



Essex County Council

Corporate Policy and Scrutiny

10:30	Tuesday, 30 July 2019	Committee Room 1, County Hall, Chelmsford, CM1 1QH
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For information about the meeting please ask for:

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| 5 | Ringway Jacobs Contract Extension
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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.

11 Confidential Appendix C to agenda item 7

- Information relating to any consultations or negotiations, or contemplated consultations or negotiations in connection with any labour relations matters arising between the Authority or a Minister...

12 Confidential appendix D to committee item 7

- Information relating to any consultations or negotiations, or contemplated consultations or negotiations in connection with any labour relations matters arising between the Authority or a Minister...

13 Future of Resourcing Services – Temporary Workers Supply

- Information relating to any consultations or negotiations, or contemplated consultations or negotiations in connection with any labour relations matters arising between the Authority or a Minister...

14 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.

Essex County Council and Committees Information

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Committee: Corporate Policy and Scrutiny Committee

Enquiries to: Richard Buttress, Democratic Services Manager

Membership, Apologies, Substitutions and Declarations of Interest

Recommendations:

To note

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

Membership

(Quorum 4)

Councillor M Mackrory (Chairman)
Councillor J Abbott
Councillor M Buckley
Councillor G Butland
Councillor M Garnett
Councillor M Hardware
Councillor V Metcalfe (Vice-Chair)
Councillor J Moran
Councillor R Pratt
Councillor W Schmitt
Councillor A Sheldon
Councillor M Steptoe
Councillor A Turrell
Councillor J Young (Vice-Chair)

Minutes of the meeting of the Corporate Policy and Scrutiny Committee, held in Committee Room 1, County Hall, Chelmsford, CM1 1QH on Tuesday 28 May 2019

Present

Cllr M Mackrory (Chairman)
Cllr J Abbott
Cllr J Aldridge
Cllr M Buckley
Cllr M Garnett
Cllr J Moran

Cllr R Pratt
Cllr A Sheldon
Cllr M Steptoe
Cllr A Turrell
Cllr J Young

Apologies

Cllr G Butland
Cllr M Hardware

Cllr V Metcalfe
Cllr W Schmitt

Richard Buttress, Democratic Services Manager was supporting the meeting.

1. Membership, Apologies and Declarations

Apologies were received from Cllr G Butland, Cllr M Hardware, Cllr V Metcalfe and Cllr W Schmitt.

Cllr J Aldridge was substituting for Cllr G Butland.

Following the May meeting of Full Council, the change in committee membership was noted and Cllr G Butland and Cllr J Young were welcomed on to the committee.

No declarations of interest were received.

2. Election of Vice-Chairmen for 2019/20 municipal year

The committee elected Cllr V Metcalfe and Cllr J Young as Vice-Chairman of the committee for the forthcoming municipal year.

3. Minutes of previous meeting

The minutes of the meeting held on Tuesday 30 April 2019 were approved by the committee as an accurate record and signed by the Chairman.

4. Questions from the public

There were no questions from the public received.

5. Organisation Strategy

The committee received a verbal update from Patrick Guthrie, Head of Profession, on Essex County Council's (ECC) Organisation Strategy.

- ECC works to a four year strategy in line with the County Council election cycle
- The organisation plan was adopted at Full Council in February 2019
- The strategy has four aims:
 - Enable inclusive economic growth

- Help people get the best start and age well
- Create great places to live and work
- Transform the Council to do more with less
- The strategy is more focussed and evidence based
- The strategy is ambitious but realistic
- It recognises that the role of the council needs to change
- The performance aspect of the strategy will be reported on in ECC's Annual Report in July 2019
- It was felt that an mid-point review was not required as the strategy is kept under review continuously
- There have been no changes to the strategic environment that required any changes being made to the strategy
- Delivery of the strategy is embedded through business plans
- Business plans for 2021 – 2024 will start being put together from the end of this year.

High level strategies are moved into specific policies which are scrutinised.

Strategies around living well and keeping fit and good but in some cases, ECC are charging for people to do Parkrun's in its Country Parks.

The report in July 2019 will be shared with the committee.

Updates on how the strategy is performing are presented to PLT on a regular basis.

There seems to be a lack of consistency in ECC around producing qualitative data. It is difficult to record data on non-service delivery topics but the key messages are extracted.

Benchmarking is a core measure of performance against other councils.

Engagement with Members and employees was undertaken when formulating the current strategy. External consultants were not used as part of this process.

Actions

- 1) Report on the performance of the strategy that will be published in ECC's annual report in July 2019 is to be shared with the committee.
- 2) Engage with the committee in October 2019 when formulating future business plans.

6. Business Rates Retention and Fair Funding Review

The committee received report CPSC/09/19. Cllr Gagan Mohindra, Cabinet Member for Finance, Property and Housing provided the following introduction:

- Business Rates Retention (BRR) and the Fair Funding Review (FFR) have been a longstanding issue for ECC
- The money received into ECC from these is not significant but it does encourage growth within the County

- BRR consultation has been impeded by current international matters (Brexit)
- People are living longer and rely on more expensive services if they are required
- ECC is liaising closely with MP's in Essex to gain their support for BRR and FFR
- ECC may receive a larger share of BRR in the future but as a result would no longer receive the revenue support grant.

Employment land is the responsibility of the District and Borough Councils as part of their local plans.

Cash machines are liable for business rates.

ECC have been in conversations with central government around the disparities between what Counties receive compared to inner London authorities.

ECC are continuing to press central government for a response as to when a decision on BRR will be made.

Until the consultation results are available, there is not a figure on what the BRR growth will be.

ECC needs to be proactive in policies going forward to maximise the amount of funding received into the authority.

Fair Funding has an impact on the majority of ECC's budget.

Actions

- 1) A copy of ECC's response to the Fair Funding Review is to be shared with the committee.

7. 2018/19 Provisional Outturn

The committee received report CPSC/10/19. Cllr Gagan Mohindra, Cabinet Member for Finance, Property and Housing provided the following introduction:

- Thanked officers for the input into the production of this report
- There is a 1% underspend on the revenue budget
- The underspend has been attributed to the mild weather
- The budget was overspent in quarter one but fell back under budget by the end of the year
- The re-phasing of works attributed to this
- Since quarter three, the £4m contingency fund was not used (mild weather related)
- Capital programme was £8.8m underspent – 97% of the programme has been delivered which is on target
- Auditors will be making a review of accounts on 29 July 2019.

The committee noted that there appeared to be very little work carried out to reduce carbon emission.

Trading account issues in Essex Music Services meant it received a £63k loan. The account shows as it being removed as the money was repaid.

ECC is unable to re-finance loans from the PWLB and have to borrow in line with the capital finance requirement and are unable to extend borrowing beyond this.

Actions

- 1) Committee to receive copy of ECC's response to the Fair Funding and Business Rates Retention consultation.
- 2) Committee to receive additional detail on the Carbon Reduction reserve.
- 3) Committee to receive information on what action is being taken to reduce carbon emissions.
- 4) Committee to receive additional detail on the Mercury Theatre capital scheme.

8. Work Programme

The updated work programme was noted by the committee.

A further update on the Organisation Strategy has been added to the work programme for the committee's October meeting.

9. Date of next meeting

10. The date of the next meeting will be held on Tuesday 25 June 2019 at 10:30am.

11. Urgent Business

No urgent business was received.

12. Urgent Exempt Business

No urgent exempt business was received.

The meeting closed at 3:30pm.

Chairman

Minutes of the meeting of the Corporate Policy and Scrutiny Committee, held in Committee Room 1, County Hall, Chelmsford, CM1 1QH on Tuesday 25 June 2019

Present

Cllr M Mackrory (Chairman)

Cllr R Pratt

Cllr M Buckley

Cllr A Sheldon

Cllr M Garnett

Cllr M Steptoe

Cllr J Moran

Cllr J Young (Vice-Chair)

Apologies

Cllr M Hardware

Cllr V Metcalfe

Cllr W Schmitt

Richard Buttress, Democratic Services Manager was supporting the meeting.

1. Membership, Apologies and Declarations

Apologies were received from Cllr Hardware and Cllr Metcalfe.

There were no substitutions.

2. Minutes of previous meeting

The minutes of the meeting held on Tuesday 28 May 2019 were approved by the committee as an accurate and signed by the Chairman.

3. Questions from the public

There were no questions from the public received.

4. Absence and Absence Management

Cllr M Mackrory welcomed Cllr M Durham, Deputy Cabinet Member for Customer, Corporate Culture and Communities and Pam Parkes, Director for Organisation Development and People attended to the meeting.

Pam Parkes provided the following introduction:

- This report gave the opportunity to consolidate a number of things that are being worked on in terms of capturing data around employee sickness absence
- It was disappointing that Essex County Council (ECC) only received 'limited assurance' following an internal audit on sickness absence. Four areas were identified as requiring improvement:
 1. Poor technology and management behaviours towards recording and managing sickness absence.

2. Not all sickness absences were recorded and is therefore not a true reflection of ECC's sickness absence performance.
 3. There was a 7.6% year on year increase in absences relating to stress, depression and mental health.
 4. The management of individuals triggering the absence processes to formal casework are lower than expected and improved guidance for managers around the management of sickness absence is required.
- ECC will remain with TCS for another year until the contract expires. It is not an intuitive system and cannot provide informative reports for manager
 - Once the technology has improved, the reporting and recording of sickness absence will improve across ECC
 - ECC is not competent at drawing up effective I.T specifications.

The committee noted that it was interesting to see the differences across service areas within ECC.

ECC have an obligation under law to identify whether or not stress is attributed to an employee's work environment.

The figures provided in the report do not identify what the causes of stress related absence are. If it relates to their line manager then the matter is referred to HR if changes to line management are not possible.

Evidence provided from the Employee Assistance Programme (EAP) and other data suggest that work related stress has peaked in the last two years as a result of organisational redesign, change in roles and poor I.T resources.

The lack of ability to provide high quality I.T services to employees can be stressful.

It was also noted that society and life in general is more stressful than in previous years.

Formal absence is defined as a planned absence – e.g. knee/hip replacement, planned treatment for recognised illnesses. Informal absence occurs for infrequent absences such as headaches, migraines.

ECC previously had its own in-house counselling service where employees were offered an initial six sessions of counselling. This service was admirable but costly and this is now only available to those employees who work in the most stressful of environment (social care). There is also a management referral for those employees who work in social care roles. For all other employees, they have access to a telephone service through the EAP.

Heads of service and director roles have access to private healthcare.

As a result of ECC's flexible approach to working, there are instances where employees decide to work from home instead of taking a day off sick. This is agreeable at the discretion of the line manager.

ECC have only been able to track sickness absence management from early 2019 due to the new system being implemented.

There needs to be very clear standards for sickness absence reporting, particularly around return to work meetings. Managers need to be supported by the organisation.

An employee corporate wellbeing survey was undertaken in April 2019 and received 800 responses. The survey was randomly sent to 2000 employees. This does not replace the staff survey, of which the next one is due to be carried out in January 2020.

