powers possessed by local authorities. However, ECC does have the power to develop land as set out above and it does have the power to set up and own rented housing under various other statutory powers, including the general power of competence. If ECC rents out housing stock directly it is subject to regulation under the Housing Act 1985 and subsequent legislation, including the right to buy. If a LLP rents out housing it is considered to be a private sector landlord, even if it is owned by a local authority. Many local authorities have set up homes for rent owned by companies. There is a clearly a regulatory risk that the law is changed so that tenants of local authority owned LLPs are treated in the same way as LA tenants. ECC can set up a body to undertake these activities.
- 5.3.3 Both ECC and Seax Trading Limited are permitted to be members of the LLP. LLP members have limited liability in that, generally, they do not need to meet the LLP's liabilities. An LLP agreement between ECC and each LLP will need to be put into place to outline the internal workings of the LLPs including the matters that are reserved to ECC as a member – this will be drafted by ELS. ELS will, also, draft the agreements between the LLPs and ECC for the supply of services by ECC.
- 5.3.4 It is important to note that if ECC is transferring land to the LLP or offering loans or guarantees then it will need to comply with the rules on state aid.
- 5.3.5 It is also important to note that each development transaction will need to be the subject of decisions both under ECC's constitution and under the relevant LLP's constitution.

## **6 Equality and Diversity implications**

- 6.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
  - (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
  - (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.
- 6.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil

partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

- 6.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

## **7 List of appendices**

A - Essex Housing LLP's Five Year Business Plan

B - Confidential Appendix – Essex Housing Development LLP's Annual Delivery Plan 2020/21

C - Management Structure of the LLP Group

D - Reserved Matters

E - Equality Impact Assessment.

## **8 List of Background papers**

None.

# Essex Housing Five Year Business Plan 2020/21 – 2024/25

## Foreword

Essex County Council is serious about meeting the challenges of housing growth and so in 2016, we established Essex Housing to work with public sector partners throughout Essex to identify and bring forward land and assets for development. We are now four years into that journey and have established a significant and exciting development programme that will deliver great quality, sustainable homes and create fantastic places to live, while reinvesting returns into important public services and improve outcomes for the residents of Essex. We therefore find ourselves in the perfect position, some four years on from the first makings of an idea, to build upon this now established model and grow it to deliver more, better, quicker.

We have a huge challenge across our 12 district, borough and city councils to plan for 144,000 more homes by 2036 to meet housing needs, against the backdrop of ongoing funding pressures. Those pressures are even more acute now, as we write this, in 2020, while the country deals with the unprecedented situation of the Covid-19 pandemic. The public sector has been at the forefront of responding to this, and as we emerge from the crisis, rebuild our economy and support our residents to get back to a new normal, leadership and innovation will be key. We must continue delivering our housing ambitions, our excellent public services and supporting the Essex economy in order to support future growth, create new jobs and provide increased opportunities for companies. We must do so all while balancing the public purse and ensuring we provide value for money for the people of Essex. We believe what we are doing through Essex Housing encapsulates the spirit of this.

We are setting out in this business plan our blueprint to deliver an ambitious development programme, by building upon the work to date of our existing Essex Housing model. We will be establishing a new Limited Liability Partnership (LLP) structure. We want to be proactive and agile to respond to changes and opportunities in the market. We want to be able to pursue new opportunities, such as retaining units for rent and as important as ever we want to increase our ability to invest in the economic growth of our county.

This is just the start of an extensive programme that will deliver housing, not just for private sale, but affordable housing as well as specialist housing to support our most vulnerable residents. By developing with a social conscience, we can enhance important public assets, we can put design, quality and sustainability at the forefront of what we do and make places that Essex can be truly proud of, all while reducing the burden on the taxpayer. That's why we are proud to put our names to this ambitious plan for growth.

Cllr Tony Ball

Cabinet Member for Economic Growth

Cllr Ray Gooding

Cabinet Member for Education and Skills

Chairman of Essex Housing LLP

## **Our purpose**

Essex Housing was launched in 2016 to work across public sector partners in Essex to bring forward surplus land to build private, affordable and specialist homes to help address housing need throughout the County. The purpose of Essex Housing is to bring forward private units to offset the costs of affordable and specialist units. This ensures the model is financially sustainable for ECC. Specialist units such as Independent Living for Older People and People with Learning Disabilities are often developed alongside private units. These units help promote the independence of some of the most vulnerable in the County, improve outcomes and reduce the costs of social care provision.

