

Minutes of the meeting of the Corporate Policy and Scrutiny Committee, held in Committee Room 1 County Hall, Chelmsford, CM1 1QH on Tuesday 27 November 2018

Present

Cllr M Mackrory (Chairman)	Cllr M Hardware
Cllr I Henderson (Vice-Chairman)	Cllr I Grundy (substitute)
Cllr V Metcalfe (Vice- Chairman)	Cllr J Moran
Cllr A Turrell	Cllr R Pratt
Cllr J Beavis	Cllr A Sheldon
Cllr M Garnett	Cllr J Aldridge (substitute)

Apologies

Cllr W Schmitt	Cllr J Abbott
Cllr M Steptoe	Cllr M Buckley

Cllr S Barker and Cllr D Finch were present for items five and one to seven respectively.

Joanna Boaler, Head of Democracy and Transparency and Jasmine Carswell, Democratic Services Officer, were in attendance to support the meeting.

1. Membership, apologies and declarations

Apologies were received from Cllr J Abbott, Cllr W Schmitt, Cllr M Buckley and Cllr M Steptoe.

Cllr I Grundy was the substitute for Cllr W Schmitt and Cllr J Aldridge for Cllr M Buckley.

No declarations of interests were received.

2. Minutes of previous meeting

The minutes of the meeting held on Tuesday 31 October 2018 were agreed as an accurate record of the meeting, pending one alteration relating to a grammatical error on page four and the spelling of Cllr J Abbott's name.

3. Questions from the public

There were no public questions.

4. Commercial Property Investment

The Committee considered the report updating the Committee on the progress made in the Commercial Property Investment. Nicole Wood, Director, Finance and

Procurement and Robert Manning, Head of Financial Strategy and Analysis, joined the meeting to introduce the item and respond to questions.

The purpose of the item was to outline the progress made to-date with the Commercial Property Fund since its inauguration in October 2017 and its adherence to the criteria set out in the Cabinet Report.

Nicole and Rob set out the context and background; in July 2017 Cabinet approved the creation of a £50m fund for Essex County Council (the Council) to purchase Commercial Property, working in partnership with the specialist advisors Lambert Smith Hampton Investment Management (LSHIM) and the investment criteria was reviewed by the Corporate Policy and Scrutiny Committee in October 2017.

The Council have invested c. £34m to date from the initial £50m fund approved by Cabinet in July 2017, purchasing an office block in Watford (November 2017), a retail park in Keighley, Yorkshire (March 2018) and an industrial site in Guildford, Surrey (July 2018). All purchases have followed the strict investment guidelines put in place in the original fund through a risk-based approach in partnership with LSHIM advisors.

During the discussion, a number of questions were asked by members, the questions and responses are as follows:

It was confirmed that all decisions made on the property portfolio are on a commercial basis and not related to social value or return, the purpose being to generate income.

It was confirmed that LSHIM are paid on a retainer basis which is paid quarterly. The retainer is paid to LSHIM for their management of properties, investigation into asset improvements and investigation into potential investments. LSHIM also receive a payment when ECC purchase a property.

It was confirmed that the £50m fund covers additional one-off costs, legal, land and purchase fees. The ongoing revenue is taken from the net profit.

Members of the Committee discussed property investment within Essex and the risks associated with this, there is greater risk in terms of business failure when investing in Essex. This is based on advice given by LSHIM and in accordance with the investment criteria, which was approved in July 2017.

It was confirmed that the Council has received advice from an independent advisor (Hymans Robertson) that until the outcome and therefore impact of Brexit is known, the commercial property programme should not be expanded. This decision will be reviewed further in the summer of 2019, along with a review of the portfolio split to assess whether the approach needs to be altered.

It was reiterated how important the geographical spread of investment is to mitigate risks to the Council, there is a reserve of £1million to provide resilience should there be any severe fluctuations within the portfolio.

It was noted that the figure stated at 5.1 of the report (£26million) is incorrect and should read £16million of the original £50million fund remains available for further investment opportunities. There will be no further applications for more funding for this portfolio.

Conversion on property can be considered if it is evidenced that the return is significant enough to permit the cost of change.

Nicole and Rob are to create and circulate an asset list report to this committee for information to keep members up to date on the portfolio.

