



Essex County Council

Corporate Policy and Scrutiny Committee

10:00	Thursday, 14 December 2023	Committee Room 1 County Hall, Chelmsford, CM1 1QH
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For information about the meeting please ask for:

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Essex County Council and Committees Information

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Pages

Private Pre-Meeting for CPSC Members

Please note that there will be a virtual private pre-meeting for committee members on 13 December at 4pm via Microsoft Teams.

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|----------|---|---------------|
| 1 | Membership, Apologies, Substitutions and Declarations of Interest | 4 - 4 |
| 2 | Minutes: 7 November 2023
To approve as a correct record the Minutes of the meeting held on 7 November 2023, to receive the notes of a private discussion held on 23 November 2023 (to follow) and to consider matters arising. | 5 - 12 |
| 3 | Questions from the Public
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 this meeting, please email [Democratic Services](#) by 12 noon the day before (Wednesday 13 December 2023).

4	Failing Councils - what can we learn?	13 - 27
5	2024-25 Budget Building and Setting Process	28 - 29
6	Devolution - Developing the Deal	30 - 32
7	Work Programme	33 - 36
8	Date of Next Meeting To note that the next meeting will be held on Thursday 25 January 2024 at County Hall.	
9	Urgent Business 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.

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.	
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Agenda item 1

Committee: Corporate Policy and Scrutiny Committee

Enquiries to: Graham Hughes, Senior Democratic Services Officer

Membership, Apologies, Substitutions and Declarations of Interest

CORPORATE POLICY AND SCRUTINY COMMITTEE (14)

10 Con: 1 Lab: 1 LD: 2 NAG)

Councillor C Pond	Chairman
Councillor L Barber	
Councillor S Crow	
Councillor M Garnett	
Councillor I Henderson	
Councillor S Kane	
Councillor M Mackrory	Vice-Chairman
Councillor J McIvor	
Councillor A McQuiggan	
Councillor C Souter	
Councillor W Stamp	
Councillor M Steptoe	Vice-Chairman
Councillor M Vance	

Recommendations:

To note

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

Minutes of the meeting of the Corporate Policy and Scrutiny Committee, held at 12.53pm on Tuesday, 7 November 2023 in Committee Room 1, County Hall, Chelmsford.

Present:

County Councillors:

Chris Pond (Chairman of the meeting for items 5 - 8)

Simon Crow

Mike Garnett

Mike Mackrory (Vice Chairman - Chairman of the meeting for items 1 - 4)

Jaymey McIvor

Anthony McQuiggan

Clive Souter

Wendy Stamp

Mike Steptoe (Vice Chairman)

Marshall Vance

Members of the Committee joining remotely via Zoom:

Lewis Barber

Ivan Henderson

Councillors from other scrutiny committees also present:

Carlo Guglielmi, Vice Chairman - People and Families Policy and Scrutiny Committee

Peter May, Vice Chairman - People and Families Policy and Scrutiny Committee

Councillor from another scrutiny committee joining remotely via Zoom:

Alan Goggin, Chairman - Place Services and Economic Growth Policy and Scrutiny Committee.

Graham Hughes, Senior Democratic Services Officer, and Lisa Siggins, Democratic Services Officer, were also present.

Councillor Pond was not present at the start of the meeting due to travel delays.

Councillor Mackrory took the chair for agenda items 1–4 inclusive. Thereafter, Councillor Pond took the chair for the remainder of the meeting.

1 Membership, Apologies, Substitutions and Declarations of Interest

The report on Membership, Apologies, Substitutions and Declarations was received and it was noted. Apologies for absence had been received from Councillors Lewis Barber and Ivan Henderson (both of whom joined the meeting remotely via Zoom) and Councillor Sam Kane.

Declarations of interest were declared in relation to agenda item 5 as follows:

Councillor Ivan Henderson - Cabinet Member at Tendring District Council and various levelling up initiatives launched or being launched in conjunction with the district Council were being reported.

Councillor Lewis Barber – member of the St Botolphs Panel

Councillor Guglielmi - member of the Tendring Colchester Borders Garden Community Project
Councillor Alan Goggin - Director of Hope Academy (and Chairman of Finance Committee)

2 Minutes and Matters Arising

The draft minutes of the meeting held on 28 September 2023 were approved as a true record and signed by the Chairman of the meeting.

Matter Arising

It had been reported at the last meeting (as part of the agenda item on Council-owned Companies) that one ECC Director was remunerated for their role on Essex Cares Limited. ECL had been going through a period of review after the Chief Executive had left the Company and the ECC employee had been appointed as an interim replacement. It was confirmed that the period of this interim placement had just been extended further.

3 Questions from the public

There were no questions from the public.