Essex Housing coordinates the County's role in the Government's One Public Estate Programme (OPE). The OPE helps right size the public estate and free up surplus land. Essex Housing works with partners to support this process and access OPE funding to help meet the costs of bringing sites forward for development.

Essex Housing will now launch an LLP structure to provide even greater benefits and flexibility to Essex, ECC and partner organisations. This structure will enable Essex Housing to offer assured shorthold tenancies to retain units for rent. This will help Essex Housing to continue to provide high quality, sustainable homes to meet housing demand in-line with market fluctuations, drive economic growth, help us recover from the impacts of Covid-19 and provide new revenue streams to continue to invest in Essex.

## **How we do business**

Essex Housing takes commercial approach to identifying and developing sites. Regardless of whether the scheme comprises of private, affordable or specialist units, the team will seek to provide maximum value for money for the taxpayer on every scheme. Sites which provide private sale, rental, affordable or specialist units for people with additional needs will be developed through Essex Housing Development LLP. It is important to note that sites that are brought forward for Independent Living for Older People will remain in Essex County Council's ownership and will not transfer to Essex Housing LLP. As a result, the procurement of housing associations who will develop out the schemes and provide care will remain within Essex County Council.

Regardless of tenure, Essex Housing works to high quality design standards which promote sustainability and ensure that units are adaptable and are built with the future needs of residents in mind. Essex Housing schemes provide good quality external space, foster community cohesion through public art and communal gardens, and sustainability through having energy efficient designs, often incorporating features such as electric car charging points and solar panels. Essex Housing seeks to work in partnership with planning authorities to bring forward high quality schemes that align with planning policy wherever possible.

Essex Housing operates with all partners, including other public sector bodies, on an open-book and transparent basis. When entering into joint ventures with public sector partners bodies, Essex Housing seeks to establish terms which are fair and viable for all partners. This approach maximises the chances of each project being delivered successfully and seeks to

build on Essex Housing's reputation as a trusted development partner and so provide the basis for even more deals in the future.

In addition to being a developer Essex Housing also provides consultancy and development management. Through these services Essex Housing provides County-wide leadership and coordination of the Government's One Public Estate programme in Essex; end to end development management services to all public sector partners; and development management services to ECC's Independent Living programme for Older People.

## Market analysis

A lack of viable and developable land for housing is cited as a key reason for housing undersupply. Fragmented land ownership, planning uncertainty, remediation and servicing costs as well as a lack of strategic infrastructure mean that land is still a barrier to increasing home building. Yet only 11% of England is developed. There are 26,000 hectares of brownfield land available, with capacity for 1 million homes. In addition, central and local government owns surplus land with capacity for over 160,000 homes. Land Registry data shows that at least 900,000 hectares (6%) of all freehold land in England and Wales is owned by public sector organisations.

The impact of Covid-19 on the current market should also be considered, which means that short to medium term modelling is far less predictable than in 'normal' conditions. It is understood that Covid-19 has created practical challenges such as viewings, moving and completing transactions, as well as having an impact upon consumer sentiment due to the current uncertainty. This is likely to have an impact upon the number of transactions meaning units may take longer to sell, however this may be offset by some pent-up demand when we return to a more normal way of life. Predictions at the present time without understanding the full economic impact and stimulus package are incredibly challenging, however Savills' recent research using Oxford Economics data has modelled that transactions could be back to 100% of pre-Covid-19 volumes within 12 months and that house prices are likely to increase over a five-year period.

Savills 5 year house price forecast <sup>1</sup>						
	2020	2021	2022	2023	2024	Cumulative
<b>As of November 2019</b>	1.00%	4.50%	3.00%	3.00%	3.00%	15.33%
<b>Scenario 1</b>	-5.00%	5.00%	8.00%	4.00%	3.00%	15.40%
<b>Scenario 2</b>	-10.00%	4.00%	12.00%	6.50%	3.00%	15.00%
<b>Mid-point of scenarios 1 and 2<sup>2</sup></b>	-7.50%	4.50%	10.00%	5.25%	3.00%	15.20%

Rental enables us to generate new income streams, provide rented units for specific market segments and enhance the resilience of the Essex Housing model, particularly in the event of a downturn. Should a downturn result in less demand for housing ownership, moving units from sale to rental would provide an income stream and long-term capital growth. The rental market has continued to grow over the past five years and insufficient supply continues to provide an opportunity for a stable investment. Savills in a recent publication (Spotlight: Changing drivers of tenure, 20 April), stated that there is an expectation that

<sup>1</sup> The economic impact of COVID-19 and implications for the UK property market, Savills March 2020

<sup>2</sup> Mid-point generated by Essex Housing based on Scenarios 1 and 2 developed by Savills



Covid-19 could also leave significant scope for the expansion of Build to Rent (currently 1% of the UK's total rental market). An economic downturn may also create new opportunities for public intervention through acquisition where a long-term rental strategy is appropriate.

