

Minutes of the meeting of the Corporate Policy and Scrutiny Committee, held in Committee Room 1 County Hall, Chelmsford, CM1 1QH on Tuesday 31 October 2018

Present

Cllr M Mackrory (Chairman)	Cllr W Schmitt
Cllr V Metcalfe (Vice-Chair)	Cllr L Scordis
Cllr J Beavis	Cllr A Sheldon
Cllr J Moran	Cllr M Steptoe
Cllr R Pratt	Cllr A Turrell

Apologies

Cllr J Abbott	Cllr M Hardware
Cllr M Garnett	Cllr I Henderson

Richard Buttress, Member Enquiries Manager was in support of the meeting.

1. Membership, apologies and declarations

Apologies were received from Cllr's Abbott, Garnett, Hardware and Henderson.

Cllr J Aldridge acted as a substitute for Cllr M Garnett.

Cllr L Scordis acted as a substitute for Cllr I Henderson.

No declarations of interest were received.

2. Minutes of previous meeting

The minutes of the meeting held on Tuesday 25 September 2018 were agreed as an accurate record and signed by the Chairman.

3. Questions from the public

There were no questions from the public.

4. 2018/19 Financial Overview as at the Half Year Stage

Cllr Mackrory welcomed Nicole Wood, Director for Finance and Procurement and Tina French, Head of Strategic Finance and Insight to the meeting.

Nicole introduced the item, providing the headlines in terms the current financial position:

- Forecasting a moderate overspend of £238,000 (0.3% of overall budget)
- Reasons include changes to prices in Adult Social Care
- Improvements in bus lane income
- Improvements in Adults income

Forecasted overspend of £238,000 is assumed on the basis that the emergency contingency is spent. This is dependent on winter conditions and pressures in adult social care but should this not be spent, underspend could increase to £4.2m.

The net position on services is £2m and one of the elements that feed into this is Essex Pay.

Savings planned in corporate development and technology as they have been assessed undeliverable.

There is £6.6m built into areas where it is felt there is a high risk of non-delivery of savings.

The contingency fund has not always been used each year. It is for unexpected in year revenue expenditure such as where there has been a fire in a school or severe winter conditions etc. It is appropriate to have in order to meet budget pressures.

The virement reflects that the delivery of Essex Social Care Academy for both Adults and Children's has now been consolidated into one role in the Children and Families portfolio, this virement of £42,000, from the Adults portfolio therefore reflects the funding of 50% of the Head of Essex Social Care Academy post.

The withdrawal of £8m for redundancy costs arising from the organisation redesign equates to the equivalent of 176 FTE staff. Some of the organisation redesign changes relate to changes in delivery of services.

The net opportunities of £14.1m relate to savings that are not reflected in the forecast due to their risk profile and funding is drawn down for projects as and when required.

39% of capital programme has been spent so far. There is a weighting towards the second part of the year.

Total bad debt provision is £18m. Between £700k and £1.3m per annum is written off against an income budget of £89m for adult social care. At any one point, there could be up to 11,000 debtors relating to adult social care.

There has been a recurrence of non-delivery of services in Technology Services over the last few years. There has been a significant redesign of technology services and there is no line of sight on how savings will be delivered. A business case is being put together at the moment.

In terms of the reported no further spend on BDUK Superfast Broadband Programme in 2018/19, a detailed response has been provided below:

The original business case for Phase 4 (a and b) was agreed in August/September 2017 assumed various different funding sources such as contributions from local District and Borough councils and associated match funding from Department for Digital, Culture, Media and Sport (DCMS), a new Local Full Fibre Network (LFFN) grant from DCMS and a new DEFRA grant.

Unfortunately we didn't secure as many local district/borough contributions as we were hoping for and when the terms and conditions of the LFFN grant were released they were incompatible with the Superfast rollout programme so sadly we were unable to apply for that in the end. This means that the original £29m budget that had been approved has to be reduced down to match the funding that we have been able to secure i.e. a grant from DEFRA and a contribution from Thurrock with associated match funding from DCMS. Given where we are in the 18/19 financial year, if we go out to procurement now it's unlikely that we'll have contractor(s) in place in time for delivery to begin this financial year, therefore we decided to remove the 2018/19 Phase 4b budget from the programme and we'll address the future year budget requirement through the 2019/20 budget setting process.