4 2023/24 Financial Overview as at the Half Year

The Committee considered report CPSC/20/23 incorporating the 2023/24 Half Year Financial report presented to Cabinet on 10 October 2023.

The following joined the meeting for the duration of the item:

- Councillor Chris Whitbread, Cabinet Member, Finance, Resources and Corporate Affairs.
- Stephanie Mitchener - Director, Finance
- Adrian Osborne, Head of Strategic Finance & Insight

Key points raised during the introductory presentation and subsequent discussion included:

- (i) Financial conditions were challenging. Inflation remained high although slowly falling, and interest rates remained well above rates generally seen over the past 15 years.
- (ii) A revenue over-spend of £12.7m (1.2%) was forecast at the half year stage. This was driven by higher levels of complexity and cost of placements for children, Adult Social Care reablement capacity issues and more spot purchasing being required, home to school transport, and a delay in delivery of the organisation wide Staffing Review. Provider costs had increased and ECC

were using all opportunities to lobby Government about the pressures on Children's Services and Adult Social Care.

- (iii) The half year update was showing how the financial position of the County Council progressed during the year including cost recovery activity within year and the operation of provisioning and reserves to fund overspends if necessary.
- (iv) Whilst the County Council held significant reserves, a significant part of them were already earmarked for use. ECC continued to hold reserves specifically set aside for inflationary risk.
- (v) A capital over-spend of 12.2m (3.8%) was forecast against the latest budget of £319.1m. After proposed adjustments there was a residual overspend of £3.2m. Increased cost of road maintenance and footway maintenance were a key driver although there had been slippages and/or reductions in some project costs.
- (vi) £35.5m of savings were planned for 2023/24 with £6.9m currently at risk of non-delivery.
- (vii) Anticipated levels of borrowing and grants were set out in the report. Whilst there were some specific disclosures about new borrowing, the County Council would also continue to pay off existing debt. It was planned to plateau the levels of debt.
- (viii) Grants for the current year had been favourably enhanced by Government grants currently available. In terms of the capital programme, some schemes had attracted specific housing infrastructure grant funding.
- (ix) A £2.4m overspend on Home to School Transport was due to unfunded pressures which included more complex passenger needs and further mileage travelled, and an estimated £600,000 transporting Asylum students from hotels to mainstream schools across the county. Further analysis was underway to help develop a plan to manage the escalating costs.
- (x) The County Council had used some reserves to take actions after the Government announcement on Reinforced autoclaved aerated concrete (RAAC). The Government had indicated that there would be reimbursement of costs incurred but there was no further detail about that currently available. The Scrutiny Board would be looking at the financial implications of RAAC and impact on pupil wellbeing next year.
- (xi) Challenges remained in recruitment and retention of health and social care staff. It was suggested that it may also apply to some extent to resourcing and support for Local Highways Panels.

Conclusion

It was agreed to provide further information on the following:

- (i) The savings anticipated from the Staffing Review and a schedule/forecast on when deliverable and realised.
- (ii) Revenue Support Grant levels over last few years to help provide further transparency on the trend.
- (iii) The mid-financial year adjustment for funding Local Highways Panels and particularly whether some previously announced funding of £2.4m was no longer being fully released.

The contributors were thanked by the Chairman for their attendance and then left the meeting.

The meeting then adjourned at 1.50pm and reconvened at 2pm.

5. Performance discussion- April to August 2022-23

The Committee considered report CPSC/21/23 which comprised an update on the progress being made against Key Performance Indicators – based on the Q1 performance report with some core updates up to August 2023, together with some broader commentary on the wider operational landscape of Essex, including other factors affecting residents.

The following joined the meeting for the duration of the item:

- Councillor Kevin Bentley, Leader.
- Councillor Louise McKinlay, Deputy Leader and Cabinet Member for Levelling Up, and the Economy.
- Suzanne Barcz, Head of Performance and Business Intelligence.
- Rebecca Gipp, Head of Levelling Up Co-ordination

Key points raised, acknowledged and/or noted during the discussion included:

- (i) With projections of increasing numbers of elderly residents requiring social care, ECC services needed to be transformed to enable better and more efficient delivery of support in future.
- (ii) Devolution could enable greater influence, and responsibilities for, the skills agenda and enhancing opportunities.
- (iii) It was suggested that accessibility to, and affordability of, transport could be a significant barrier to levelling up. One of the elements of future Tier 2 devolution could be having the responsibility to manage bus franchises.