There are 1000 employees in a team leader/managerial position. Cllr Moran offered to share his training experiences from the Metropolitan Police with Pam Parkes.

There needs to be very clear standards for sickness absence reporting e.g. return to work meetings. ECC is working with managers to ensure they are sufficiently supported.

ECC's sickness absence levels for 2018/19 equates to 8 days a year per FTE which in terms of cost is £4m.

It is important to have the right interventions around mental health, wellbeing, physical activity and food choices.

Actions

1. Comparative data between 2017/18 – 2018/19 to be provided on absences attributed to stress, depression and mental health.

5. Work Programme

The updated work programme was noted by the committee.

6. Date of next meeting

The date of the next meeting will be held on Tuesday 30 July 2019 at 10:30am.

7. Urgent business

No urgent business was received.

8. Urgent exempt business

No urgent exempt business was received.

The meeting closed at 12:01pm.

Chairman

Report title: Ringway Jacobs Joint Task and Finish Group – response to recommendations	
Report to: Corporate Policy and Scrutiny Committee	
Report author: Cllr Kevin Bentley, Deputy Leader and Cabinet Member for Infrastructure	
Date: Tuesday 30 July 2019	For: Discussion
Enquiries to: Hilde Dahmer, Senior Strategy Adviser	
County Divisions affected: All Essex	

1. Purpose of Report

- 1.1 In November 2018, it was agreed that a joint Task and Finish Group between the Corporate Policy and Scrutiny Committee and Places Services and Economic Growth Scrutiny Committee would be formed, to carry out a review of the Ringway Jacobs highway maintenance contract.
- 1.2 The committees invited Cllr Kevin Bentley to this meeting to present his formal response to the recommendations put forward by the Task and Finish Group.

2. Response from Cllr Kevin Bentley to the Task and Finish Group recommendations

I would like to thank members of the joint scrutiny task and finish group for their comprehensive report on the current contractual arrangements we have for the delivery of highway maintenance and management services here in Essex. Whilst there is a large amount of work still on going before we will be in a position to determine the future of the contract, much of the work of the group will be of great value to me in guiding future activity. As is appropriate with such reports, I have asked officers to review all 23 recommendations and provide the committee with responses on each one. In some cases, this provides clarification, and in others confirmation of activity to close out the actions.

These responses are set out below;

- 1) **Members of the Task and Finish Group recommend to ECC Cabinet Member that the most sensible option is to renew the contract with Ringway Jacobs for five years, with the caveat that a number of changes are made to current arrangements. These are set out in the recommendations below in the following categories: ongoing scrutiny, maintenance, reporting of defects, customer services and communications and supply chain works.**

As indicated when I received the report, any decisions on contract extension will be made by cabinet in the Autumn and I have been clear with officers that the decision will be based upon an appropriate evidence base. In the meantime,

preparations are being made for re-procurement should this be the most appropriate decision to make.

- 2) Members still have serious concerns regarding the readiness of ECC to re-procure. Within three years, both Place Services and Economic Growth Scrutiny Committee and Corporate Policy and Scrutiny Committee need to be satisfied that ECC is in a secure position to re-procure, with a clear place for scrutiny factored into the timeline.**

We have in place sufficient resource and experience to re-procure the contract if that is the decision taken, as well as having planned the timeline accordingly. Officers have been instructed to engage the market and prepare for a procurement process to acquire a new partner and/or contract for the authority and the timeline for the decision of cabinet in the autumn allows nearly two and a half years for this to occur before the termination of the existing arrangement.

- 3) A working group (hereafter referred to as the Ringway Jacobs and Essex Highways Working Group) should be established to facilitate an ongoing engagement with Ringway Jacobs and ECC Highways officers. This will continue the work of the Task and Finish Group, encouraging member-driven scrutiny looking at procurement, highways policy and overall contract performance. The Ringway Jacobs and Essex Highways Working Group should meet quarterly. A six-monthly update, presented by the Chairman of this Working Group, will be delivered to both scrutiny committees. The Group will be comprised equally of members from both the Place Services and Economic Growth and Corporate Policy and Scrutiny Committees and operated through current task and finish arrangements.**

While I welcome the role that scrutiny have to play in having oversight of our highways contract, I believe it appropriate that we wait until we have the outcome of the decision on future provision before determining the exact nature and frequency of this activity which will necessarily be different depending upon whether we extend the existing arrangements or procure a new contract.

- 4) The annual review of Key Performance Indicators (KPI's) that are presented to the Cabinet Member should also be presented to the Place Services and Economic Growth Policy and Scrutiny Committee and the Corporate Policy and Scrutiny Committee for further review, with time to offer recommendations.**

I am happy to endorse this recommendation which should commence with the development of the KPI suite to serve as the performance framework for the 20/21 financial year. These will be draw together in late 2019.

- 5) The Ringway Jacobs and Essex Highways Working Group will continue the benchmarking work of this committee, exploring the work of other highways authorities.**

Please see reference to my earlier response on the role and remit of this group in the different scenarios we are currently considering.

- 6) The Cabinet Member is to be commended for improvements in the quality of relationships between members and Ringway Jacobs officers. This is due, in large, to the success of the ‘buddy system’. Member relationships with regards to local pieces of work however, could be improved. There should be a mechanism put in place for direct scrutiny of specific contract elements or pieces of work, even if this simply involves the local member being consulted upon request. This could be through an enhanced version of the ‘buddy system’ already in operation.**

We continue to work on enhancing the amount of advance information provided to County Members relating to highway schemes of all types. In addition to the introduction of the buddy system we have also implemented new systems in relation to accident reductions schemes which give members early sight via the LHP meetings and have enhanced the amount of information available to members through our website. We will continue to seek ways of enhancing member awareness of activity going forward.

- 7) The Cabinet Member should consider asking officers to review the risk matrix. As it stands, serious defects that might register significantly on the ‘risk impact’ scale, but only slightly on the ‘risk probability’ scale could potentially receive a less urgent timescale for repair than their impact would necessitate. This should be addressed. Members should be engaged through the Ringway Jacobs and Essex Highways Working Group to aid in the review and update of the risk register.**

While I respect the view of members on this issue, the risk matrix we have adopted reflects industry best practice and our inspectors are continually trained to ensure that their application of this approach results in a robust assessment. I would therefore be concerned if we were to amend this approach without significant justification.

- 8) The Cabinet Member and officers should explore reviewing the current Maintenance Strategy (last updated in 2008) with a view to determining suitability of ECC’s current policy priorities and is encouraged to make use of the Working Group. This should include a conversation around road classifications and priorities as well as the current criteria for defects to warrant repair.**

I am pleased to confirm that the maintenance strategy is in the process of being updated and should be available to members shortly. This seeks to expand our best practice approach to the management of some assets across into areas where we haven’t previously had an adopted position such as structures.

- 9) Members noted with concern that particular KPI’s outlining timescale requirements for street light repairs had been removed from the contract. Members ask that KPI A14 (average number of days taken to repair lighting faults within control of the Local Authority is reinstated.**

I am happy to review this and look at the case for re-instatement of KPI A14 for the performance year 20/21 onwards should the evidence warrant it and in line with recommendation 4 would seek the views of the member working group to review.

10) Members should receive a more accurate indicative timetable for remedial works and larger schemes, with estimates on timescales provided for communication with local residents.

It was acknowledged by officers during the task and finish process that our ability to transform back office programming information into publicly (or member) available information was deficient at present and I have been clear that we need to improve our systems to allow this to happen.

11) A specific KPI should be included within the contract for all work carried out by utility companies to be inspected before the two-year maintenance repair ends. This inspection should determine whether the work has been completed properly and to an agreeable standard. Reporting of defects

I am happy to look at the resource implications of such a requirement and whether the cost/benefit would warrant such a change in activity.

12) Officers and Members raised a number of concerns regarding the interaction between Ringway Jacobs and Essex Highways systems (Confirm/online reporting tool). This should be seen as a priority moving forward, to ensure a more effective, joined up service is offered in future.

IS integration has been an ongoing issue between our organisations since the start of the contract but I am hopeful that recent improvements will allow more seamless integration between teams, creating jointly accessible collaborative project spaces and improving access to respective organisations systems.

13) The ease with which faults can be reported has a huge amount of impact on overall public perception of the highways service offered by ECC. Ringway Jacobs and ECC should learn from best practice in terms of fault reporting with a view to designing a more effective system. This should provide members of the public with more detailed information regarding the defect including an estimated timescale for repair. We are aware that work is already being undertaken to improve the online tools and the Working Group would welcome being involved in this moving forward.

I am again pleased to confirm that we have a live project in place making progressive improvements to the existing report it tool that allow a more appropriate experience for those wishing to report defects to us. This will see us move to better mobile compatibility and geo-locating for defect identification together with enhancements to the look and feel of the tool to improve the customer experience.

14) All Members should receive quarterly drop-in and training opportunities on issues around reporting of defects, changes to the online tool, and follow up enquiries.

While I am happy to offer members the required training opportunities, attendance at these types of sessions to enhance member knowledge of the service and its activity have in the past been less than desirable. I would therefore welcome recommendations from the scrutiny panels as to how we would increase attendance going forward to maximise the benefits?

15) It was noted by members that, while ECC and Ringway Jacobs are both excellent with regards to reactive communications, both need to work together to produce a more proactive communications agenda. Members of the Working Group gave considerable time investigating this area and would like to undertake further analysis as part of its future programme. Members understand that expectations need to be managed but feel strongly that Ringway Jacobs should be measured on overall public perception through an additional KPI – the manner of which to be determined by the Cabinet and officers, with input from the Essex Highways Ringway Jacobs Working Group.

Perception is critical to the success of the service however it is difficult to quantify as data points would fluctuate on a daily basis, including the fact that it is incredibly difficult to measure at all.

However, I have worked to improve perception and this has been confirmed anecdotally – asking Essex Highways to work with the Future Highways Research Group to develop a forward calendar of proactive communication activity that will represent best practice in the sector. I am very keen to instigate a culture where communications are part of the first principals for any scheme in the same way as we consider health and safety responsibilities.

16) Members question the value of the National Highways Tracker (NHT) as an effective method of measuring satisfaction. Officers and Members should explore whether the NHT is fit for ECC, and whether an in-house alternative could potentially lead to greater ownership of results, more validity of feedback, and more control over the questions asked.

I have instructed officers to address this issue. Again, working with the Future Highways Research Club from Cranfield University who represent the leading highway authorities in the country, we are developing our own satisfaction survey as part of a gradual move away from reliance upon the NHT survey.

17) A single, clearer set of lines of responsibility for informing members of changes to roadworks and reported repairs be implemented which could be written into the Ringway Jacobs contract.

Because of the dynamic way in which roadworks change and the fact that our own activity represents only a proportion of disruption on the network, we have moved to adopting the use of Roadworks.org of all activity on the Essex network

including utility company works. This gives members and the public alike the opportunity to get the most up to date information and set up their own updates should they require them.

