
Minutes of the meeting of the Corporate Policy and Scrutiny Committee, held at 10.30am in Committee Room 1 County Hall, Chelmsford, CM1 1QH on Thursday, 28 January 2020

Present:

County Councillors:

M Mackrory (Chairman)

M Buckley

I Grundy (substitute)

M Hardware (up to 12pm)

M Maddocks

V Metcalfe (Vice Chairman)

J Moran

R Pratt

A Sheldon

M Steptoe

J Young (Vice Chairman)

Councillor Aldridge was also observing for part of the meeting.

Graham Hughes, Senior Democratic Services Officer, was present throughout.

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 Butland, Garnett (for whom Councillor Grundy substituted), and Councillor Turrell.

2. Minutes

The draft minutes of the meeting held on 26 November 2019 were approved as a true record and signed by the Chairman.

Matter arising – the Senior Democratic Services Officer would chase up the provision of a copy of the 5-year Fosters Strategy.

The review of Property portfolio agenda item intended for this meeting had been deferred due to officer unavailability. Councillor Finch undertook to investigate further to ascertain if alternative cover could and should have been provided for the item. Members also asked for further re-assurance that the Property team were adequately resourced and that there were staff business continuity plans in place across the organisation.

3. Questions from the public

There were no questions from the public.

4. 2019/20 Financial Overview – Quarter Three

The Committee considered report CSPC/01/20 comprising a financial overview of the County Council's revenue and capital budgets as at the third quarter stage of the 2019/20 financial year.

The following joined the meeting to introduce the item and respond to questioning:

County Councillor David Finch, Leader and Cabinet Member and portfolio holder for Finance, Property and Housing.

Christine Golding, Chief Accountant, Essex County Council ("ECC").

Stephanie Mitchener, Director, Finance & Procurement, ECC.

Nicole Wood, Executive Director, Finance and Technology, ECC.

At the invitation of the Chairman, Councillor Finch introduced the item and during a brief introduction and overview included references to:

- (i) The capital programme was forecast to underspend by £18.6m (8.1%) against the current budget of £228.6m.
- (ii) There was a full year forecast overspend of £786,000 on revenue budget mainly due to overspends within the Children's and Families portfolio (£3.5m), primarily down to supporting more complex cases and higher than expected placement costs, and in the Education and Skills portfolio, primarily due to higher than budgeted Home to School transport costs which was offset by under spends within Health and Social Care. There would be an increase of £7m in the Childrens and Families budget for the next financial year.
- (iii) There had been significant growth in SEN costs. This was reflected nationally and comparison costs with other authorities could be shared with the committee upon request. ECC had commenced a deep dive review so as to fully understand the component costs.

During subsequent discussion the following was highlighted and/or noted:

- (i) In terms of slippage on the delivery of some capital projects, issues had been identified on these building projects that had not been anticipated;
- (ii) Where resource for a project was being drawn from across different functions and departments then it was appropriate to recharge for them (e.g. economic growth);
- (iii) It was suggested that Home to School transport budget was regularly overspent and clarification was sought on the remit of the deep dive review of SEN costs. It was stressed that the purpose of deep dive was to fully understand the component

- costs and how they were arising and any opportunities to re-engineer the service and deliver more efficiently. Some members stressed the importance of encouraging transport operators to use environmentally friendly vehicles;
- (iv) There had been £220,000 in redundancy costs relating to posts in within Education, Skills, Culture and Communities and some in Adult Community Learning.
 - (v) There was a planned reduction in consultancy spend in Economic Development and some further recruitment planned.
 - (vi) Having specific earmarked reserves enabled clear identification and transparency for accountability. There was no planned addition to the current waste reserve in the current budget round for 2020/21 as it was considered to be adequate for future needs at present. The Emergency Contingency had increased in recognition that there remained a degree of volatility at the moment with no clarification yet on Fare Funding and Business Rates.
 - (vii) Some members questioned whether other financial instruments could be used for investment of cash resources. Generally, investments needed to be managed so as to be able to respond to fluctuating cash calls and this could prevent longer term investments being made. The value of the investment in MedTech had remained constant and generally it was the policy of ECC to only make investments that produced a return. It was suggested that ECC could support other Essex based businesses through its commercial investments.

Conclusion:

The Chairman thanked the Cabinet Member and officers for their update.

The following actions were **agreed** to be scheduled into the Work Programme:

- (i) To provide a post financial year-end performance update on the MedTech investment, to enable a more general discussion on commercial investment strategy;
- (ii) Customer, Communities, Culture and Corporate – Capital Budget – a further update and breakdown of the underspend/slippage on Libraries Self Service;

5. 2020/21 Organisation Plan and Budget

The Committee considered report CSPC/02/20 comprising the Organisation Plan and Budget 2020/21 including the revenue budget, capital programme, financial strategy and capital strategy. The report included the report of the Section 151 Officer on the robustness of the 2020/21 Budget and adequacy of reserves.