- (iv) There were significant demand and cost pressures on children's services and social care. There were also significant increases in Home to school transport costs and a suggestion was made that the statutory guidance on this may need to be reviewed.
- (v) Some members highlighted the increasing numbers of homeless and the pressure on District council finances in finding accommodation for those homeless.
- (vi) Partnership work with districts and other local partners was particularly important in relation to accommodating those seeking asylum and providing the necessary underlying community cohesion. Reference was made to a recent release of a Police community tensions report which Councillor Stamp undertook to circulate round to members of the Committee.

Levelling Up update

- (vii) The Year 2 annual report would be finalised around February next year. It was stressed that assessing the impact of levelling up initiatives should be on a cumulative basis.
- (viii) The focus had now moved to certain cohorts of people in need across the county. Levelling up was not just about specific places. Some examples of work being done for each cohort were highlighted. There were early indications that levels of school readiness and literacy were showing some improvement. There was ongoing work with partners to improve recruitment and retention in the Early Years workforce.
- (ix) Community supermarkets had been launched and it was intended to have at least one in every district area by year end.
- (x) The Multi-Disciplinary Team pilot project in Tendring had placed some additional support in certain areas particularly where intergenerational dependency was being seen. There was now some consideration being given to a possible second pilot project on Canvey Island and then a future assessment as to the extent such projects could be further spread across the county.
- (xi) Some examples were given of work to support those not in education, employment or training (NEETs). Programmes were operating with some local businesses to help support those struggling with their mental health and/or with special educational needs and disabilities into employment.
- (xii) Further devolution might enable more targeted funding for training to align with the specific requirements of local businesses. Apprenticeships could be supported through specific technical colleges with the college near to Stansted

Airport and the new provision at Harlow (which was primarily focussed on training to service electric vehicles) highlighted as examples. The challenges facing, and greater support needed for, rural businesses were also highlighted.

- (xiii) The Green Entrepreneurs Programme provided six weeks of fully funded workshops and at the end of the programme participants could pitch ideas for funding.

Conclusion

It was agreed to provide further information on:

- (i) The County Council's direct GHG emissions as figures for CO2 carbon monoxide emissions did not seem to have reduced as much as could be expected. This should include the extent of using more electric and hybrid vehicles as part of the vehicle fleet and whether the County Council was having to wait until car leases expired before being able to make changes. The impact of the roll-out of LED street-lights programme should also be further clarified.
- (ii) The work of the Business Essex Board and support provided especially for apprenticeships and recruitment and where the support activities are based across the county.
- (iii) The numbers waiting for more than 28 days for assessment.

The contributors were thanked by the Chairman for their attendance and then left the meeting.

7. Work programme

The Committee considered and noted report CPSC/22/23 which comprised the current work programme for the Committee. It was further noted that the timing for the first scrutiny discussion on any Government announcement of devolution proposals for Essex was still to be confirmed.

Urgent Business

No items were raised.

The Chairman then closed the meeting at 3.20pm

Chairman

Corporate Policy and Scrutiny – Outstanding Matters Arising as at 14 December 2023: APPENDIX

Date	Agenda item	Action	Status
7 November	2023/24 Financial Overview as at the Half Year	The savings anticipated from the Staffing Review and a schedule/forecast on when deliverable and realised.	To be included in next update
		Revenue Support Grant levels over last few years to help provide further transparency on the trend.	To be included in next update
		The mid-financial year adjustment for funding Local Highways Panels and particularly whether some previously announced funding of £2.4m was no longer being fully released.	To be included in next update
	Performance discussion – April to August 2022-23	The County Council's direct GHG emissions as figures for CO2 carbon monoxide emissions did not seem to have reduced as a much as could be expected. This should include the extent of using more electric and hybrid vehicles as part of the vehicle fleet and whether the County Council was having to wait until car leases expired before being able to make changes. The impact of the roll-out of LED street-lights programme should also be further clarified.	TBC
		The work of the Business Essex Board and support provided especially for apprenticeships and recruitment and where the support activities are based across the county.	TBC
		The numbers waiting for more than 28 days for assessment.	TBC
27 April 2023	Procurement update	Procurement rules for ECC's Country Parks would be checked as it was suggested that their cafes and gift shops, for example, could only procure from a single source and were unable to supplement that with procurement opportunities with local businesses.	TBC
		A check would be made as to whether information was also disseminated through Districts.	TBC
		Consideration be given to establishing a holistic monitoring and mentoring process for unsuccessful tenderers to provide feedback.	TBC
		Learning and collaborative working opportunities from the Strategic Supplier Collaboration Forum should also be shared with the unsuccessful tenderers.	TBC