- 18)The Cabinet Member should consider the potential for ECC to employ or contract its own independent inspectors to assess the quality of works carried out by Ringway Jacobs parent companies, as well as the wider supply chain. This could be conducted as a sampling exercise, with a KPI associated to ensure that the quality of works remains consistent.**

I have asked officers to review to potential for this as part of any variation to the existing contract or new contract in due course. It will require a business case for additional resource to be developed.

- 19)ECC needs to more closely oversee larger pieces of supply chain work. The Working Group should be more engaged moving forward and provided assurances as to the value for money and quality of work provided by third parties.**

It would be useful for the task and finish group to provide me with some examples of the areas there are specifically interested in so that I am able to consider this recommendation further.

- 20)All third parties carrying out work on ECC’s behalf should be branded accordingly, explicitly stating that the organisation is representing ECC. The quality and consistency of signage on Essex Highways works also needs to be greatly improved in terms of the information provided and the expected timescales outlined for completion.**

I am happy to undertake to review this recommendation with officers as we move forward. Some of the recommendation overlaps with my previous comments about communications but there is an interesting issue here about branding that I wish to pick up separately.

- 21)The Cabinet Member should explore encouraging Ringway Jacobs to adopt an incentive-based scheme when procuring further works beyond those originally contracted. This could take the form of a ranked preference system as already in operation in authorities such as Hampshire County Council.**

The existing contractual mechanisms allow for incentivisation of all work through the efficiency mechanism process. We are also establishing the ability to trade Essex Highways for third party work as a further incentivisation mechanism.

- 22)ECC should draw more on expertise from within the Supply Chain Forum, collectively determining solutions to local government pressures around efficiency and reputational damage. There needs to be a mechanism in place to ensure that these efficiencies are monitored and fed back into the supply chain. The Ringway Jacobs and Essex Highways Working Group**

should engage with these and the Chairman of the Ringway Jacobs and Essex Supply Chain Forum.

I think it would benefit the scrutiny committee if they had a more detailed understanding of the work of the supply chain forum and how it operates.

23) Ringway Jacobs is to be commended for its social value work and commitment to activities beyond those required through the contract, especially with regards to work carried out with the armed forces. ECC should be better at publicising this work. The Cabinet Member should encourage Ringway Jacobs to adopt more internal social value measures, and the working group are to be engaged to monitor the ongoing number of apprentices within Ringway Jacobs.

I would concur with the scrutiny committee wholeheartedly here – the valuable work that we undertake on a wide range of social value issues should be encouraged and more widely publicised going forward. I am also happy to provide nominated representatives of the scrutiny committee with updates on apprentice numbers going forward.”

3. Next steps

- 3.1 Both committees to review the responses above and to have a discussion on the topic during the meeting.

Scrutiny

Improving public services

Ringway Jacobs

A Joint Task and Finish Review

April 2019

**Place Services and Economic Growth
Policy and Scrutiny Committee**

**Corporate Policy and Scrutiny
Committee**

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1. Foreword from the Chairman of the Task and Finish Group, including the summary of recommendations

As Chairman of the Ringway Jacobs Task and Finish Group, I am pleased to submit the following report and recommendations to the Cabinet Member. This paper is the end result of a really ambitious piece of work, with officers and members acting collaboratively to conduct a comprehensive and wide-ranging scrutiny exercise. Given the sensitivity of the subject matter, I think we can all be proud of the manner in which this investigation was conducted.



Being a 'critical friend' within a political environment is not always easy. I am really pleased with how members came together, leaving rosettes at the door to provide positive and constructive insight. As local representatives we are always uniquely placed to offer genuine challenge, but this particular exercise required us to draw beyond local experience, looking strategically at the system as a whole. I'd like to thank members for their knowledge and insight, but particularly for their positive engagement with this process. I think that it is clear from the recommendations that our determination has been rewarded with some really insightful and ambitious outcomes.

I am sure that members of the Task and Finish Group will join me in thanking officers for their time and commitment to this project. Collectively, we have learnt a great deal from this exercise. We are incredibly grateful for the hard work that Essex Highways and Essex County Council (ECC) staff have devoted to this project to ensure its success. We have benefitted from a great deal of expertise, knowledge and candour throughout this process and the report is stronger for it. We look forward to building on this open and ongoing dialogue as we move forward.

As local members we have a responsibility to ensure that the services offered by ECC are robust and ensure value for money. Providing an effective and efficient highways system will always be an unenviable task. Alongside task and finish colleagues, I feel strongly that by continuing to strengthen the relationship between members and highways and by building on the recommendations within this report, there is a great potential for scrutiny to truly add value.

I hope that the recommendations set out in this piece of work go some way to building on the good work already taking place and I look forward to working more closely in the future.

Thank you for your consideration. I commend this report to the Committees.

Cllr Tony Ball
Chair, Task and Finish Group

Summary of recommendations

Contract Re-procurement

1. Members of the Task and Finish Group recommend to ECC Cabinet Member that the most sensible option is to renew the contract with Ringway Jacobs for five years, with the caveat that a number of changes are made to current arrangements. These are set out in the recommendations below in the following categories: ongoing scrutiny, maintenance, reporting of defects, customer services and communications and supply chain works.
2. Members still have serious concerns regarding the readiness of ECC to re-procure. Within three years, both Place Services and Economic Growth Scrutiny Committee and Corporate Policy and Scrutiny Committee need to be satisfied that ECC is in a secure position to re-procure, with a clear place for scrutiny factored into the timeline.

Ongoing Scrutiny

3. A working group (hereafter referred to as the Ringway Jacobs and Essex Highways Working Group) should be established to facilitate an ongoing engagement with Ringway Jacobs and ECC Highways officers. This will continue the work of the Task and Finish Group, encouraging member-driven scrutiny looking at procurement, highways policy and overall contract performance. The Ringway Jacobs and Essex Highways Working Group should meet quarterly. A six-monthly update, presented by the Chairman of this Working Group, will be delivered to both scrutiny committees. The Group will be comprised equally of members from both the Place Services and Economic Growth and Corporate Policy and Scrutiny Committees and operated through current task and finish arrangements.
4. The annual review of Key Performance Indicators (KPI's) that are presented to the Cabinet Member should also be presented to the Place Services and Economic Growth Policy and Scrutiny Committee and the Corporate Policy and Scrutiny Committee for further review, with time to offer recommendations.
5. The Ringway Jacobs and Essex Highways Working Group will continue the benchmarking work of this committee, exploring the work of other highways authorities.
6. The Cabinet Member is to be commended for improvements in the quality of relationships between members and Ringway Jacobs officers. This is due, in large, to the success of the 'buddy system'. Member relationships with regards to local pieces of work however, could be improved. There should be a mechanism put in place for direct scrutiny of specific contract elements or pieces of work, even if this simply involves the local member being consulted upon request. This could be through an enhanced version of the 'buddy system' already in operation.

Maintenance

7. The Cabinet Member should consider asking officers to review the risk matrix. As it stands, serious defects that might register significantly on the 'risk impact' scale, but only slightly on the 'risk probability' scale could potentially receive a less urgent timescale for repair than their impact would necessitate. This should be addressed. Members should be engaged through the Ringway Jacobs and Essex Highways Working Group to aid in the review and update of the risk register.
8. The Cabinet Member and officers should explore reviewing the current Maintenance Strategy (last updated in 2008) with a view to determining suitability of ECC's current policy priorities and is encouraged to make use of the Working Group. This should include a conversation around road classifications and priorities as well as the current criteria for defects to warrant repair.
9. Members noted with concern that particular KPI's outlining timescale requirements for street light repairs had been removed from the contract. Members ask that KPI A14 (average number of days taken to repair lighting faults within control of the Local Authority is reinstated.
10. Members should receive a more accurate indicative timetable for remedial works and larger schemes, with estimates on timescales provided for communication with local residents.
11. A specific KPI should be included within the contract for all work carried out by utility companies to be inspected before the two-year maintenance repair ends. This inspection should determine whether the work has been completed properly and to an agreeable standard.

Reporting of defects

12. Officers and Members raised a number of concerns regarding the interaction between Ringway Jacobs and Essex Highways systems (Confirm/online reporting tool). This should be seen as a priority moving forward, to ensure a more effective, joined up service is offered in future.
13. The ease with which faults can be reported has a huge amount of impact on overall public perception of the highways service offered by ECC. Ringway Jacobs and ECC should learn from best practice in terms of fault reporting with a view to designing a more effective system. This should provide members of the public with more detailed information regarding the defect including an estimated timescale for repair. We are aware that work is already being undertaken to improve the online tools and the Working Group would welcome being involved in this moving forward.
14. All Members should receive quarterly drop-in and training opportunities on issues around reporting of defects, changes to the online tool, and follow up enquiries.

Customer Services and Communications

15. It was noted by members that, while ECC and Ringway Jacobs are both excellent with regards to reactive communications, both need to work together to produce a more proactive communications agenda. Members of the Working Group gave considerable time investigating this area and would like to undertake further analysis as part of its future programme. Members understand that expectations need to be managed, but feel strongly that Ringway Jacobs should be measured on overall public perception through an additional KPI – the manner of which to be determined by the Cabinet and officers, with input from the Essex Highways Ringway Jacobs Working Group.
16. Members question the value of the National Highways Tracker (NHT) as an effective method of measuring satisfaction. Officers and Members should explore whether the NHT is fit for ECC, and whether an in-house alternative could potentially lead to greater ownership of results, more validity of feedback, and more control over the questions asked.
17. A single, clearer set of lines of responsibility for informing members of changes to roadworks and reported repairs be implemented which could be written into the Ringway Jacobs contract.

Supply Chain

18. The Cabinet Member should consider the potential for ECC to employ or contract its own independent inspectors to assess the quality of works carried out by Ringway Jacobs parent companies, as well as the wider supply chain. This could be conducted as a sampling exercise, with a KPI associated to ensure that the quality of works remains consistent.
19. ECC needs to more closely oversee larger pieces of supply chain work. The Working Group should be more engaged moving forward and provided assurances as to the value for money and quality of work provided by third parties.
20. All third parties carrying out work on ECC's behalf should be branded accordingly, explicitly stating that the organisation is representing ECC. The quality and consistency of signage on Essex Highways works also needs to be greatly improved in terms of the information provided and the expected timescales outlined for completion.
21. The Cabinet Member should explore encouraging Ringway Jacobs to adopt an incentive-based scheme when procuring further works beyond those originally contracted. This could take the form of a ranked preference system as already in operation in authorities such as Hampshire County Council.
22. ECC should draw more on expertise from within the Supply Chain Forum, collectively determining solutions to local government pressures around efficiency and reputational damage. There needs to be a mechanism in place to ensure that these efficiencies are monitored and fed back into the supply chain. The Ringway Jacobs and Essex Highways Working Group should engage with these and the Chairman of the Ringway Jacobs and Essex

Highways Working Group should be invited to attend Supply Chain Forum meetings.

