

Minutes of the meeting of the Corporate Policy and Scrutiny Committee, held online, on Tuesday 30 June 2020

Present

Councillor Mike Mackrory (Chairman)	Councillor Malcolm Maddocks
Councillor James Abbott	Councillor Valerie Metcalfe
Councillor John Aldridge (substitute)	Councillor John Moran
Councillor Malcolm Buckley	Councillor Ron Pratt
Councillor Graham Butland	Councillor Andrew Sheldon
Councillor Mike Garnett	Councillor Anne Turrell
Councillor Sue Lissimore	Councillor Julie Young

1. Membership, apologies and declarations

There were no formal apologies received

There were no declarations of interest.

2. Minutes of previous meeting

The minutes of the meeting held on Tuesday 26 May 2020 were approved by the committee as an accurate record.

3. Questions from the public

No questions from members of the public were received.

4. Provisional Outturn Report

The committee received report **CPSC/04/20**.

The Chairman welcomed to the meeting:

- Councillor Chris Whitbread, Cabinet Member for Finance
- Nicole Wood, Executive Director of Finance and Technology
- Stephanie Mitchener, Director of Finance and Engagement
- Tina French, Head of Strategic Finance and Insight
- Christine Golding, Chief Accountant

Councillor Whitbread introduced the item. In addition to the paper, officers talked members through a short presentation. Key points included:

- Small revenue under spend £6.3m or 0.7% - against a backdrop of financial pressures relating to Children's Social Care and Home to School Transport

- COVID-19 did not materially impact the 2019/20 position
- Capital under spend of £24m – delivery of 93%
- Financial prudence and sustainability are key as we enter an incredibly difficult financial period
- We continue to maintain a robust financial position compared to many others in the sector.
- Provisional outturn has been achieved to revised timelines during these unprecedented times, this is quite an achievement.
- Use of underspend - The under spend of £6.3m is to be transferred to the following reserves
 - £2.9m to a new COVID-19 Recovery Reserve to support COVID-19 recovery activity
 - £2m to the existing Health and Safety Reserve to support any additional PPE requirements across the employee base
 - £900,000 to a new Social Distancing and Hygiene Reserve to support new burdens on the Council to manage social distancing requirements
 - £500,000 to a new Bursary Reserve for trainee carers which will be formally launched in the near future
- Timeline for next steps:
 - Draft Accounts to be presented to Audit Committee on 6th July
 - External Audit starts on 1st July
 - Public Inspection of the Accounts period 1st July to the 11th August
 - Results of the external audit will be reported to the Audit, Governance and Standards Committee on 28th September
 - Accounts published on the website on 30th September

Following the presentation members of the committee were invited to ask questions and provide comment. Key points raised included:

- Delivery of capital spend – 93% of capital spend delivered, which is fairly consistent on an annual basis. This is reviewed every year and the rollover is incorporated into future programmes. There are also occasions where projects simply cost less than estimated. Any slippage in spending is also incorporated into the next years capital programme.
- Trainee carer bursary – This is set at 500k. Questions were raised as to whether this was sufficient. Members raised concerns around the money being put into reserve without a proper understanding of the impact the scheme might have. Officers agreed to respond offline to members questions around the number of bursaries the bursary will enable in practise.

ACTION: Officers to provide costings breakdown for the trainee carers bursary scheme.

- Capital underspend – Members were advised that a full breakdown of the 16 million pound underspend could be found in Appendix I of CPSC/04/20.
- Waste reserve – While the high court ruling in favour of ECC has gone some way to eventually releasing this reserve, the position remains unchanged as there is still an ongoing legal process to be followed (appeal etc.) so there can not yet be any drawdown or adjustment.
- Treasury management – members raised concerns regarding the continued viability of long and short term borrowing. Members were advised that the current debt portfolio amounts to roughly 600 million, with an average interest rate of 3.9%. Early repayment would be difficult due to penalties in our individual contract which would be incredibly costly. This is kept under constant review but, as it stands, it is not financially prudent to refinance. Members were assured that ECC debt is well below manageable levels. Officers agreed to provide a full schedule of loans and interest rates to the committee.

ACTION: Officers to provide a full schedule of loans and interest.

The Chairman thanked officers and the cabinet member for their attendance and for their work preparing for the session.

6. Provisional Outturn Report

Members received report **CPSC/05/20**.

The panel for this item included:

- Councillor Chris Whitbread, Cabinet Member for Finance
- Nicole Wood, Executive Director of Finance and Technology

Members were talked through a brief verbal presentation updating them on the performance of Medtech Accelerator, a company in which Essex County Council is a shareholder.

Following the presentation, members were invited to ask questions and provide comment. Key points raised included:

- The involvement of local companies – Members particularly raised engagement with Anglia Ruskin University. Assurances were provided that all serious bids for grant funding with the potential to reap financial benefits are considered in a competitive process. It's clearly troubling that investments are not being made locally, but there simply hasn't been enough interest from local organisations. Members were further assured that engagement activity had taken place across the county with prospective partners. At the request of the Chairman, officers agreed to explore why there wasn't more interest in the grant scheme from local companies.

- Spending power and net-worth of medtech accelerator – members raised concerns regarding the financial viability of further investment. Members were assured that, while technically the company was seeing its net worth fall in value, this was largely due to the fact that it was grant funded with a responsibility to invest. As investments were made, the value of the company fell. Members were also advised that the nature of the products the company was investing in were all long term, immature investments. Scientific research takes a considerable amount of time. Members of Medtech Accelerators' awarding body were all experts in scientific research and commercial value, making sensible investments for the future.
- Involvement of LEPs – Members questioned why the Anglia LEP but not the SELEP were involved. It was agreed by both members and officers that it would be useful to draw on the expertise of SELEP partners when identifying potential partners in Essex.
- ECCs responsibility to promote the scheme – Officers agreed that our own public health departments have a responsibility to promote the scheme and signpost to potential partners. It was agreed that officers would explore what this would look like in practise.
- ECCs responsibility to reinvest – Members were advised that ECC is under no contractual responsibility to reinvest when our initial partnership with Medtech Accelerator comes to an end as outlined in the paper. This includes a scenario in which the board would make a decision to accept investments, that would dilute our shares but would also dramatically increase the scope and reach of the fund. Certain investments have had to be passed on because the scale of the fund couldn't reach the ambition of the bids.
- The viability of 'risky' investments at a time of budget difficulty – Members were advised that at this point in time, none of the 15 schemes the company have invested in are out of trial – so there is no direct impact. ECC were advised at the very beginning we knew there would be a 3-8 year lead time, but there could be significant returns. Members were advised that, due to the novel, untested nature of the investments, ECC officers have always tried to maintain a significant level of transparency.

ACTION: a more complete item looking at the performance of current commercial investments to be added to the committee's work programme.

7. Work Programme

The current work programme was noted by the committee.

The committee asked if an item on the recently completed home-working staff survey could be added to the work programme. Members also requested another look at financial pressures as a result of Covid-19.

8. Date of next meeting

The date of the next meeting will be held on Tuesday 28 July 2020 at 10:30am.

9. Urgent business

No urgent business was received.

10. Urgent exempt business

No urgent exempt business was received.

The meeting closed at 11.45 pm.

Chairman