Mainstream rental forecast <sup>3</sup>						
	2020	2021	2022	2023	2024	5-year compound growth
<b>UK</b>	2.0%	3.0%	3.5%	3.0%	3.0%	15.4%
<b>London</b>	2.0%	4.0%	4.0%	4.0%	3.5%	18.8%
<b>UK (exc. London)</b>	2.0%	2.5%	3.0%	2.5%	2.5%	13.1%
<b>Income growth (UK)</b>	2.6%	3.0%	3.0%	3.0%	3.0%	15.6%

## Our progress to date

- We have completed the construction of 64 units with a GDV of £17.2m<sup>4</sup>
- 47 units have been sold realising sales of £11.6m and the remaining 17 units are for sale
- 32% of the units are specialist units for people with learning disabilities which will deliver annual social care revenue savings of £183,000
- Across business cases already approved by ECC, Essex Housing's programme comprises of a further 831 units of which 41% are specialist/affordable
- 194 units have planning permission and a further 163 units are awaiting determination
- The GDV of the current programme is £246.3m<sup>5</sup> (excluding units already delivered)
- Essex Housing has secured over £2.5m of Government OPE funding to date to reduce costs of new schemes

32 apartments incorporating 9 specialist apartments at Goldlay Square, Chelmsford – developed on the site of the former library headquarters. The specialist apartments provided are for young people with disabilities transitioning to adulthood. The young people will live in the property for two years with a carer on site 24/7 whilst undertaking a planned programme of support including work placements and education to help them to live independently.

14 private homes and 60 independent living apartments at Rocheway, Rochford. A former school that was vacant and surplus to operational requirements.

108 homes at the former Essex County Hospital site, Colchester – a joint venture between Essex Housing and the NHS to manage risk and address market failure to bring this site forward for much needed local housing coupled with NHS operational efficiencies and estate reinvestment.

26 apartments incorporating 8 specialist apartments at Moulsham Lodge, Chelmsford – a heavily constrained site requiring careful ecological management, a reinforced culvert and gas diversions. The scheme also acquired new premises and provided a long-term lease to protect the future of a local community organisation meaning that the previous community use of this site was not lost.

<sup>3</sup> Mainstream Rental Forecast, Savills, November 2019

<sup>4</sup> Including £1m of assets retained by ECC following completion

<sup>5</sup> Including £4.9m of assets retained by ECC

## Strategic aims

In the next five years we will deliver:

- 988 new homes, of which:
  - 495 will be for sale
  - 51 will be retained for rent
  - 439 will be affordable, specialist or for older people
  - Over 18,000 sqft of new community facilities at no cost to the residents of Essex

Total completions (units sold/rented)	Pre 2020/21	From 2020/21 to 2024/25	Cumulative to 2024/25
Units retained by ECC	3	3	6
Community use space	0	18,994 sq ft	18,994 sq ft
Sale	41*	495	536
Rent	0	51	51
<b>Total market</b>	<b>41</b>	<b>546</b>	<b>587</b>
Affordable	0	54	54
Older people	0	360	360
Specialist	20	25	45
<b>Total specialist/affordable</b>	<b>20</b>	<b>439</b>	<b>459</b>
<b>Total units all tenures</b>	<b>64</b>	<b>988</b>	<b>1,052</b>

\*17 of these units are currently being marketed for sale

Total planning consents	Pre 2020/21	From 2020/21 to 2024/25	Cumulative to 2024/25
Units retained by ECC	5	4	9
Sale	306	514	820
Rent	60	60	120
<b>Total market</b>	<b>366</b>	<b>574</b>	<b>940</b>
Affordable	25	83	108
Older People	360	120	480
Specialist	36	26	62
<b>Total specialist/affordable</b>	<b>421</b>	<b>229</b>	<b>650</b>
<b>Total units all tenures</b>	<b>792</b>	<b>807</b>	<b>1,599</b>

## Our structures

Essex Housing is hosted by ECC on the behalf of all public sector partners. In 2020, Essex County Council will also establish two Limited Liability Partnerships for Essex Housing. These LLPs will undertake the following functions:

- Essex Housing Development LLP – will undertake the development of schemes and provide consultancy and management services to ECC and partners
- Essex Housing Rental LLP – will hold those units which have been retained to rent

The Leader of Essex County Council is the Shareholder Lead for each of the LLPs and the strategic direction of Essex Housing will be set by the Cabinet Member with responsibility for Essex Housing. The Essex Housing Annual Delivery Plan will be submitted for approval by

ECC's Cabinet with subsequent decision making within the business plan delegated to the Essex Housing Board and ECC's Cabinet Member with responsibility for Housing. The operation of Essex Housing is overseen by the Essex Housing Board. The Essex Housing Board is responsible for:

- Owning the Essex Housing Business Plan
- Recommending investment decisions to ECC
- Performance management/monitoring
- Overseeing the operation of the LLPs
- Reporting to the Shareholder Lead and Cabinet Member with responsibility for Housing

The structure of the board is:

- Chairman (and casting vote) – Cllr Ray Gooding, Cabinet Member for Education and Skills nominated by The Leader in consultation with the Cabinet Member with responsibility for Housing
- Director – Stephanie Mitchener, Director of Finance, ECC
- Director – Chris Martin, Director of Strategic Commissioning and Policy, ECC
- Director – Gwyn Owen, Head of Essex Housing, ECC
- Independent Board Member – to be appointed by the Board

ECC and Seax Trading Limited will be invited to the Essex Housing Board meetings and may send representatives to attend on their behalf.

# Organisation Chart

**Essex County  
Council**

S151  
Officer

Monitoring  
Officer

Responsible  
Cabinet  
Member

**Seax Trading**

S151  
Officer

Monitoring  
Officer

Responsible  
Cabinet  
Member

Director of Performance, Investment & Delivery

## **Essex Housing Board**

Chris Martin  
Director of  
Strategic  
Commissioning &  
Policy

Stephanie  
Mitchener  
Director of  
Finance

Cllr Ray Gooding  
Chair

Gwyn Owen  
Head of Essex  
Housing

TBA  
Independent  
Board Member

EH Development LLP

EH Rental LLP

## **Appendix D – Reserved Matters**

1. Adopt, amend or revoke:
  - a. the LLP's business plan(s);
  - b. the LLP's funding/investment plan;
  - c. the LLP's risk management policies and framework;
  - d. the LLP's code of conduct for employees and the board;
  - e. The following policies of the LLP:
    - i. Anti-money laundering;
    - ii. Procurement;
    - iii. Anti-fraud and corruption; and
    - iv. Anti-bribery.
  - f. Enter into any mortgage or other charges over the LLP assets;
  - g. Appoint or engage any person or company to undertake any service that is not in accordance with the LLP's approved business plan(s) and/or approved funding/investment proposals;
  - h. Appoint or engage any person or company to undertake any service for whom the total remuneration package is greater than £100,000 per annum;
  - i. Appoint or engage any person to undertake the role of chief executive officer or comparable role;
  - j. Undertake any business which is not ancillary to the LLP's approved business plan and/or approved funding/investment proposals;
  - k. Become the owner of any shareholding in or a member of any other company or body corporate;
  - l. Dispose of any interest in any other company or body corporate; and
  - m. Enter into any contract or legally binding contract under which the total value is over £2m.

**Forward Plan Ref No. FP/704/05/20**

<b>Report title:</b> Decisions taken by or in consultation with Cabinet Members	
<b>Report author:</b> Secretary to the Cabinet	
<b>Date:</b> 21 July 2020	<b>For:</b> Information
<b>Enquiries to:</b> Emma Tombs, Democratic Services Manager, 03330 322709	
<b>County Divisions affected:</b> All Essex	

The following decisions have been taken by or in consultation with Cabinet Members since the last meeting of the Cabinet. Some urgent decisions were exempted from call in because they needed to be implemented without call in, in accordance with the relevant provisions in the Council's Constitution. These decisions are indicated in the list below.