Date	Agenda Item	Action	Status
27 April 2023	Procurement update continued..	A further breakdown be provided on SME spend and trends.	TBC
		Clarification on how the aspiration that by 2050 Essex as whole county would be net zero was defined in terms of procurement and reach and influence.	TBC
23 March 2023	Estates Transformation programme update	(i) the advice and guidance issued to staff around checking their home insurance cover for home working and personal safety. (ii) levels of funding in the ERIF and specifically commentary on how that fund could be used, possibly in conjunction with Essex Housing, to facilitate repurposing some properties.	TBC
		(iii) Update on how the core estate is meeting climate targets.	TBC
		(iv) ECC approach to embodied carbon in its buildings	TBC

Report title: Failing Councils – What can we learn?	
Report to: Corporate Policy and Scrutiny Committee	
Report author: Cllr Christopher Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs	
Date: 14 December 2023	For: Discussion
Enquiries to: Stephanie Mitchener, Director, Finance email stephanie.mitchener@essex.gov.uk or Paul Turner, Director, Legal and Assurance email paul.turner@essex.gov.uk	
County Divisions affected: All Essex	

1. Purpose of report

- 1.1 This item will provide the Committee with background information relating to lessons learned from local authorities that have experienced significant financial challenges and been subject to statutory intervention in recent years. It will summarise common themes identified and consider any associated risks for this Council.

2 Background

- 2.1 Since 2018, an increasing number of local authorities have experienced financial failure which has seen an increasing number of s151 officers issuing S114 reports. In response the Government has directed formal interventions, appointing ‘commissioners’ to take over certain functions of the councils in question. Lessons learned from these interventions can be drawn from Best Value Inspections and reports written by both commissioners and external auditors.

3 Intervention in local government

- 3.1 In England, the Government has powers to intervene in the running of a local authority, which permit the takeover of any local functions by the Secretary of State or their appointee (called a commissioner). If the Secretary of State is not satisfied that an authority is exercising its best value duty properly then he or she may intervene. Each intervention typically begins with appointment of commissioners and the issue of formal directions. Usually, commissioners can exercise powers in parallel to the local authority, and they generally seek to minimise the number of formal decisions they take. The powers of commissioners can be increased or decreased over time and most often an intervention will last for an initial period of three years.

- 3.2 The Secretary of State cannot exercise these powers unless he or she is satisfied that the authority is failing to meet the duty of best value. Sometimes – as in Thurrock – the Secretary of State is satisfied without needing to commission an inspection. In other cases a Best Value inspection may precede an intervention and if this evidences that the authority is failing to comply with the best value duty, Government will set out proposals for an intervention. Although this often means the appointment of Commissioners, it may direct the council to carry out certain actions such as preparing and implementing an improvement plan or making certain appointments.
- 3.3 Where commissioners are appointed the breadth of commissioner responsibilities has varied between the interventions undertaken.
- 3.4 The local authorities subject to these interventions include Northamptonshire County Council, Liverpool City Council, Slough Borough Council, Nottingham City Council, London Borough of Croydon, Thurrock Borough Council and most recently Woking Borough Council and Birmingham City Council.
- 3.5 The slides attached as an appendix will be presented to the Committee at the meeting and set out findings from the lesson learned reports issued to date. This will allow the opportunity for discussion.

4 List of Appendices

Power Point Presentation: Failing Councils – What can we learn?

Failing Councils What can we learn?

Corporate Policy and Scrutiny Committee

14 December 2023

Local Government is big news



'Bankrupt' Birmingham City Council braced for government intervention

Man bought private jet and Bugatti supercar after council gave him £655m of taxpayers' money

At least 26 English councils 'at risk of bankruptcy in next two years'

Research from body representing 47 authorities says many could follow Slough, Croydon, Thurrock and Woking into collapse

The 2019 warnings about Woking's Singapore dreams: 'I asked officials how they slept at night over debt'

Bankrupt Woking Borough Council was warned four years ago by an independent group of councillors and council officials about its level of debt and lack of transparency - now it's off the scale

Local Government failure - what can we learn?

Recap on what's going on in sector

Common features of failure

What's being done to help avoid in future

Some examples...



Long term deterioration in financial resilience and low levels of reserves; plus serious concerns around optimism bias and non delivery in its **housing company** – no proper decision making. Formal intervention announced on 20 July 2023, moving previous panel to statutory. Directions on individual priority areas of finance and housing.



Concerns about planning, highways, regeneration and property management at Liverpool City Council. Merseyside Police investigation into fraud, bribery, corruption and misconduct in public office, which involves a significant connection to Liverpool City Council. Intervention 10 May 2021. Significant governance failures – legal kept out of reports.

Northamptonshire



County Council

Following the Ofsted inspection report published in August 2013 which resulted in an 'inadequate' judgment and the subsequent Statutory Direction, NCC lost budgetary control and appeared to abandon strong and effective budget setting scrutiny. The organisation was split up into many small companies. Led to replacement of NCC and the six districts with two unitary authorities.