Actions:

- i. Nicole to confirm to the Committee, the percentage of the commission LHSIM receive
- ii. Members of the Committee to be provided with details of the contract monitoring process and performance data. Nicole will share the papers with this Committee, that are being prepared for the Audit, Governance and Standards Committee, which include a breakdown of income from the investment portfolio
- iii. Nicole will circulate a current asset list to this Committee for information, to keep members up to date on the portfolio.

5. Essex Pay Implementation

The Committee considered the report providing an update on the implementation of Essex Pay across the Council. Pam Parkes Director, Organisational Design and People and Alison Woods, Head of People Business Partnering and Employment Practice, joined the meeting to introduce the item and respond to questions.

It was explained that ECC are making a £3.36 million investment in pay to put the Council in a stronger position to achieve future ambitions and to attract and retain the best employees in local government.

The new approach addresses employee feedback around inconsistencies in rates of pay and unclear levels of accountability, and will ensure the Council's pay is more transparent, consistent, fair and equitable.

There are two sets of pay ranges in Essex Pay: Main Pay Ranges and Social Care Pay Ranges.

During the subsequent discussion, in response to questions from members of the Committee, the following points were explained:

A significant proportion of staff have been unaffected by Essex Pay with most staff benefitting. Less than 10% of employees have had detrimental changes as a result of the changes.

The new overtime arrangements which come into effect from 1 April 2019 with the new core hours being Monday to Friday 7:00 – 20:00; Saturday 08:00 – 17:00.

Sunday working will remain at double time. (iii) Social Care staff who previously had a 4% flat rate allowance as a separate allowance, now have this consolidated into the staff's base salary. This also means that it benefits the staff's pension.

It was confirmed that 55% of employees have already moved onto Essex Pay. There are a further 2665 employees still to transfer, of which 152 have not opted in and the further 2513 are to move over as part of Organisational Design.

It was reiterated that information about Essex Pay can be found on the intranet and when employees go through this change, information is given to them via their managers, briefing sessions and localised communications, however, if employees wish to speak to somebody they are able to contact ODP for advice at any time.

Zone three of the new pay scales is for exceptional employees, those who are national experts in their field and for when the market demands a higher rate of pay for certain roles. It was confirmed that ECC can recruit directly into 'zone 3' and it has been done since the implementation.

There has been a 96% acceptance of Essex Pay from the 3362 contracts that have been provided.

There are currently six employees that are under the notice of dismissal and re-engagement, two of these employees have submitted an appeal.

The opt-in levels for the current phase is currently above 90% overall with a formal 45-day consultation period running until the New Year 2019, during which those employees can choose to opt-in.

Of the employees who have transferred onto Essex Pay so far, one-third have received a pay rise (including those who have taken on a new role).

Of those who have transferred across on same/similar roles, most of the pay rises have been to those in front-line service delivery roles, including social care practitioners, with an average pay rise of c.£2,000.

The Committee discussed the gender pay gap and when it is expected that ECC will see the pay gap disappear. It is thought that it will take a significant amount of time to become truly equal due to various reasons. 75% of ECC's workforce is female but this is not currently reflected at a senior management level, which is only 50%. It was thought that ECC is in line, if not slightly ahead, compared to the rest of the country in terms of equality.

Actions:

- i. Pam Parkes to provide to this Committee, the total number of employees who have left since the implementation of Essex Pay
- ii. Pam Parkes to provide this Committee with the figures and calculations detailing the impact that employees' pension would have for those who have taken a pay cut due to Essex Pay

- iii. Pam Parkes will provide the figures to this Committee, relating to the future average loss of earnings for the 10% of employees who will see a decrease in their salary due to Essex Pay
- iv. Pam Parkes and the Member Enquiries Manager, will discuss a way in which the members of this Committee can engage with the employee groups

6. Brexit – How will it impact Essex County Council – Gavin Jones

Cllr Mackrory welcomed the following officers to the meeting:

- Gavin Jones, Chief Executive
- Craig Elliott, Senior Strategy Advisor
- Robert Surtees, Senior Strategy Advisor

Gavin Jones outlined the potential impacts of Brexit on Essex County Council.

Gavin explained that we are still dealing with a lot of uncertainty and the picture and therefore the impacts changes on a daily process due to the continued unknowns around the deal or a no-deal.

Employees of the Council are working to understand the potential impacts to ensure we fully understand the implications when we know what the deal will look like.