23. Ringway Jacobs is to be commended for its social value work and commitment to activities beyond those required through the contract, especially with regards to work carried out with the armed forces. ECC should be better at publicising this work. The Cabinet Member should encourage Ringway Jacobs to adopt more internal social value measures, and the working group are to be engaged to monitor the ongoing number of apprentices within Ringway Jacobs.

2. Background

The aim of the group was to provide recommendations and feedback to be taken into account when ECC makes its decision as to whether or not the option of renewing the contract for a further five years is implemented.

Membership

At the November 2018 meetings of the Corporate Policy and Scrutiny Committee and the Place Services and Economic Growth Committee, it was agreed that this item would be included in both work programmes moving forward and commence with immediate effect, a review of the current Ringway Jacobs highway maintenance contract and established a Task and Finish Group.

The full membership of the Task and Finish Group was as follows:

- Councillor Tony Ball, Wickford Crouch
- Councillor Jo Beavis, Halstead
- Councillor Michael Hardware, Harlow West
- Councillor Stephen Hillier, Pitsea
- Councillor David Kendall, Brentwood South
- Councillor Valerie Metcalfe, Buckhurst Hill and Loughton South
- Councillor John Moran, Saffron Walden
- Councillor Ron Pratt, Southminster
- Councillor Anne Turrell, Mile End and Highwoods
- Councillor Carole Weston, Rochford West.

At the initial scoping meeting on 17 December 2018, the group agreed Councillor Tony Ball would be the Chairman of the Task and Finish Group.

During this scoping meeting, the group identified four key areas they wished to explore further:

- KPI's
- Perception
- Quality of repairs
- Other authorities.

Evidence base of the scrutiny review

A scoping document (Appendix 1) was agreed during a meeting of the Task and Finish Group on 17 December 2018. Evidence was sought from those identified in the scoping document and those listed below attended as witnesses:

Councillor Kevin Bentley	Deputy Leader and Cabinet Member for Infrastructure
Councillor Lesley Wagland	Deputy Cabinet Member for Infrastructure
Andrew Cook	Director for Highways and Transportation
Peter Massie	Head of Essex Highways Commissioning
Laura Lee	Head of Procurement – Corporate and Place
David Forkin	Head of Maintenance and Operations
Diane Crix	Category and Supplier Relationship Specialist
Mark Godson	Head of Communications, Essex Highways

The Task and Finish Group are content that it has received views and contributions from relevant individuals to undertake this review. The contributions received are highlighted in the section below, which is presented together with recommendations for the Cabinet Member, Councillor Kevin Bentley, from whom the Task and Finish Group invites for a response.

3. Evidence and recommendations

Key evidence

The Task and Finish Group held four formal meetings, during which officers presented and provided information based on the key lines of enquiry identified during the scoping meeting.

Contract Re-procurement/extension

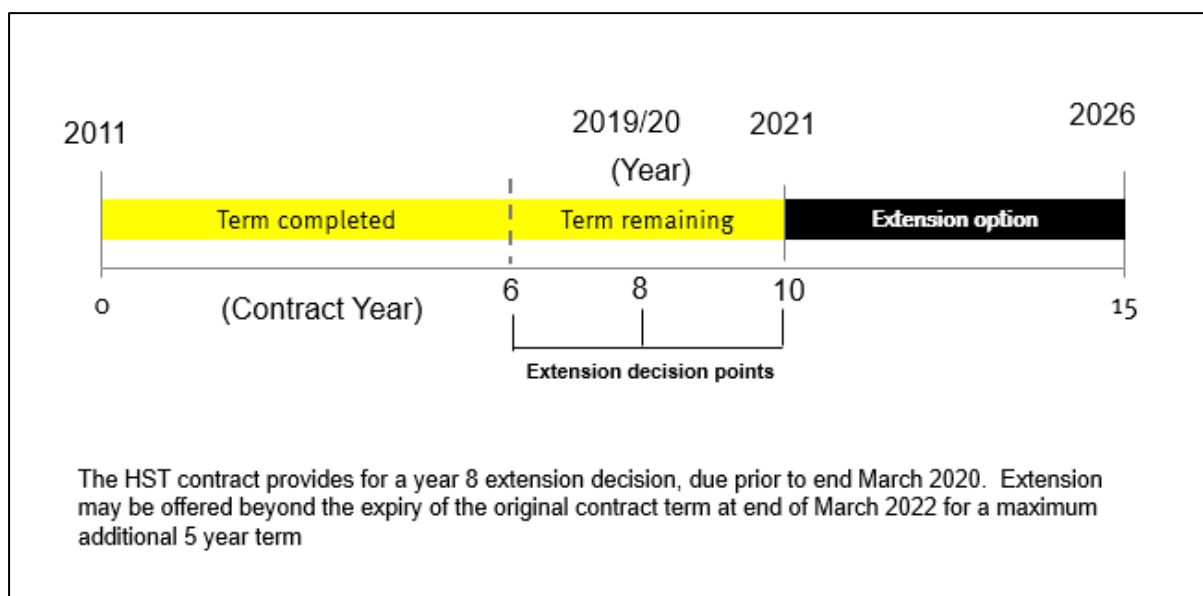
From the offset, Task and Finish Group members looked for clarity around the intentions of the Cabinet Member to re-procure, and the readiness for ECC to explore an alternative procurement strategy should the Task and Finish Group recommend it.

Officers provided guidance around how a re-procurement exercise might work, the potential options available to ECC moving forward and some background information to inform recommendations.

The current contract was procured in 2011 with ECC accumulating 13 previous contracts and awarding one overarching highways service contract to a wholly joint venture between Eurovia Ltd and Jacobs (Ringway Jacobs). This represents 50% of Ringway Jacobs's business. Annual spend on this service has varied between £78.7m and £154.7m (dependant on the priorities of ECC leadership at the time), split between capital and revenue. The contract is based on actual cost plus arrangements with a fixed percentage, and corporate overhead, also a fixed percentage, applied to transactions. When completing work through the supply chain as a provider, Ringway Jacobs and its parent companies will apply a joint profit value to ensure that profits are not duplicated and ECC is assured of value for money.

Activities covered by the contract include reactive repairs (footway and carriageway repairs), winter services, white lining, gully maintenance, capital structure maintenance. Contract mechanisms incentivise performance with deductions for missed KPI's overspends and lost productivity. KPI performance for the last 3 years has been between 94-99%. Over £20m of efficiencies have been delivered since the start of the contract.

The contract timeline is set out in the chart below:



In terms of high level options moving forward, officers outlined five potential avenues for exploration. ECC could either:

- a. Extend the contract for five years with some changes to existing arrangements
- b. Extend the contract possibly not for the full five years with some changes to existing arrangements
- c. Re-procure with a different model
- d. Re-procure with the same model
- e. Extend for one year to allow more time to gather evidence, review options and make time for potential service transformation

Members formed a view that officers and the Cabinet Member displayed a preference for option A.

When explored further, Members were made aware of potential procurement timelines and the amount of work required for ECC to be in a secure position to undergo a complete re-procurement exercise or to explore alternative methods of managing the highways service (i.e. dynamic purchasing/procurement model, multiple contracts/providers or a new provider with a new contractual arrangement).

Members came to a view that it was clear through the activity already undertaken in preparation that extension was a foregone conclusion, rather than one of multiple options for potential exploration - some of which might offer a more dynamic and effective highways service. With this in mind, the Task and Finish

Group felt that there was little option other than to move forward with option A. There are, however, a number of areas with which members can envisage significant improvement if the steps outlined throughout this report are taken on board. This begins with a greater involvement of Scrutiny moving forward.

Associated recommendations:

1. Members of the Task and Finish Group recommend to Essex County Council's (ECC) Cabinet Member that the most sensible option is to renew the contract with Ringway Jacobs for five years, with the caveat that a number of changes are made to current arrangements. These are set out in the recommendations below in the following categories: ongoing scrutiny, maintenance, reporting of defects, customer services and communications and supply chain works.
2. Members still have serious concerns regarding the readiness of ECC to re-procure. Within three years, both Place Services and Economic Growth Scrutiny Committee and Corporate Policy and Scrutiny Committee need to be satisfied that ECC is in a secure position to re-procure, with a clear place for scrutiny factored into the timeline.

Ongoing Scrutiny

- Members agreed that, moving forward, a greater role for scrutiny should be factored into re-procurement conversations. It was noted that the work of the Task and Finish group had yielded a great amount of information, and opened avenues of inquiry far beyond what was possible with the timeframes allowed for this initial piece of work. It was agreed that continuing member input should take the form of a working group (hereafter referred to as the Ringway Jacobs/Essex Highways Working Group). This should be used as a means by which to facilitate an ongoing engagement with Ringway Jacobs and ECC Highways officers. This will continue the work of the task and finish group, encouraging member-driven scrutiny looking at procurement, highways policy and overall contract performance. The Task and Finish Group agreed that the Working Group should meet quarterly in order to properly cultivate a regular and meaningful dialogue with key stakeholders
- Members discussed the KPI process with officers and the method with which KPI's are reviewed annually, with some removed and some introduced. Officers advised that, prior to the start of each contract/financial year, a review exercise of performance against contract measures is undertaken by officers and the Cabinet Member where potential changes to measures and targets are explored. This is influenced by previous performance, changes in policy/procedures/legislation, new ways of working and value for money. Officers asserted that the collaborative contract allows for a more dynamic approach to KPI's, with both parties working constructively to ensure that expectations are both ambitious and fair

- Officers used the example of the KPI SC5/CP07. This relates to the percentage of public rights of way that are easy to use. In year one of the contract this was set at 75%. Due to re-evaluated funding for this particular area of focus, the KPI was reduced to reflect reductions in investment
- As can be seen below, in years two and three of the life of the contract the target dropped to 57% and in year 4 dropped further to 54%. In response to this, Ringway Jacobs proposed an updated methodology which would make the results of the survey against which the KPI was measured fairer – for example, if a fingerpost was missing from a route, only that section of the route ‘failed’ rather than the whole route, so 250m might fail, rather than the whole route of 1200m

SC5/CP07

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
75%	57%	57%	54%	56%	65%	65%

- Members agreed that it would be useful to involve scrutiny members more closely in the annual review process to ensure that KPI’s more accurately reflect local need
- Officers did note the cost implications of introducing new KPI’s. Any new contract expectations would have to be properly benchmarked and incentivised through new KPI arrangements. KPI’s that are not met at the end of the year result in a profit reduction for Ringway Jacobs
- KPI’s are set on annual basis and any changes are agreed and signed off by the relevant Cabinet Member. Those KPI’s that are not met are subject to an improvement plan. Some KPI’s are measured annually, with progress unknown until the new financial year begins
- After year three, the total number of KPI’s were streamlined as they were judged by ECC to overlap each other and/or were no longer relevant with regards to ECC’s strategic goals
- If any KPI’s remain red for two consecutive months, Ringway Jacobs must present an improvement plan to ECC showing how this will be rectified. This is reported to the Essex Highways board. The Cabinet Member is informed of such occurrences on a quarterly basis
- Members were quick to commend the Cabinet Member on the success of the ‘buddy system’ and the positive impact of this upon member relationships with Essex Highways. Similarly, members were impressed with the work currently taking place to open up the Local Highways Panels (LHPs) to greater public involvement. It was agreed that this represented a significant step in the right direction, albeit with considerable room for improvement in future. It was noted, however, that greater work could be

done to ensure that members are more directly informed of work in their local area, with access to new forms of scrutiny beyond formal committee work

- The Task and Finish Group were impressed with the extent of benchmarking work that has already taken place with regards to preparing ECC for future conversations around procurement and market alternatives. Members were left with the impression that they had only touched the surface of this particular strand of work and agreed that this could be an area for the working group to take forward
- Members noted that due to timescale associated with this piece of scrutiny work, they have not yet had the opportunity to engage in site visits to other local authorities, something which was identified as part of the scoping exercise undertaken at the beginning of this process. This is something the Ringway Jacobs and Essex Highways Working Group would consider as part of its work programme.