The Council has failed to act on the warnings, clearly stated by their Section 151 Officer, to manage their budgets. Many risks have materialised, most notably the failure of Robin Hood Energy. Statutory intervention on 22 June 2022

Further examples ...



Statutory intervention started in September 2022. Borrowing strategy failed when other LAs were advised not to lend to it. This created a sudden urgent need to secure government funding. As a result of this the nature and scope of the investments became clear. The increase in interest rates exacerbated the situation. Best Value Inspection report published 15 June 2023 identified serious and systemic failures across political and corporate leadership, poor decision making, inadequate scrutiny and culture of secrecy. £1.2bn debt, annual spend of £135m



Slough made many property investments in the Borough which proved unsustainable and a restructure put people in jobs which didn't match their professional experience or knowledge. Professional experience was lost. The Council has worked hard to sell off assets and rebuild the corporate centre but two years later there is still much to do.



Government announced intervention due to serious financial and governance issues 19 September 2023: Max Caller appointed commissioner. Birmingham City Council's s151 issued a s114 report caused by backdated equal pay liability (est £760 million), large in-year budget deficit and failure to implement a new finance IT system. There are grave financial concerns.



Commissioners appointed in May 2023. The Council has 15 wholly owned companies and eight joint ventures ranging from property developments to investments designed to increase the number of guest houses in the Borough. Debts of £1.2bn, annual budget of £16m.

The Week in Housing: do council housing companies ever work?

INSIGHT 02.12.22 3.00 PM BY JACK SIMPSON



Property companies

- Many authorities have invested in property
- Many authorities have experienced serious difficulties with their companies/property investment:
 - Croydon
 - Cambridgeshire
 - Woking
 - Spelthorne
 - Thurrock
 - Lambeth
 - Liverpool

The common organisational problems

- Poor leadership culture
- Dereliction of political leadership
- Excessive self-confidence
- ‘Exotic solutions’ to avoid transformation
- Failure of governance, scrutiny and ‘checks and balances’
- Incomplete or inaccurate information given to members
- Systemic weakness - not individual actions
- Weakened corporate centre –inadequate financial management and internal controls
- Often poor change and project management

“Biggest lesson to emerge for other councils was the importance of being ‘self aware’

Tony McArdle (BVI Nottingham)

The Council’s lack of openness and transparency has given rise to a culture of **insularity and complacency**. Internal challenge has been discouraged, undermined the Council’s ability to learn .. (sic) putting Thurrock in a state of ‘unconscious incompetence’ *Thurrock BVI*



Common facts

- Failed major projects – failing to deliver or overspent
- Unusual financial engineering/investments/acquisition of debt
- Poor governance – number of monitoring officers is one metric
- Poor situational awareness
- Not having proper controls or paying lip service to them.
- New offices/vanity projects



The common financial problems



Erosion of reserves

Unbalanced budgets
'mañana' approach

Under
capacity/capability of
key corporate
resources

Optimism bias on
commercial outcomes

Over exposure

Lack of political and
corporate
engagement on core
financial management

Significant technical
failures (notably in
capital accounting and
MRP 'debt paydown')

Transformation often
in name only – no
accountability for
delivery

Short termism

What is a commissioner and what has it meant for us?

- The Local Government Act 1999 – gives secretary of state power to send in commissioners to take over functions – rare to exercise powers, but they are there as a last resort.
- Variety of commissioners
- Appointment process by DLUHC
- For ECC officers it has meant
 - Opportunity to make a difference
 - New perspectives
 - New connection to Whitehall
 - Learning
 - Humility



What is being done to try to stop this happening?

- LGA Improvement and Assurance Framework – mapping and analysis of what should be in place
- Code of conduct for statutory officers being developed jointly CIPFA SOLACE LLG
- Best value guidance – DLUHC
- CIPFA resilience index
- Rule of Law and Ethics for in house lawyers being developed by Law Society
- Review of role of monitoring officer being undertaken to try and define.
- OfLoG creation by DLUHC
- DLUHC capital risk matrices



Reasons to be cheerful?



- There's no room for complacency. We can't assume that it couldn't happen here.
- We have strong internal controls and good decision making
- We have a culture of internal challenge, scrutiny
- We have good member/officer relationships
- Our politicians understand the challenges
- Creation of Financial Oversight Board
- Our size gives us resilience, but can magnify risks.



