
Minutes of the meeting of the Corporate Policy and Scrutiny Committee, held at 10.15am on Thursday, 22 September 2022 in the Council Chamber, County Hall, Chelmsford.

Present:

County Councillors:

C Pond (Chairman)

J Fleming

I Henderson

D Land

A McQuiggan

M Mackrory (Vice Chairman)

C Siddall

M Vance

Graham Hughes, Senior Democratic Services Officer, and Emma Hunter, Democratic Services Officer, were also present.

1 Membership, Apologies, Substitutions and Declarations of Interest

The report on Membership, Apologies, Substitutions and Declarations was received and noted.

Apologies for absence had been received from Councillors T Cunningham, M Garnett, S Kane and M Steptoe.

2. Minutes

The draft minutes of the meeting held on 28 July 2022 were approved as a true record and signed by the Chairman of the meeting. The Matters Arising report was noted.

3. Questions from the public

There were no questions from the public.

4. 2022/23 Financial Overview as at the First Quarter and Budget Setting Process

The Committee considered report CPSC/19/2022 comprising the 2022/23 Financial Overview as at the First Quarter (Part 1) which had been presented to Cabinet on 19 July 2022 and an overview of the Budget Setting Process (Part 2) for 2023/24, including how the budget was built, key risks being considered, and the uncertainty driving the medium term.

The following joined the meeting to introduce the item:

Councillor Christopher Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs;
Stephanie Mitchener, Director of Finance
Adrian Osborne, Head of Strategic Finance and Insight.

The Cabinet Member highlighted that the Council was currently operating in a rising inflation environment. When the 2022/23 budget had been set inflation predictions were for a peak of 5.5% but the rate was now beyond 10%. Alongside this, the Council continued to face uncertain levels of demand for many of the services it delivered. This was likely to result in ongoing volatility of financial forecasting.

During the opening presentation and subsequent questioning and discussion, the following was acknowledged, highlighted and/or noted:

- (i) At the time of the First Quarter Overview there was a forecast over spend of £5.1m (0.5%), against a net revenue budget of £1.1bn. A significant part of the overspend had been driven by Adult Social Care, especially residential and nursing care and reablement, market capacity issues and potential non-delivery of savings. Within the Finance, Resources and Corporate Affairs RSSS portfolio there had been delays to property transformation savings, plus pressure on utilities budgets.
- (ii) Inflationary pressures of £6.4m had been identified at the time of the First Quarter Overview to Cabinet including key risks of increased energy costs of streetlighting, increased energy prices across the ECC Estate, increased costs for transport providers and fuel costs. There was also additional cost due to higher CPI impacting on various contractual arrangements. £2.5m had been drawn down from General Risk Reserve to fund inflationary pressures seen at the time of the First Quarter report to Cabinet.
- (iii) Inflationary pressures had further increased since the Cabinet meeting in July. Since publication of the First Quarter report, a further decision had been taken to drawdown £4.46m from the General Risk Reserve to meet cost pressures on the Council's electricity budgets in 2022/23.
- (iv) The Cabinet Member considered that the Council had strong financial foundations. Risks had been highlighted at the time of setting the current budget and specifically those in the Adult Social Care market. Some underspends from the previous year had been placed into reserves. A specific reserve had been set up for inflationary pressures. The last resort was use of General Balance Reserves but this would always be a short-term solution and focus should be on ensuring sustainability in the medium term. £46m of broader savings had been identified for the

financial year, with £6.8m of those savings currently considered at risk.

- (v) ECC would continue to quantify inflationary risks and pressures as inflation continued to be volatile.
- (vi) ECC procured its energy needs through a managed arrangement based on future anticipated need and was able to negotiate the best available prices at the time.
- (vii) The Council's approved treasury management strategy permitted inter authority loans. However, ECC currently had no inter-authority loans and had stopped undertaking these in 2020/21. Members questioned the adequacy of capacity at senior management level to be able to take on the additional responsibilities placed on the Council by the Government to oversee certain aspects of Thurrock Council's finances and management. A strategic workforce planning review was currently underway.

CAPITAL PROGRAMME

- (viii) For the Capital Programme there was an underspend of £7.9m (2.7%) against a budget of £294m. This was primarily due to slippages on Essex Housing and Education projects.
- (ix) Developer contributions (primarily s106 funding) was predominantly used as contributions to projects in the capital programme. The Council made its representations through the planning process to enable it to support the development being proposed. As there became more financial and resource challenges for the capital programme it was important for joined up thinking between district and county planners. Planning portfolio group meetings were held with leading officers and Cabinet Members from Districts. However, there often could be separate negotiations and contributions sought by county, district and Health when there could be synergies from more combined efforts in seeking contributions.
- (x) Members challenged the delivery and outcomes being achieved for some projects and linking both capital programme and developer contributions closer to the levelling up aspirations, and avoiding duplication of work by County and District.
- (xi) The Cabinet Member offered to return at another time to discuss the capital programme and what it was delivering, future plans and how utilising the funds being held.

BUDGET PLANNING FOR 2023/24

- (xii) A fully balanced budget for 2022/23 year was approved in February 2022 but it had forecast an increasing shortfall for subsequent years.
- (xiii) The process for setting the 2023/24 budget and the medium-term resource strategy had been underway since the beginning of the financial year.
- (xiv) Bank of England projections for inflation had further deteriorated through the year. The Council continued to liaise with CIPFA and other Local Government networks as to what others were modelling.
- (xv) The most significant effect of inflation for the Council was on the cost of providing Adult Social Care and basic living wage calculations.
- (xvi) Scenario assumptions for budget setting had been refreshed for 2023/24 modelling ranging from different levels of inflation, tax revenues, government funding, demand, savings at risk, fees and charges with an assessment of the Council's level of confidence in being able to mitigate each challenge.
- (xvii) The Cabinet Member continued to work with other portfolio holders to encourage identification of further savings including service transformations and innovations, new ways of working and use of technology. Executive Directors would be expected to work closely with their Heads of Service in leading on the review of every line of their respective budgets.

Conclusion:

The following was agreed:

- (i) The July Cabinet paper had referenced, as part of the narrative on the Adult Social Care Overspend, the ceasing of some government funding specifically to support hospital discharge. Whilst that had been Covid related funding and time limited, the Cabinet Member agreed to review this further and the anticipated impact of reduced funding and any alternative funding sources available.
- (ii) Further information and breakdown on the vacancies in the Highways Team would be provided.
- (iii) Further information and clarification on the highways maintenance and sustainable transport budgets and the

reference to a related overspend within the Local Highways Panels budget in relation to savings in the budget for which a permanent solution could be found.

- (iv) The underspend due to the level of use of concessionary fares and how much of this reduction was due to loss of bus services together with monitoring of the delivery of the contracted bus services. The Committee may decide to pursue this with the Cabinet Member for Highways Maintenance and Sustainable Transport – possibly in conjunction with the Place Services and Economic Growth Policy and Scrutiny Committee.
- (v) A further financial update would be scheduled after discussions about appropriate timing for this between the Chairman, Cabinet Member and officers.

The Cabinet Member and supporting officers were thanked for their attendance and they then left the meeting.

5. Work Programme

The Committee received report CPSC/18/21 comprising the current work programme of the Committee which was noted.

6. Date of Next Meeting

It was noted that the next meeting due to be held on Thursday 27 October 2022 would need to be rescheduled due to the unavailability of witnesses for the proposed agenda items.

There being no further business the meeting closed at 11.50am

Chairman