Associated Recommendations

3. A working group (hereafter referred to as the Ringway Jacobs and Essex Highways Working Group) should be established to facilitate an ongoing engagement with Ringway Jacobs and ECC Highways officers. This will continue the work of the Task and Finish Group, encouraging member-driven scrutiny looking at procurement, highways policy and overall contract performance. The Ringway Jacobs and Essex Highways Working Group should meet quarterly. A six-monthly update, presented by the Chairman of this Working Group, will be delivered to both scrutiny committees. The Group will be comprised equally of members from both the Place Services and Economic Growth and Corporate Policy and Scrutiny Committees and operated through current task and finish arrangements.
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5. The Ringway Jacobs and Essex Highways Working Group will continue the benchmarking work of this committee, exploring the work of other highways authorities.
6. The Cabinet Member is to be commended for improvements in the quality of relationships between members and Ringway Jacobs officers. This is due, in large, to the success of the 'buddy system'. Member relationships with regards to local pieces of work however, could be improved. There should be a mechanism put in place for direct scrutiny of specific contract elements or pieces of work, even if this simply involves the local member being consulted upon request. This could be through an enhanced version of the 'buddy system' already in operation.

Maintenance

- Officers noted that ECC employs a fairly expansive team of Highways Inspectors who monitor and inspect according to set patterns. They record and raise defects as and when they occur
- When carrying out an inspection officers record the defect, check the severity of impact and nature of the damage, the rate of interaction and then apply a risk assessment and timeline for completion of works
- The impact of the defect outlines the imminent threat of damage and the size/shape/depth of the defect and position in the road. Following questions, members were assured that this would take into account the size/width of the road – narrow roads would incur a higher impact score. Members were further assured as to the consistency of approach, allowing for a fair triaging of potentially hazardous defects across the county
- Members noted that it would be useful if the above table and allocated score were made available to the public at the time of triage, with updates available online upon enquiry. This would provide greater assurance as to the timescale of works involved. It was also noted that it would be useful if greater education around this were made available to members, allowing for more effective communication between local representatives and residents
- Members discussed the effectiveness of the ranking system altogether. It was noted that this was potentially outdated. Officers acknowledged that a pipeline of work could be developed to explore the feasibility of reviewing this system
- Officers noted emerging technologies to aid in effective early intervention strategies to improve the quality and expediency of repair work. This was described very much as a future prospect however. Officers were keen to assert that work with Ringway Jacobs allowed for greater opportunities for innovation and development due to the size of the organisation and the scope of Ringway Jacob's 'reach' and resources. This would reportedly not be an option if ECC explored multiple smaller contracts or chose to innovate using in-house resources
- Members also noted previous Task and Finish conversations around 'criteria' for repairs and discussed the potential for this also to be reviewed as part of ongoing conversations
- Officers reported that, if members were to see highways maintenance as a spectrum from asset based focus (ABF) to customer responsiveness we have tended to be more ABF. We are moving more to a compromise now under current leadership.

Inspection regime

- The inspection regime is not set out in the contract, but KPI's around maintenance are. The criteria for intervention are owned by ECC as part of the maintenance strategy and ECC sets out the resource for repairs. If ECC sets out a more austere or strict funding model, then the contract KPI's will adjust to meet this. Greater integration of ECC and Ringway Jacobs staff has led to a more effective inspection/follow through process
- Essex Highways operates its own inspectors who will quality assure and inspect a random sampling of repairs per year. Last year, 213 spots were inspected with only 2 failures. On top of this, routine audits were carried out periodically as part of a desktop exercise to ensure quality
- Members discussed the importance of hiring internal ECC inspectors and the impact of this in relation to the nature of a 'collaborative' contract.

Maintenance of road signage and street furniture

- This rests in the same area of the KPI's as the rest of maintenance. However, the budget for signage maintenance is so strict that only 'safety critical' signage is replaced (i.e. a 'bend warning' sign would receive greater priority than basic direction signage)
- Members expressed frustration at the speed and quality of streetlight repairs. Officers discussed the grouping prioritisation formula Ringway Jacobs adopted to determine the timing of repairs.

'Make safes'

- Members discussed the make safe process and temporary repairs. Officers outlined the timelines expected to ensure a permanent repair and outlined variances in relation to overall probability/impact score.

Relationships with local businesses

- The committee commended ECC on the quantity of work provided through the supply chain to local Essex small maintenance and engineering businesses. Quality of utilities works is price driven. When large companies carry out work they do so according to a budget and this often drives down the quality of final works. Smaller companies often carry out work to a superior quality at a more affordable price.

Utilities repairs

- Members discussed warranty arrangements when utilities organisations carry out work on Essex Highways. Members agreed that this was an area for further conversation.

Materials used in repair work

- Members discussed the potential for innovation in relation to repairs work carried out by Ringway Jacobs. This was discussed specifically in relation to innovations such as recycled plastic road patching

- Officers were keen to assert the importance of remaining cynical until breakthroughs are tested effectively and are assured as safe. That being said, a great amount of work is done to ensure that materials used are not outdated.

Cyclists and walkers

- Members expressed frustration at the sole focus on carriageways. It was noted that greater esteem be given to footways and cycle paths:
 - Inspectors are trained to pick up on whether or not cyclists will be affected by defects. Greater innovation could include getting more immersed in swerve data (how often cars have to swerve to avoid cyclists). This is a work in progress
 - Overgrowth and vegetation on footpaths are not considered a 'priority' in the same way as other defects (potholes etc.) are under the current Maintenance Strategy
 - Officers were also asked about whether investing in data from Apps such as 'STRAVA' would help in data gathering. Officers were sceptical as to the worth of this.

Associated Recommendations

7. The Cabinet Member should consider asking officers to review the risk matrix. As it stands, serious defects that might register significantly on the 'risk impact' scale, but only slightly on the 'risk probability' scale could potentially receive a less urgent timescale for repair than their impact would necessitate. This should be addressed. Members should be engaged through the Ringway Jacobs and Essex Highways Working Group to aid in the review and update of the risk register.
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11. A specific KPI should be included within the contract for all work carried out by utility companies to be inspected before the two-year maintenance repair ends. This inspection should determine whether the work has been completed properly and to an agreeable standard.

Reporting of defects

- It was further noted that greater information was required as to the ratio of defects recording by the public and those recorded by Inspectors. This would allow for a greater understanding of resource allocation and sustainability of service, alongside investment in new detection technology solutions
- Members discussed with officers the efficiency of standard inspection techniques, led by Inspectors. Members asked whether it would be more effective to simply allow for a wholly customer led reporting system with all resources driven into maintenance. This was noted by officers, but it was agreed that to do so would not provide a wholly representative, impartial representation of defects and would not allow for effective triaging of repairs
- Members noted the discussion around reporting tools and agreed that this should be explored further at a later meeting.

Associated Recommendations

12. Officers and Members raised a number of concerns regarding the interaction between Ringway Jacobs and Essex Highways systems (Confirm/online reporting tool). This should be seen as a priority moving forward, to ensure a more effective, joined up service is offered in future.
13. The ease with which faults can be reported has a huge amount of impact on overall public perception of the highways service offered by ECC. Ringway Jacobs and ECC should learn from best practice in terms of fault reporting with a view to designing a more effective system. This should provide members of the public with more detailed information regarding the defect including an estimated timescale for repair. We are aware that work is already being undertaken to improve the online tools and the Working Group would welcome being involved in this moving forward.
14. All Members should receive quarterly drop-in and training opportunities on issues around reporting of defects, changes to the online tool, and follow up enquiries.

Customer Services and communication

- It was agreed that originally there was a real push and genuine logic behind prioritising major roads to improve quality. Now that these are in a good state of repair there was an acknowledgement from the Cabinet Member that a reprioritisation was necessary to focus on urban and rural roads. It was noted that this would go a long way to redressing perception imbalances within remote communities. The 2019/20 contract period would focus largely on local roads and footways

- When the contract was drawn up it was noted that an active decision was made to maintain control of communications. While no processes are currently in place it was claimed that the contract would allow for responsibility for communications to formally pass to Ringway Jacobs. Cllr Wagland asserted that this could go a long way to reducing current disconnects between Ringway Jacobs, ECC and members. Potentially a more joined up approach was necessary in the long term, with a joint responsibility for public facing communications would be more prolific
- Members were largely positive regarding the ‘buddy system’ – building on the good work of the previous local area offices approach and providing dedicated support. Largely however, members noted a distinct communications void between Ringway Jacobs, Essex Highways and members. It was noted that this would need to be addressed in order to cultivate a more effective partnership moving forward
- Members were largely positive about changes to local highways panels, making them more open and transparent. It was agreed that further work should be undertaken to open these to the public more effectively to reduce disconnect between Essex highways and the public. It was also noted that often the output from these in terms of reports were often not particularly accessible with regards to costings, staffing costs etc
- Members engaged in discussion around what processes were in place to inform them as local members, as well as members of the public regarding planned work and timescales. It was acknowledged that the ‘roadworks’ system is not particularly accessible/user friendly and is rarely up to date. Many members also raised concerns regarding the quality and depth of communications. There is rarely clarity around the scope of the repair (temporary/permanent), timings of work and potential delays
- Members noted the reputational damage to ECC when repairs go wrong. Members of the public do not distinguish between Ringway Jacobs and ECC. It was further noted that when distinctions are made, the conclusion drawn was almost always negative with members of the public assuming that all poor highways work was completed by Ringway Jacobs. This is simply not the case, witnesses claimed, with the vast majority of non ‘big-ticket’ works completed by subcontractors on behalf of, and managed by Ringway Jacobs. Members noted that Ringway Jacobs was ultimately responsible for poor works due to their project management and quality assurance role
- It was noted by witnesses that ECC systems are inadequate in accepting reports of issues and articulating the timing of work being carried out when notifying local residents
- Witnesses acknowledged that ECC had little control over external organisations and work being carried out on their behalf. It was agreed that more work could be done to liaise effectively with utility companies to

ensure that repairs were not delayed and problems were resolved effectively and expediently

- Witnesses noted that ECC had an excellent record disputing insurance claims. This was largely due to the holistic approach employed by the courts. So long as ECC can display that a reasonable level of routine maintenance is in place then it cannot be held liable for individual accidents related to highways disrepair
- Members noted that, while the buddy system works well, the frustration is with partners and external organisations. The site www.roadworks.org is great but oftentimes is not effective or up to date. It is difficult to get the good news out there amongst the poor perception
- Members discussed the worth of investing large amounts of money in a communications campaign to improve the quality and quantity of material released to the public. It was noted that this would be a balancing act. To make any notable difference this would require a significant amount of money – which could arguably be better spent reinvesting into the system. It was agreed that this would be the subject of further investigation.