The following remained from the previous agenda item to introduce and support the discussion.

County Councillor David Finch, Leader and Cabinet Member and portfolio holder for Finance, Property and Housing.

Christine Golding, Chief Accountant, Essex County Council (“ECC”).

Stephanie Mitchener, Director, Finance & Procurement, ECC.

Nicole Wood, Executive Director, Finance and Technology, ECC.

At the invitation of the Chairman, Councillor Finch introduced the item and some of his key messages were:

- (i) Although the Government settlement had been slightly more favourable for the coming financial year than anticipated, enabling a balanced budget for 2020/21 to be set, there still needed to be focus on the continuing significant uncertainty over funding in the next few years and the need for continued prudence.
- (ii) Since 2010 ECC had saved over £820m with a further £58m planned for 2020/21. For six of those years there had been no increase in the County Council's component of Council Tax.
- (iii) ECC had secured a £318M grant from the Housing Infrastructure Fund to support infrastructure projects delivering economic growth – the largest amount for any council;

The following were highlighted, and/or noted in subsequent discussion:

- (i) Significant investments were planned within the capital programme (e.g. schools).
- (ii) Risks and uncertainty continued to be kept under review – particularly mindful of increases in children's services and SEND.
- (iii) The issue of migration from London Borough areas (particularly to Basildon, Harlow and Colchester districts) continued to be reviewed through the Leaders and Chief Executives Forum and representations had been made to London Boroughs. It had also been highlighted to the Mayor of London.
- (iv) Members challenged the extent to which further savings could be sought from back office and service redesign. It was considered that there were still opportunities to use digital technology to improve productivity in these areas and older systems such as MOSAIC were cited as examples of opportunities for greater efficiencies when they came to be replaced. Efficiencies could also be sought on some third-party contracts. There was also ambition for some further income generation.
- (v) ECC were mindful of the impact that increases in Council tax could have on those 'just about managing' – there were some

- dispensations available and it would continue to work and support those finding it particularly difficult in paying.
- (vi) Some members sought re-assurance that there was sufficient capacity in the property team to carry out the redevelopment of redundant property.
 - (vii) Some members sought reassurance that there was appropriate targeting of resources at areas that had seen increases in the levels of deprivation. The particular challenges at Jaywick, for example, had led to significant investment being made in the area but there was an acknowledgement that it may not have brought about the significant changes that had been sought. There was also an emerging issue of increasing drug use, gambling and alcohol abuse in Canvey which would need to be confronted with multi-agency collaboration.
 - (viii) It was intended to reduce the dependency on external foster carers and use more in-house which could provide cost savings.
 - (ix) further information would be provided to Councillor Young on the level of respite care services being provided and the use of specialist foster carers'
 - (x) The Coroners Service was an independent service which ECC was required to fund. When there were significant pressures from extraordinary events then it might be possible to seek some financial assistance from Government.

With the consent of the Chairman, Councillor Finch then left the meeting at 12 noon for another commitment.

- (xi) A new approach to public consultation on the budget had been trialled this year and it was hoped that as that new process was further embedded it would facilitate wider public engagement in future.
- (xii) Flood protection had been clearly identified during the public consultation as a risk for which the public expected adequate protection measures to be in place.
- (xiii) There were often opportunities to seek Government match funding for capital investment in flood protection, which would then supplement ECC's capital funding.

Conclusion

The Chairman thanked officers for their dedicated hard work in preparing the budget on tight time constraints. The following actions had been agreed during the discussion:

- (i) 20/21 Organisation Plan and Budget: Performance statistics to be provided on the Foster Carers Provision;
- (ii) 20/21 Organisation Plan and Budget: Further detail and breakdown on ECC Estate Occupancy Rates (this may be picked

in any case up as part of Property Portfolio Review agenda item being scheduled);

- (iii) 20/21 Organisation Plan and Budget: Essex Strategic Employment Space Programme – further details to be provided.
- (iv) Further information to be provided on the flood management budget, including evaluation of ongoing risks, significant planned projects, and opportunities for Government match-funding.

6. Work Programme

The Committee considered and noted report CPSC/03/20 comprising the current work programme for the Committee. A further update on property portfolio would be rescheduled to February or March meeting.

7. Date of Next Meeting

The next meeting would be on Tuesday 26 February 2020 commencing at 11.30am or upon the rise of Cabinet if later.

There being no further business the meeting closed at 12.13pm.

Chairman