Report title: 2024/25 Budget Setting Process	
Report to: Corporate Policy and Scrutiny Committee	
Report author: Cllr Christopher Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs	
Date: 14 December 2023	For: Consideration
Enquiries to: Stephanie Mitchener, Director of Finance email stephanie.mitchener@essex.gov.uk or Adrian Osborne, Head of Strategic Finance and Insight email adrian.osborne2@essex.gov.uk	
County Divisions affected: All Essex	

1. Purpose of report

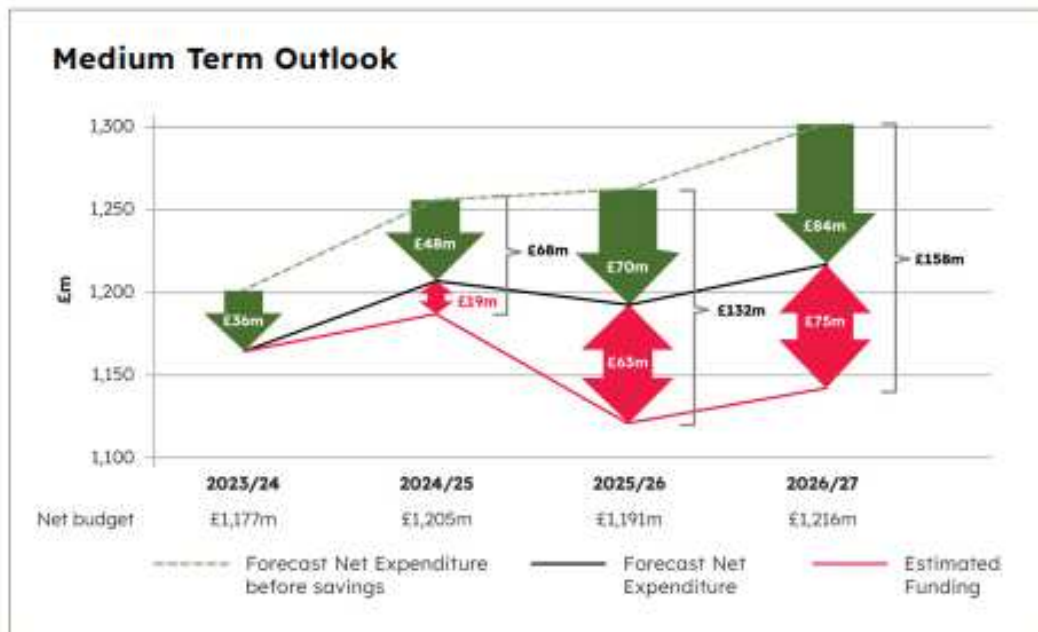
- 1.1 This item is to provide an overview of the budget process for 2024/25, including how the budget is built, key risks being considered, the uncertainty driving the medium term, and key dates in the lead up to the February 2024 Council meeting.

2 Background

- 2.1 The process for setting the 2024/25 budget and the medium term resource strategy has been underway since the beginning of the financial year. Work is now in its final stages and will continue until the final budget for 2024/25 is presented to Cabinet in January, followed by Full Council in February.

3 2024/25 Budget Setting Process

- 3.1 Budget setting for 2024/25 and a refresh of the medium term resource strategy is now in its final stages. As set out in February 2023, our medium term resource strategy forecast a budget gap of £19m for 2024/25, rising to £75m by 2026/27.



- 3.2 Throughout the year scenario planning of our key assumptions that drive the budget, including inflation, demand, saving delivery and Council Tax and Business Rates variables has been undertaken, based on confidence and latest information available.
- 3.3 Given the current economic climate, there are a number of risks and challenges that we are facing in setting next year's budget. The rate of inflation is still over 4%, double the Bank of England target, and the ongoing uncertainty around forecast levels of inflation will impact contractual expenditure. As an example of this uncertainty, in the 2023/24 Half Year report to Cabinet in October, inflation pressure of £14m was identified above that budgeted for. In addition, we have seen significant in-year pressures across Children in Care and Home to School Transport, that will impact on the budget for 2024/25. There is also the impact of cost of living on our residents, given higher than normal inflation, and the impact this may have on demand for services and tax collection rates (both for council tax and business rates). Alongside this there remains significant uncertainty on medium term funding from government.
- 3.4 As part of the presentation to the Committee we will set out the process of how we build the budget and the key elements that make up the budget.

4 List of Appendices

None

Report title: Devolution: Developing the Deal	
Report to: Corporate Policy and Scrutiny Committee	
Report author: Councillor Kevin Bentley, Leader of the Council	
Date: 14 December 2023	For: Discussion
Enquiries to: Richard Puleston, Director: Policy	
County Divisions affected: All Essex	

1. Purpose

To provide an update to Corporate Scrutiny on current progress with the devolution work.