Associated Recommendations

15. It was noted by members that, while ECC and Ringway Jacobs are both excellent with regards to reactive communications, both need to work together to produce a more proactive communications agenda. Members of the Working Group gave considerable time investigating this area and would like to undertake further analysis as part of its future programme. Members understand that expectations need to be managed, but feel strongly that Ringway Jacobs should be measured on overall public perception through an additional KPI – the manner of which to be determined by the Cabinet and officers, with input from the Essex Highways Ringway Jacobs Working Group.
16. Members question the value of the National Highways Tracker (NHT) as an effective method of measuring satisfaction. Officers and Members should explore whether the NHT is fit for ECC, and whether an in-house alternative could potentially lead to greater ownership of results, more validity of feedback, and more control over the questions asked.
17. A single, clearer set of lines of responsibility for informing members of changes to roadworks and reported repairs be implemented which could be written into the Ringway Jacobs contract.

Supply Chain

- Not all highways work is undertaken by Ringway Jacobs. The majority of it is completed by supply chain partners. These pieces of work are awarded according to usual ECC tendering processes

- Essex Highways monitor the quality of works carried out by the supply chain. If a defect is identified within the first year, Essex Highways would repair it
- Some contractors offer financial compensation instead of repairing the defect(s). If they do repair it, no cost is born by ECC or Essex Highways
- Independent inspectors - The inspection regime is not set out in the contract but KPI's around maintenance are. The criteria for intervention is owned by ECC as part of the Maintenance Strategy and ECC sets out the resource for repairs. If ECC sets out a more austere or strict funding model, then the contract KPI's will adjust to meet this. Greater integration of ECC and Ringway Jacobs staff has led to a more effective inspection/follow through process
- Members discussed the importance of hiring internal ECC inspectors and the impact of this in a 'collaborative' contractual environment
- Members of the task and finish group discussed the potential for the working group to be more involved when it comes to larger pieces of work. It was agreed that greater scrutiny and oversight could help to ensure value for money and quality of works completed
- The Task and Finish Group received evidence around the quarterly Ringway Jacobs Supply Chain Forum. Members were interested to hear of the outcomes of meetings that had taken place throughout 2018/19. Around 70 delegates from the national Ringway Jacobs supply chain attend, representing hundreds of millions of pounds of annual work. Here, they receive corporate training and receive presentations on issues such as H&S, Social Value, Work Programmes, Supply Portal; Processes e.g. finance Road Safety, Technology, and Environment. ECC currently attends and presents where it is seen as appropriate. Delegates also take part in 'efficiency workshops' to help determine more effective and joined up ways of working. Suggestions have previously included:
 - Longer contracts – at least four years, continuity of work.
 - Better scheduling – by areas, even level of work
 - Utilise local resource
 - Better communication and early engagement at all stages including upfront on task, design, pre site investigation, specification review
 - Sponsorship (road names, roundabouts)
 - 1% of turnover into a community fund for a local community project throughout the year
 - Micro-LED in depots. Possible for works too
 - Different contract option, i.e. SOR based rather than Target Cost or Fixed Cost
 - Greater collaborative work: - Learning lessons, closer working with supply specialism, and better use of surplus material.

- Members agreed that it would be beneficial for ECC to draw more on the expertise within through the Supply Chain Forum, collectively determining solutions to local government pressures around efficiency and reputational damage.

Associated recommendations

18. The Cabinet Member should consider the potential for ECC to employ or contract its own independent inspectors to assess the quality of works carried out by Ringway Jacobs parent companies, as well as the wider supply chain. This could be conducted as a sampling exercise, with a KPI associated to ensure that the quality of works remains consistent.
19. ECC needs to more closely oversee larger pieces of supply chain work. The Working Group should be more engaged moving forward and provided assurances as to the value for money and quality of work provided by third parties.
20. All third parties carrying out work on ECC's behalf should be branded accordingly, explicitly stating that the organisation is representing ECC. The quality and consistency of signage on Essex Highways works also needs to be greatly improved in terms of the information provided and the expected timescales outlined for completion.
21. The Cabinet Member should explore encouraging Ringway Jacobs to adopt an incentive-based scheme when procuring further works beyond those originally contracted. This could take the form of a ranked preference system as already in operation in authorities such as Hampshire County Council.
22. ECC should draw more on expertise from within the Supply Chain Forum, collectively determining solutions to local government pressures around efficiency and reputational damage. There needs to be a mechanism in place to ensure that these efficiencies are monitored and fed back into the supply chain. The Ringway Jacobs and Essex Highways Working Group should engage with these and the Chairman of the Ringway Jacobs and Essex Highways Working Group should be invited to attend Supply Chain Forum meetings.
23. Ringway Jacobs is to be commended for its social value work and commitment to activities beyond those required through the contract, especially with regards to work carried out with the armed forces. ECC should be better at publicising this work. The Cabinet Member should encourage Ringway Jacobs to adopt more internal social value measures, and the working group are to be engaged to monitor the ongoing number of apprentices within Ringway Jacobs.

Appendices

Appendix 1

Essex County Council Place Services and Economic Growth Scrutiny Committee and the Corporate Policy and Scrutiny Committee

WHAT ARE WE LOOKING AT?	
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Review Topic	Ringway Jacobs contract renewal
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Type of Review	Joint Task and Finish Group
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WHY ARE WE LOOKING AT THIS?	
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Rationale for the Review	Following agreement from the Chairman of the Place Services and Economic Growth Policy and Scrutiny Committee and Corporate Policy and Scrutiny Committee, a joint Task and Finish group has been established to investigate renewal of the Ringway Jacobs highways maintenance contract.
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HOW LONG IS IT GOING TO TAKE?	
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Timescales	Four month review with final report submitted to a joint committee (with members from both Place Services and Economic Growth Policy and Scrutiny Committee and Corporate Policy and Scrutiny Committee) for approval on the 18 April 2019.
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Provisional Timetable	17 December 2018 – 18 April 2019
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WHAT INFORMATION DO WE NEED?	
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Aim	The aim of this piece of work is to review current highways contractual performance and to make recommendations to the Deputy Leader and Cabinet Member for Infrastructure ahead of renewal with Ringway Jacobs in November 2019.
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Key Lines of Enquiry

KPI's

- The reason for the reduction in the amount of KPI's set (115 down to 56)
- An explanation of what the percentages mean and how they relate to performance (Appendix A)
- KPI's (Appendix A) changed to a RAG grading so it shows which targets are/are not currently being met
- An explanation around KPI's MI1 – MI3
- Investigate whether extreme weather has affected performance
- Understand the mechanisms in place to ensure that KPI's are adaptive to changing needs and circumstances
- Explore whether any further KPI's are required

Other Authorities

- Explore how similar sized local authorities manage their highway maintenance contract – Kent County Council
- Explore whether other authorities who use Ringway Jacobs are satisfied with the service they are receiving – Central Bedfordshire, Cheshire East, London Highways Alliance
- Identify the changes that Cheshire East made to their contract Ringway Jacobs

Quality of repairs

- Explore the detail behind the repairing defects at the first attempt
- An explanation on the definition of a temporary repair
- Explore the new/different ways of repairing highway defects
- Explore the focus of repairs i.e. local roads, footpaths etc
- Impact extreme hot and cold weather has on operations
- Explanation of the fault repair process from reporting/identification through to inspection and rectification, including timescales and risk assessment process

Perception

- Explore the differences between public perception of how the contract is performing against ECC's/Ringway Jacobs perception

General

- The Essex contract makes up 50% of Ringway Jacobs business. What does the other 50% include?
- Is there a communications strategy included in the contract?
- An explanation from the Cabinet Member on the current highway maintenance focus (local roads, footpaths)
- An explanation on the current inspection regime
- Explore whether the current partnership driven contractual arrangements preferable to a more traditional, adversarial contract
- Explore whether there is anything specific the Cabinet Member wishes the Task and Finish Group to explore

What primary/new evidence is needed?	<ul style="list-style-type: none"> - The current Ringway Jacobs contract - The current KPI's within this contract - ECC press releases
What secondary/ existing information is needed?	<ul style="list-style-type: none"> - Information on the types of enquiries received from Members, MP's and members of the public relating to highways (Member Enquiries, Customer Enquiries) - The types of queries reported via the online Tell Us About Something tool
What briefings and site visits might be relevant?	Members were interested to see how highway maintenance repairs were carried out
Other work being undertaken/Relevant Corporate Links	None.
What is inside the scope of the review?	All aspects relating to highway maintenance in line with the current Ringway Jacobs contract.
What is outside the scope of the review?	Passenger Transport – unless it pertains specifically to interactions with wider highways planning.

WHO DO WE NEED TO CONTRIBUTE/CONSULT? (INITIAL MEETING TO ESTABLISH THIS)

Relevant Portfolio Holder(s) and other Member involvement	<ul style="list-style-type: none"> - Councillor Kevin Bentley, Deputy Leader of the Council and Cabinet Member for Infrastructure - Councillor Lesley Wagland, Deputy to the Cabinet Member for Kevin Bentley
Key ECC Officers	<ul style="list-style-type: none"> - Andrew Cook, Director Highways and Transportation - Peter Massie, Head of Commissioning Essex Highways - Laura Lee, Category and Supplier Lead
Partners and service users	County Authorities who also use Ringway Jacobs (Buckinghamshire, Central Bedfordshire, Cheshire East and London Highways Alliance.)

WHAT RESOURCES DO WE NEED?

Lead Member and Membership	<p>Councillor Stephen Hillier Councillor David Kendall Councillor Jo Beavis Councillor Valerie Metcalfe Councillor Michael Hardware Councillor John Moran Councillor Ron Pratt Councillor Anne Turrell Councillor Carole Weston Councillor Tony Ball (Lead Member)</p>
Co-optees (if any)	None.