The key dates and timeline were detailed as:

- Withdrawal agreement signed on Sunday 25 November
- House of Commons vote is scheduled for 12 December
- UK deadline if the Withdrawal Agreement is not ratified by the House of Commons by 21 January 2019, the UK has five days to make a statement on how to proceed.
- Ratification by the European Parliament (January)
- UK leaves the EU formally at 23:00 on 29 March 2019
- If a withdrawal agreement is agreed, UK enters a transition period – until the end of 2020 – with negotiations then progressing on finalising the future relationship.

During the subsequent, discussions the following points were highlighted:

The potential impacts to Harwich Port, there is significant concern, but the full impact is not known at this point. Members also discussed what the Withdrawal Agreement will mean for ECC, they particularly were interested to understand access to funding, procurement, rights of EU nationals working for the Council and regulation. Officers clarified that as the future relationship is unknown these areas are a source of uncertainty; however, work is underway to ensure the Council understands its evidence base and our position fully so that when the impact is known it can react appropriately. He also confirmed that an officer reference group has been established which monitors both risks and opportunities of Brexit.

Members thanked the Chief Executive for the update and requested that he came back to the January meeting and subsequent meetings as appropriate to provide an update to the Committee.

7. ECC Resourcing Contract - response to Task and Finish Group Recommendations

The Committee considered the report updating the Committee on the outcomes from the Task and Finish Group. Cllr S Barker, Cabinet Member for Customer and Corporate explained that this work was around permanent recruitment and that at Cabinet on 22 November 2018, the Committee agreed to bring permanent recruitment back in house. Pam Parkes, Director, Organisational Development, said that in the report most of the recommendations this Committee had made via its Task and Finish Group had been adopted.

Cllr V Metcalfe, on behalf of the Task and Finish Group thanked Pam Parkes for the cooperation from the staff. The professionalism, open attitude and understanding of the role of scrutiny, she said it had been refreshing.

8. Joint Task and Finish Group Update: Ringway Jacobs Contract

Cllr Mackrory explained that the Place Committee held a briefing following its last meeting, as Cllr I Grundy, Chairman of the Place Committee (Place Services) was in attendance he provided an overview of that session. He explained that Cllr L Wagland, Deputy Cabinet Member for Infrastructure was currently reviewing the contract from a legal perspective.

He went on to explain that the Ringway Jacobs contract is a ten-year contract of which we are currently in the seventh year. ECC has the option to extend the contract for a further five years and the decision is to be taken in Autumn 2019.

Cllr Mackrory explained that Cllr K Bentley will be attending this Committee in January 2019 to discuss this topic in more detail and that Place Services members would be invited to attend.

The work will be primarily through a task and finish group with members from both Committees. Cllr M Mackrory explained that he will not be a member of the Group due to a conflict of interest.

The members from the Corporate Policy and Scrutiny Committee who will sit on the task and finish are:

Councillor T Ball (Chairman)

Councillor J Beavis

Councillor M Hardware

Councillor S Hillier

Councillor D Kendall

Councillor C Weston

Councillor V Metcalfe

Councillor J Moran

Councillor R Pratt

Councillor A Turrell

The Group will commence work in December 2019 and will agree the scoping document before proceeding with investigations.

The Task and Finish Group will present their report to this committee by June 2019 but will nominate a member to provide progress updates at each Committee.

9. Work Programme – November 2018

Cllr Mackrory introduced the work programme and went through the items on the schedule.

Members asked for the following to be progressed and for the Work Programme to be updated, ensuring more information for each item at its January meeting:

- (a) Further information to be obtained about Business Rate Retention and circulated to this Committee.
- (b) Further information to be provided against the Fair Funding Review item.
- (c) Brexit, progress report from the Chief Executive to be added to the January meeting agenda.
- (d) Update on the December Spending Review to be added to the agenda for January.
- (e) Ringway Jacobs Task and Finish Group to be added to the Work Programme.
- (f) Engagement with Employee Networks to be added to the Work Programme.
- (g) Essex Pay Implementation to be brought back once all employees have been moved onto Essex Pay.

10. Date of next meeting

To note that the next meeting of the Corporate Policy and Scrutiny Committee will be held on 29 January 2019.

11. Urgent business

No urgent business had been received.

12. Urgent exempt business

No urgent exempt business had been received.

There being no further business, the meeting closed at 13:10.

Chairman