2. Action Required

It is suggested that, at this point in time, Corporate Policy and Scrutiny Committee note the report. There are ongoing discussions at Scrutiny Board and amongst Scrutiny Chairmen regarding arrangements for future scrutiny.

3. Update

High Level summary

The detail of the Greater Essex devolution deal is largely settled and the arrangements to consult and to begin design work on a new Combined Authority are well-developed. The government is currently in the process of gauging support amongst Essex's MPs. We expect clarity about whether we can proceed with the deal, subject to public consultation, by the end of the year. A high level update on elements of the work is set out below.

Autumn Statement

The Autumn Statement kept up momentum for devolution deals by announcing four new deals: at Level 3 for Hull and East Yorkshire; and for Greater Lincolnshire; and at Level 2 for Cornwall and Lancashire (attached link to Press Notice [Lancs Devo PN](#) and [deal documents on the Gov.uk website](#)). Alongside these deals the government announced its intention to move forward additional Level 2 deals with county areas; published a new Level 4 to the devolution framework; and set out further detail for

the trailblazing single funding settlements in Greater Manchester and the West Midlands.

Deal Progress

The Greater Essex deal text has largely been agreed and is in its final draft. As well as the elements for a L2 Deal around skills, transport, inward investment and net zero, the Deal also includes reference to the new Local Visitor Economy Partnership (LVEP); a health improvement duty and £20m of new capital investment. It is likely to be most similar in substance to Lancashire's deal which is also a L2 deal and was negotiated at broadly the same time as ours.

Governance

The high level governance arrangements are incorporated into the deal text. They include two members and votes for ECC and one each for Southend and Thurrock. There will also be two non-voting representatives from North Essex Councils and one non-voting rep from South Essex Councils. The PFCC may also have a vote inside the CA on matters pertaining to the PFCC's remit, depending on the nature of precisely what is devolved to the new institution. There will also be a representative of business on the board. All of these matters will be kept under review.

MP Engagement

The Secretary of State and the Minister met with MPs on 31st October and subsequently wrote to them, responding to the issues raised in the meeting, and asking MPs to respond indicating their support for the Greater Essex devolution deal. We are also continuing to engage with MPs and shared more detail of the deal with their offices in November.

Business Engagement

Business Engagement is continuing through a number of different forums and channels with officers continuing to reach out to employers to secure letters of support to local MPs. Planning for further engagement and business communications is also underway ready for the final announcement and launch of the public consultation.

Consultation Planning

Consultation proposals have been developed (still work in progress) and we are ready to undertake delivery and analysis of both the open public consultation and a targeted sample survey. The confirmed start date for the consultation will be shared once we have a date for the deal to be announced. The aim remains to conclude the

consultation and allow a final decision to be put to Leaders before the local election period.

Building the Combined Authority

We have begun working up the structure for the next phase of the work programme which, alongside delivery of the public consultation, will be focussed on the design and set up of the new combined authority. A high-level timeline is being developed that would include having proposals for the CCA design, including clarity about ongoing running costs, so that this information can be incorporated into any final decision on the deal. It is our intention to ensure that the design work is as collaborative as possible, engaging fully with city, district, and borough councils as we have done throughout the process. We will need to work through the synergies and links with South and North Essex Councils, as well as the transition of LEP functions (which will happen regardless of devolution). We need to anchor this in a clear vision of where we want to be by April 2025, and focus energy on driving growth and productivity not just internal process as we risk being left behind and unprepared for a post General Election Spending Review.

Work Programme

Reference number: CPSC/26/23

Report title: Work Programme and Communications Review	
Report to: Corporate Policy and Scrutiny Committee	
Report author: Graham Hughes, Senior Democratic Services Officer	
Date: 14 December 2023	For: Discussion and identifying any follow-up scrutiny actions
Enquiries to: Graham Hughes, Senior Democratic Services Officer at graham.hughes@essex.gov.uk.	
County Divisions affected: Not applicable	

1. Introduction

- 1.1 The work programme is a standard agenda item. The work programme for the Committee continues to be developed and the current position is outlined below.

2. Action required

- 2.1 The Committee is asked to consider this report and issues under consideration in the Appendix and any further development or amendments.
- 2.2 The Scrutiny Board has asked scrutiny committees to also give consideration as to which work programme items may benefit from communications activity in order to promote the work of the scrutiny function both internally and externally. Members are asked to consider this when reviewing the Appendix.

3. Background

3.1 Developing a work programme

Work has continued on identifying priorities and future agenda items. This has included discussions with Committee Members, Cabinet Members and Officers as well as the other Policy and Scrutiny Committees via the Scrutiny Board.

This work has reflected the adoption of the *Everyone's Essex – Our Plan for Levelling Up the County: 2021-2025* strategy at Council on 12 October 2021.