Lead Scrutiny Officer/Other	Richard Buttress, Democratic Services Manager Peter Randall, Senior Democratic Services Officer
Expected Member commitment	A maximum of 7 meetings to be held between December 2018 and April 2019, as set out below.
WHAT ARE THE RISKS/CONSTRAINTS?	
Risk analysis (site visits etc.)	Risk management form to be completed if any site visits are included as part of the review.
Possible constraints	
WHAT WILL BE REQUIRED FROM STAKEHOLDERS?	
Internal stakeholders	<ul style="list-style-type: none"> • Time to attend Task and Finish Group evidence sessions • Information and advice • Communications for any potential press release following the review • Legal/contractual advice
External stakeholders	<ul style="list-style-type: none"> • Time to attend Task and Finish Group evidence sessions • Written evidence
WHO ARE WE DIRECTING ANY RECOMMENDATIONS AND ACTIONS TO?	
Recommendations to (key decision makers):	Councillor Kevin Bentley, Deputy Leader of the Council and Cabinet Member for Infrastructure
Reporting arrangements	Task and Finish Group final report to be presented to the full joint Committee for a response from the relevant Cabinet Member on Thursday 18 April 2019.
Follow-up arrangements	<p>The final report should be responded to by the cabinet member in the usual way, as set out in the 'Protocol for Working Arrangements Between the Cabinet and Overview and Scrutiny Committees' as agreed at Full Council in October 2013.</p> <p>A follow up item will be scheduled for each committee separately in October 2019 to review uptake of, and progress against agreed recommendations.</p>
ADDITIONAL INFORMATION/NOTES	

Meeting dates	<p><u>January 2019</u> Monday 14 January 2019 Monday 21 January 2019</p> <p><u>February 2019</u> Monday 11 February 2019 Monday 18 February 2019</p> <p><u>March 2019</u> Monday 11 March 2019 Monday 18 March 2019</p> <p><u>April 2019</u> Monday 1 April 2019 Monday 8 April 2019</p>
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Report title: 2019/20 Financial Overview as at the First Quarter Stage	
Report to: Corporate Policy and Scrutiny Committee	
Report author: Nicole Wood, Executive Director for Finance and Technology	
Date: 30 July 2019	For: Information
Enquiries to: Tina French, Head of Strategic Finance and Insight Telephone: 03330 138461 Email: tina.french@essex.gov.uk	
County Divisions affected: All Essex	

1. Purpose of report

- 1.1 The purpose of this report is to set out the forecast financial position of Essex County Council's (ECC) revenue and capital budgets as at the first quarter stage of the 2019/20 financial year. There is a forecast under spend of **£4.6m** (0.5%) against a net budget of **£939.3m**.
- 1.2 This assumes full commitment of the Emergency Contingency (**£4m**). Whilst there is a forecast under spend, it is early in the financial year and there are known costs and both risks and opportunities which are likely to change the position.
- 1.3 There is an under spend of **£336,000** (0.1%) on capital against the current budget of **£253.3m**. After taking account of budget change requests in this report there will be an over spend of **£66,000**.

2. Recommendations

Approval is sought for the following:

- 2.1 To draw down funds from reserves as follows:
 - i. **£5.2m** from the Reserve for Future Capital Funding to the Deputy Leader and Infrastructure portfolio in relation to Department of Transport additional Highways funding (section 5.9.ii).
 - ii. **£5m** from the Adults Digital Programme reserve to the Health and Adult Social Care portfolio to fund digital schemes in 2019/20 (section 5.8.iii).
 - iii. **£241,000** from the Community Initiatives Fund reserve to the Customer, Communities, Culture and Corporate Services portfolio to support expenditure incurred to date in relation to local projects and grants to third parties for community improvements (section 5.2.ii).

- iv. **£215,000** from the Community Initiatives Fund Reserve to the Reserve for Future Capital Funding (via the Customer, Communities, Culture and Corporate portfolio), to match expenditure incurred to date in the final quarter of 2018/19 and first quarter of 2019/20) in relation to the Community Initiatives project (section 7.4.ii).
- v. **£205,000** from the Transformation reserve to Customer, Communities, Culture and Corporate Recharged Strategic Support Service (RSSS) portfolio for Organisation Design project funding (section 5.13.ii).
- vi. **£69,000** from the Transformation reserve to the Environment and Waste portfolio in support of development of an energy and low carbon agenda (section 5.6.i).
- vii. **£21,000** from the Transformation reserve to the Reserve for Future Capital Funding (via the Children and Families portfolio) in relation to Children's capital projects.
- viii. **£156,000** from the Transformation Reserve to Performance, Business Planning and Partnerships RSSS to support the Future Gov contract (Essex Transformation Partners) (section 5.16.ii).

2.2 To appropriate funds to reserves as follows:

- i. **£1.4m** to the Waste reserve from Environment and Waste portfolio following a favourable pricing movement (section 5.6.i).
- ii. **£4.6m** to the Transformation reserve from Children and Families portfolio relating to the Children's Sustainability programme (section 5.1.iii).

2.3 To approve the following adjustments:

- i. Vire **£167,000** from Health and Adult Social Care portfolio to Economic Development portfolio in relation to Independent Living posts (section 5.3.ii).
- ii. Vire **£56,000** from Education and Skills Non Dedicated Schools Grant (DSG) portfolio to Customer, Communities, Culture and Corporate portfolio for two posts transferring from the Employment and Licencing Service to Corporate and Customer Services as part of Organisation Design (section 5.2.ii).
- iii. Vire **£20,000** from Customer, Communities, Culture and Corporate RSSS Services to Education and Skills Non DSG portfolio for School Organisation and Place Planning (section 5.5.ii).
- iv. Vire **£2.5m** to Finance, Property and Housing RSSS from other portfolios to reflect early delivery of savings across the Customer and

Corporate Services function. Budget to be transferred from Customer, Communities, Culture and Corporate (£1.1m); Customer, Communities, Culture and Corporate RSSS (£1m); Education and Skills Non DSG (£260,000); Health and Adult Social Care (£93,000) (section 5.14.ii).

- v. **£60,000** from the Place Services Traded reserve to Place Services Traded budget to fund investment in their office environment (section 6.4).
- vi. Close the Digital Infrastructure reserve and transfer the residual balance (**£3.1m**) to the Transformation reserve (section 9.2).
- vii. To amend the capital budget as shown in Appendices C (i) and C (ii) which allows for capital slippage of **£13.1m**, capital budget additions of **£13.1m**, capital budget reductions of **£1.6m** and advanced works of **£1.2m** (see section 7.2).

3. Executive Summary: Revenue

3.1 Appendix A summarises the revenue budgets and forecast outturn for each portfolio. There is a full year forecast under spend of **£4.6m**, which is due to:

- i. Finance, Property and Housing RSSS **£2.6m** which is due to holding staff vacancies and some delays in recruitment across the Corporate and Customer function;
- ii. Finance, Property and Housing **£917,000** mainly due to changes in the council tax sharing agreement;
- iii. Customer, Communities, Culture and Corporate **£582,000** due to Technology Services vacancies following a delay in recruitment to some key posts.

3.2 However, whilst the above are resulting in a forecast under spend there are some known pressures and costs which may impact the position notably (i) meeting the costs of the full implementation of Essex Pay across the workforce (the social care workforce pay is being reviewed by August 2019) (ii) early indications of volatility on childrens placements (section 5.1 ii) and (iii) the need to bridge the savings across Strategic Support Services which go into 2020/21.

3.3 The under spend represents a variance of **0.5%** against a net budget of **£939.3m**. The position assumes full commitment of the emergency contingency of **£4m**. Further detail can be found in Section 5.

3.4 The position includes a forecast under spend against Minimum Revenue Provision (MRP) of **£3.2m**. MRP is the setting aside of revenue resource to repay borrowing. The under spend is due to reduced borrowing assumptions, in significant part as the cash balances at the start of the financial year have been higher than originally forecast. This will be transferred to the Reserve for

Future Capital Funding to help fund future capital costs, risks and liabilities on the capital programme.

- 3.5 **£4.6m** is requested to be drawn down from the Reserve for Future Capital Funding to address Highways pressures, including £1m for additional pothole redress activity and £444,000 to be devolved to Local Highway Panels. This is following receipt of additional local roads capital funding from the Department for Transport (DfT) (see section 4.2).
- 3.6 Since this position, sale of EES for Schools traded service has been concluded (gross receipt £16m) and final accounting arrangements will be concluded over the coming weeks (see section 6.3).
- 3.7 The position reported in section 5 is after proposed adjustments in this report, set out in sections 2.1 to 2.3.

4. Executive Summary: Capital

- 4.1 The original capital programme for 2019/20 as set by Full Council in February 2019 was **£249m**. The forecast outturn is **£252.9m**, before adjustments proposed within this report. This represents an under spend of **£336,000** against latest budget of **£253.3m**. After taking account of budget change requests in this report, there is a residual over spend of **£66,000**. More detail is set out in Section 7.
- 4.2 Additional funding of **£10.9m** for Local Roads by the Department for Transport (DfT) is being incorporated into the Capital Programme. Of this sum, **£6.3m** is an addition to the capital programme, requested within this report;
- £2.4m Roads Maintenance
 - £1.6m Footways Maintenance
 - £1.3m Bridges
 - £1m Street Lighting Replacement

The residual **£4.6m** may be released to revenue from the Reserve for Future Capital Funding, to address Highways pressures (see section 3.5).

- 4.3 Appendix C (i) summarises current year forecasts and changes to the Capital Programme for 2019/20 since approval of the original programme in the Budget Report to Council in February 2019. Appendix C (ii) contains the detail of the budget adjustments seeking approval.

5. Revenue Position

5.1 Children and Families - £319,000 (0.3%) over spend

- i. The forecast over spend is **£319,000** against a budget of **£124.6m**.
- ii. This over spend is mainly due to higher than expected placement costs relating to the number of children in residential homes **£1.6m**, and external

fostering placements **£1m**. These are partially offset by under spends on internal fostering fees (**£758,000**) and Special Guardianship Orders (**£653,000**), where both placement numbers and average fees are lower than anticipated, together with staffing under spends.

- iii. The budget includes **£4.6m** of one-off funding that has specifically earmarked for use in setting the outcomes and critical success factors for the Children's Sustainability programme. Approval is sought in this report to transfer the **£4.6m** into the Transformation reserve. Funding will be drawn down from the reserve to meet the costs of the Children's Sustainability programme as they are incurred.

5.2 Customer, Communities, Culture and Corporate - £228,000 (1.2%) under spend

- i. The under spend is primarily attributable to vacant posts in the Customer Enquiries Team (**£161,000**) and the Blue badge scheme (**£70,000**) as legislative changes that widen the blue badge scheme to people with hidden disabilities is being implemented later than assumed in the budget.
- ii. Approval is sought in this report for the following:
 - **£241,000** to be drawn down from the Community Initiatives Fund reserve into the following policy lines; **£97,000** Communities and **£144,000** Community Initiatives Fund (CIF) to fund revenue expenditure on approved schemes.
 - **£56,000** to be transferred to Customer Services and Member Enquiries from Education Non DSG portfolio to fund two posts transferring into the service.