**Leader of the Council**

<b>FP/712/06/20</b>	Drawdown from Essex Climate Change Commission Reserve
<b>FP/718/06/20</b>	Appointment to Mid and South Essex NHS Foundation Trust
<b>FP/719/06/20</b>	Essex Cares Limited – Essex County Council Integrated Community Equipment Service.
<b>FP/720/06/20</b>	Essex Cares Limited – Essex County Council Day opportunities and Inclusive Employment Service
<b>*FP/387/03/19</b>	2019/20 Provisional Outturn Report
<b>FP/738/06/20</b>	Appointment to two outside bodies
<b>FP/750/07/20</b>	Agreement to act as the Administrative Body for the I-Construct project on behalf of the Haven Gateway Partnership

**The following decisions were exempt from call in:**

<b>FP/717/06/20</b>	Funding for Adult Social Care: COVID 19 Response
<b>FP/742/06/20</b>	Implementation of the Essex County Council Contact Tracing Service

**Deputy Leader & Cabinet Member for Infrastructure**

<b>FP/705/05/20</b>	Proposed implementation of 'Disabled Parking Bay'
<b>FP/708/05/20</b>	Ultrafast GPs broadband project (Update)

**FP/731/06/20** Section 171 Highways Act 1980 applications for consent for excavations in the highway – process and charges

**FP/753/07/20** Design and advertise 20mph speed limit, Silver Street, Francis Way, Broadway, Manors Way, Francis Court, Weaversfield, Broomfield, Runnacles Street and Walter Way, Silver End

**The following decisions were exempt from call in:**

**FP/706/05/20** Coronavirus Outbreak – Temporary Change to Highway Safety Inspections Regime – specifically double-manned driven inspections

**FP/747/07/20** Coronavirus Outbreak – Reopening of Park and Ride services

**Cabinet Member for Customer, Corporate, Culture and Communities**

**FP/713/06/20** Outsourcing of Corporate Occupational Health Services and the sale /withdrawal from Schools Occupational Health provision.

**FP/714/06/20** The sale/novation of Schools Payroll provision.

**FP/715/06/20** Setting up the Temporary Worker Services Team

**FP/741/06/20** Coronavirus Outbreak – Phased Reopening of Libraries

**FP/752/07/20** Injunction relating to Unauthorised Encampments in Harlow

**Cabinet Member for Economic Development**

**FP/723/06/20** Surplus Property Schedule: Land at Cuton Hall Lane, Springfield, CM2 6SN.

**FP/730/06/20** Surplus Property Schedule: Land at Cuton Hall Lane, Springfield, CM2 6SN.

**FP/739/06/20** Minor amendment to the Statement of Community Involvement document.

**FP/749/07/20** South Essex College - Basildon Digital Technologies Centre  
**FP/756/07/20** ECC response to the Draft Basildon Town Centre Masterplan, June 2020

### **Cabinet Member for Education and Skills**

<b>FP/722/06/20</b>	Appointment and Re-Appointment of School Governors by Essex LA - Schedule 345
<b>FP/728/06/20</b>	Coronavirus Outbreak – Postponement of CPI increase for local bus fares
<b>FP/732/06/20</b>	Early Years and Childcare Funding Panel Recommendations
<b>FP/733/06/20</b>	Early Years and Childcare Funding Panel Recommendations
<b>FP/734/06/20</b>	Early Years and Childcare Funding Panel Recommendations
<b>*FP/650/03/20</b>	Langenhoe School - closing the nursery provision and reverting age of intake to 4-11
<b>FP/737/06/20</b>	Appointment and Re-Appointment of School Governors by Essex LA - Schedule 346
<b>FP/743/06/20</b>	Extension of six local bus service contracts expiring in 2020 and 2021
<b>FP/745/07/20</b>	Appointment and Re-Appointment of School Governors by Essex LA - Schedule 347
<b>FP/749/07/20</b>	South Essex College - Basildon Digital Technologies Centre

### **Cabinet Member for Environment and Climate Change Action**

<b>FP/736/06/20</b>	Adoption and Release of the Updated 'Essex SuDS Design Guide'
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### **Cabinet Member for Finance**

<b>*FP/605/01/20</b>	Social Care Case Management Programme – Drawdown from Reserves
<b>FP/707/05/20</b>	Drawdown from Service Improvement Reserve: Additional funding for Essex 2020
<b>FP/729/06/20</b>	Principles for Supply Chain Management during COVID-19
<b>FP/740/06/20</b>	Drawdown from Health and Safety Reserve: Implementing measures to reduce the risks of COVID-19 transmission in ECC core office estate



## **Cabinet Member for Health and Adult Social Care**

<b>FP/711/05/20</b>	To bring the Shared Lives Service In House
<b>FP/716/06/20</b>	Integrated Residential Nursing (IRN) Framework for 2020 and proposal to apply uplifts to existing provision: COVID 19 Response
<b>FP/744/07/20</b>	Coronavirus Outbreak – payments to operators for Adult Social Care Externally Contracted Services
<b>FP/748/07/20</b>	Funding for Adult Social Care: COVID 19 Response

**Total decisions exempted from call in:      4**