With regard to the Colchester Basic Need, a detailed response has been provided below:

The over spend of £3.5m on Paxman Avenue Secondary School is effectively funded by slippage in a number of other basic need schemes. The most significant relate to Uttlesford Secondary basic need (£1m), Colchester Secondary Expansion (£1m), Clacton County High School (£600,000), and Merrylands Primary School Expansion (£400,000).

5. Pre-scrutiny Budget

Nicole and Tina remained for this agenda item and introduced their presentation to the committee:

Single largest income stream is through grants, which the council does not have much influence over. Where it does have influence is over council tax and business rates.

Significant sum of money is received from fees and charges - £130m.

The Capital Programme incurs significant cost on revenue. Decisions made on capital programme will have a lifetime effect on revenue. Some of the programme is financed through grants and £49m is obtained through borrowing.

When the budget is set in February 2019, there was not a balanced budget to set the budget for 2020 and beyond. Funding gaps are a product of income measured and expenditure. There have been cuts in the revenue support grant.

National living wage is single biggest feature of the council's inflation - £15m per annum.

Essex Pay had a moderate impact on the funding gap.

There will be a 1% adult social precept for 2019/20 but does not directly relate to increases in Council Tax as this is a political decision.

Grant is received from the government when changes are made to the business rates relief to offset the figure.

Discretionary rate relief has always been fairly funded. More information will be received on 6 December 2018 and a briefing will be given to the committee once the outcome is known.

The committee were informed of the headlines following the Chancellor's autumn budget statement which included:

- £420m for potholes
- High Street fund

One area unlikely to benefit ECC is money received for children's social care - £84m over 5 years, nationally.

Have put in a bid to be a pilot for business rate retention for 2019/20 – could mean a growth for all Essex partners of between £30m - £50m. It is worth noting this is one off money and not recurrent. Vast majority will be invested in one-off schemes. Decision will be made on 6 December 2018.

ECC want central government to understand the pressures in relation to the Fair Funding Review.

Baseline growth on business rates is 1%. Redistribution mechanism is the key to incentivising growth which at the moment is unknown.

A visual was provided on how the budget is set (page 47 of the agenda).

There is an Organisation Strategy and Essex Vision that goes beyond the next 3 years of budget. It is very hard to plan when you do not know what the funding settlement is for the next year.

6. Task and Finish Group: ECC's Resourcing Contract

Cllr Mackrory welcomed Natalie Quickenden, Resourcing Strategy Lead and Graeme Lennon, Head of People Operations to the meeting.

Over the last 7 months, they have been receiving a number of responses and recommendations from key stakeholders, including those put forward by the Corporate Policy and Scrutiny Committee. This was the reason for the delay in providing a response to these recommendations.

A formal written response will be provided in time for the next committee meeting in November 2018, which will be for noting by the committee members.

The committee were informed of a change in the relevant Cabinet Member who will be approving these responses – it is no longer Cllr Louise McKinlay, Cabinet Member for Resources and is now Cllr Susan Barker, Cabinet Member for Customer and Corporate.

In summary, all of the recommendations put forward by the Task and Finish Group have been accepted.

7. Your Voice Focus Groups 2018 Summary Report

Cllr Mackrory welcomed Craig Tubbs, Employee Experience Lead to the meeting.

Following the verbal update provided at the October meeting, the written report supporting this update was received by the committee.

The practicality of forming a Focus Group to review and assist with the implementation of the actions from the Your Voice Survey will be pursued and an update provided at a later date.

8. Work Programme – October 2018

The updated work programme was noted.

9. Date of next meeting

To note that the next meeting of the Corporate Policy and Scrutiny Committee will be held on Tuesday 27 November 2018 and will commence at 10:30am.

10. Urgent Business

No urgent business was received.

11. Urgent Exempt Business

No urgent exempt business was received.

The meeting closed at 1:05pm.

Chairman