The current work programme is attached in the **Appendix**.

4. Everyone's Essex

The Committee should take account of the *Everyone's Essex – Our Plan for Levelling Up the County: 2021-2025* strategy when considering the work programme and future items.

Work Programme

Particular attention should be paid to the strategic ambitions (and associated commitments and performance measures) most relevant to the work of the Committee. Reflecting the corporate focus of the committee, this could be more looking at the How We Will Deliver section and include scrutiny of effectiveness and efficiency, value for money, and the managing and prioritising of resources, so that investment can be made in the priorities set out in the strategy. It could also include scrutinising the People Plan in the strategy which aims to ensure that the County Council has the capability to meet the demands ahead.

5. Update and Next Steps

See Appendix.

6. Appendix

- Current Work Programme.

APPENDIX**Corporate Policy and Scrutiny - Work Programme – 14 December 2023**

Provisional Date	Topic Title	Lead Contact	Purpose and Target Outcomes	Relevance to Scrutiny Theme	Cross-Committee
14 December 2023	Failing Councils – lessons learnt	Executive Director: Corporate Services	To consider lessons learnt	Ability to deliver Everyone's Essex Strategy	TBC
14 December 2023	2024/25 Budget Building Process	Chancellor of Essex/ Director Finance	To consider process for preparation of draft 2024/25 Budget.	Ability to deliver Everyone's Essex Strategy	Not applicable
14 December 2023	Devolution update	Leader/Deputy Leader/ Director, Policy and the Head of Performance & Business Intelligence	To consider the latest position on possible devolution.	Ability to deliver Everyone's Essex Strategy	Scrutiny Chairman and VCs invited
25 January 2024	Budget 2024/25	Chancellor of Essex/ Director Finance	To consider the draft Budget before presentation to Full Council	Ability to deliver Everyone's Essex Strategy	Not applicable
25 January 2024	Corporate Economic Renewal Fund/Strategy	Chancellor of Essex/Planning a Growing Economy/Head of Finance Commercial Insight	To consider update and follow-up on issues arising from discussion last May.	Ability to deliver Everyone's Essex Strategy	Yes - PSEG
January or February 2024	Everyone's Essex Strategy	Leader/Deputy Leader/ Director, Policy and the Head of Performance & Business Intelligence	To consider the 2023/24 Quarter 3 update to monitor progress.	Scrutiny of the Everyone's Essex Strategy	Scrutiny Chairman and VCs invited
29 February 2024	Financial Update	Chancellor of Essex/ Director Finance	To consider the latest financial performance report (Third Quarter Stage)	Ability to deliver Everyone's Essex Strategy	Not applicable

January or February 2024	Insurance	Chancellor of Essex/Risk and Insurance Manager	To consider (i) policies to cover highways damage (ii) approach towards risk and insurance and spend	Ability to deliver Everyone's Essex Strategy	Not applicable
Spring 2024 TBC	Property Strategy update	Chancellor of Essex/Director: Property and Investment & Delivery	Further update to include how the core estate is meeting climate targets	Ability to deliver Everyone's Essex Strategy	TBC
Spring 2024 TBC	Facilities Management contract review	Chancellor of Essex/Director: Property and Investment & Delivery	Annual review of structure, identifying savings, performance and encouraging social value	Ability to deliver Everyone's Essex Strategy	Not applicable
Spring 2024 TBC	Levelling-Up	Deputy Leader & Cabinet Member for Levelling up, Communities and Engagement	To consider the Annual Report on the Levelling Up Programme	Ability to deliver Everyone's Essex Strategy	TBC
April/May 2024	Council owned 'for profit' organisations	Chancellor of Essex/Director Finance	To understand investments and current approach and performance (to align with Annual Report)	Ability to deliver Everyone's Essex Strategy	Not applicable
TBC	Infrastructure Funding / developer contributions	Cabinet Member, Planning a Growing Economy/ Lead Infrastructure Planning and Finance Manager	To consider the latest IFS annual report and further information on developer contributions	Ability to deliver Everyone's Essex Strategy	Yes – TBC
Quarterly – dates in 2024 TBC	Everyone's Essex Strategy	Leader/Deputy Leader/Director, Policy and the Head of Performance & Business Intelligence	To consider latest update to monitor progress.	Scrutiny of the Everyone's Essex Strategy	Scrutiny Chairman and VCs invited
TBC	Essex Archive Services	Cabinet Member Devolution, Arts, Heritage and Culture	Future approach including use of digitalisation.	Ability to deliver Everyone's Essex Strategy	Not applicable

Being considered by the Scrutiny Board: Arrangements for scrutiny of devolution proposals