5.3 Economic Development - £254,000 (3.9%) under spend

- i. The under spend is mainly due to the improved recovery of management time from grants and staffing vacancies across the portfolio (**£303,000**). These are being partially offset by an under recovery of income within Tourism (**£49,000**) as subscriptions and membership fees income is anticipated to be 30% lower than assumed within the budget.
- ii. Approval is sought in this report to transfer budget of **£167,000** from Health and Adult Social care portfolio to fund posts for the Independent Living Adults with Disabilities' (AWD) Strategy.

5.4 Education and Skills Dedicated Schools Grant (DSG) - £2.5m over spend

- i. There is an over spend in the High Needs Block of **£3.4m** which is mainly due to the increase in volume and complexity of pupils with Special Educational Needs (SEN) (**£3m**), and placements in independent settings (**£585,000**).

- ii. This is partially offset by Specialist Teachers across all four Quadrants forecasting an under spend due to vacancies held due to the Special Educational Needs and Disabilities (SEND) Organisation Design (**£471,000**).

5.5 Education and Skills Non-Dedicated Schools Grant - £179,000 (0.2%) over spend

- i. The over spend is caused by minor misalignment of staffing budgets within the Corporate and Customer Services functional budget following changes relating to their new Organisation Design. Budgets are being realigned to rectify this. There is no underlying budget pressure.
- ii. Approval is sought in this report to transfer **£20,000** from Customer, Communities, Culture and Corporate RSSS to the Infrastructure Delivery team for School Organisation and Place Planning.

5.6 Environment and Waste - online

- i. Approval is sought in this report for:
 - **£1.4m** to be transferred to the Waste reserve in respect of growth built into 2019/20 for Biowaste prices. Actual prices following procurement are lower than budgeted.
 - **£69,000** to be drawn down from the Transformation reserve to Development Management in support of development of an energy and low carbon agenda. Previous approval (now lapsed) FP/948/09/17 – Invest in Renewable Energy.

5.7 Finance, Property and Housing - £917,000 (5.5%) under spend

- i. The under spend relates mainly to the Council Tax Sharing Scheme (**£671,000**) due to differences between the actual tax base and council tax rates and estimates used to set the budget.

5.8 Health and Adult Social Care – £40,000 (0%) under spend

- i. The portfolio is forecasting on line (there is an immaterial under spend of **£40,000** or just 0.01% of net budget). Within this position there is an over spends on some budget lines of **£2.8m** offset by additional income of **£2.8m**:
- ii. The drivers of the underlying position are:
 - Whilst the overall number of clients is consistent with budgeted expectations, a greater number of clients have opted for domiciliary care packages instead of receiving cash payments. This has resulted in pressure on the domiciliary care budget (£6.6m), which are offset by under spends on cash payments (£7.8m).
 - There is pressure on the staffing budget (£3.9m) mainly relating to agency costs. Management action is being taken to reduce reliance on agency workers and maximise the number of roles filled by directly

employed staff. Resolution of pay through the Essex Pay framework is in progress.

- There are under spends on Residential placement costs and higher than budgeted income on Continuing Health Care (£1.6m). There is also increased income following national uplifts to the minimum Clinical Commissioning Groups Better Care Fund (CCG BCF) contributions (£1.2m).

- iii. Approval is sought in this report to transfer **£5m** from the Adults Digital Programme reserve to fund commitments for digital schemes in 2019/20.

5.9 Deputy Leader and Infrastructure - £190,000 (0.4%) under spend

- i. The under spend is mainly due to vacancies within Essex Highways Operations.
- ii. Approval is sought in this report for the following:
 - **£4.6m** from the Reserve for Future Capital Funding in relation to the Department for Transport (DfT) additional Highways funding carried forward from 2018/19 to address Highways pressures; **£1m** for additional Potholes redress activity and **£444,000** for Devolution works.
 - **£664,000** from the Reserve for Future Capital Funding to revenue in relation to the DfT Pothole grant.

5.10 Leader - £8,000 (0.1%) over spend

- i. There is no material variance to budget.

5.11 Other Operating Costs – online

- i. This on-line position is reported after a proposed adjustment of **£3.2m** relating to under spend against the budget for Minimum Revenue Provision (MRP) due to reduced borrowing assumptions, in significant part as the cash balances at the start of the financial year have been higher than originally forecast. A transfer to the Reserve for Future Capital Funding will be requested when realised to help offset future risks and liabilities on the capital programme.

5.12 Performance, Business Planning and Partnerships – online

- i. This online position includes an under spend of **£100,000** for teleconferencing developments to be transferred to Technology Services in the Customer, Communities, Culture and Corporate portfolio and an over spend of **£245,000** in Strategic Partnerships relating to the Transformation Challenge Award which will be offset by a draw down from the Grant Equalisation reserve.

5.13 Customer, Communities, Culture and Corporate Recharged Support Services - £582,000 (0.9%) under spend

- i. This is mainly due to delay in recruitment to some posts within Technology Services (**£685,000**) following implementation of their new organisational structure at April 2019.
- ii. Approval is sought in this report to draw down **£205,000** from the Transformation Reserve to fund Organisational Design projects costs in Human Resources, as previous approvals have now expired.

5.14 Finance, Property & Housing Recharged Support Services - £2.6m (13.2%) under spend

- i. The under spend is due to earlier delivery of savings within the Corporate and Customer Services function where staff vacancies are being held and there has been some delays in recruitment.
- ii. It is proposed that the functional under spend is transferred to this portfolio and approval is sought in this report to transfer **£2.5m** from the following portfolios: Customer, Communities, Culture and Corporate (£1.1m); Customer, Communities, Culture and Corporate RSSS (£1m); Education and Skills Non DSG (£260,000); Health and Adult Social Care (£93,000).

5.15 Leader Recharged Support Services - £61,000 (2.9%) under spend

- i. This position comprises an under spend of **£228,000** within the Equality and Partnership team where vacancies are being held to mitigate pressures in other areas of the service. This is partially offset by a forecast over spend of **£167,000** in Communications and Customer Relations pending consultation.

5.16 Performance, Business Planning and Partnerships Recharged Support Services - £90,000 (1.1%) under spend

- i. This position includes an over spend of **£48,000** attributable to staffing expenditure within the Data and Analytics and Research and Citizen Insight teams, and a forecast over spend of **£113,000** in the Transformation Support Unit. This is offset by **£95,000** to be transferred from Technology Services to support staffing expenditure in Essex Centre for Data and Analytics.
- ii. Approval is sought in this report to draw **£156,000** from the Transformation reserve to support Essex Transformation Partners.

6. Trading Activities

- 6.1 Trading activities are reporting an over achievement of **£1.3m** against the budgeted surplus.

- 6.2 The services have challenging income and profit targets for 2019/20 and there has been a strong start to the new financial year with no reported risks to the targets being achieved.
- 6.3 EES for Schools are forecast to over achieve income by **£1.3m** as no appropriation target was set in 2019/20 due to its potential sale. Since this position, sale of the service has been concluded (gross receipt £16m) and final accounting arrangements will be concluded over the coming weeks.
- 6.4 Approval is sought in this report to draw down **£60,000** from the Place Services Traded reserve to Place Services Traded budget to fund investment in their office environment.
- 6.5 Appendix B shows the position by each Trading Activity.

7. Capital

- 7.1 An under spend of **£336,000** (0.1%) is forecast against the latest capital budget of **£253.3m**. After taking account of budget change requests in this report there is a residual over spend of **£66,000**.
- 7.2 Approval is sought for:
- i. Slippage of **£13.1m**
 - ii. Budget additions of **£13.1m**
 - iii. Budget reductions of **£1.6m**
 - iv. Advanced works of **£1.2m**
- 7.3 The key points to note are listed below, and the detailed requests are shown at Appendix C(ii).
- 7.4 **Customer, Communities, Culture and Corporate - £291,000 under spend**
- i. **Travellers**; Approval is sought in this report for a reduction of **£311,000** where budget is no longer required.
 - ii. **Community Initiatives**; Approval is sought to draw down **£215,000** from the Community Initiatives Fund Reserve to cover expenditure incurred to date in the final quarter of 2018/19 and first quarter of 2019/20) in relation to the Community Initiatives project.
- 7.5 **Economic Development – £369,000 over spend**
- i. **Chelmsford College High Need scheme**; An addition of **£369,000** is being sought relating to transforming its classrooms with completion expected in the summer in readiness for the September 2019 term.
- 7.6 **Education and Skills - £4.7m under spend**

- i. **Clacton County High**; Approval is sought to reprofile **£4m** into future years due to on-going discussions with Tendring District Council concerning land transfers.
- ii. **Chatham Free School**; Approval is sought to reprofile **£2m** into future years due to uncontrollable Department of Education (DfE) delays in funding sign off.
- iii. **West Hatch**; Approval is sought to reprofile **£1m** into future years where the appointment of a new contractor is still in process following the removal of the prior contractor.
- iv. **Basildon Primary Basic Need**; Approval is sought to re-profile **£639,000** from 2021/22 into 2019/20 due to the earlier completion of works at Northlands Primary Academy.

7.7 **Finance, Property and Housing Portfolio - £44,000 over spend**

- i. The over spend is due to Essex Outdoors where additional costs have arisen relating to the refurbishment of a shower block and installation of accommodation pods.
- ii. **Goldlay Gardens**; Approval is sought for an addition of **£25,000** from the Essex Housing Programme for Goldlay Gardens relating to the final snagging costs at completion.

7.8 **Health and Adult Social Care - £10,000 under spend**

- i. **Coppins Court**; Approval is sought to re-profile **£10,500** into future years, as the work is expected to start later in the year.

7.9 **Deputy Leader and Infrastructure - £2.2m over spend**

- i. **Major Schemes**; Approval is sought for an addition of **£1.7m** in respect to additional South East Local Enterprise Partnership (SELEP) Local Growth Fund (LGF) funding for Frating roundabout on the A133 Colchester to Clacton; and **£540,000** in relation to Chelmsford North Eastern Bypass, with a corresponding reduction relating to Advanced Scheme Design. Housing Infrastructure Bids (HIF) of **£545m** have been submitted and the decision is due within the next month. Activity has been progressed on schemes at risk assuming the bids are successful. If the bids are unsuccessful and a decision is made to cease activity, costs incurred to date may need to be treated as abortive costs. At the current time there is no indication that bids will be unsuccessful.
- ii. **Highways maintenance**; Approval is sought to add **£6.3m** from the DfT additional Highways funding that was carried forward from 2018/19 relating to: **£2.4m** Roads Maintenance, **£1.6m** Footways Maintenance, **£1.3m** Bridges

and **£1m** Street Lighting Replacement. Approval is also sought to add **£664,000** from the DfT Potholes grant funding for redress activity.

- iii. **BDUK**; Superfast Programme Phase 4b is reporting slippage of **£5.2m** following delays in obtaining grant approval with Department of Environment, Food and Rural Affairs (DEFRA) and subsequent extended procurement timelines. Milestones for delivery are now expected to be in 2020/21.

7.10 **Controlled Elsewhere - £2.1m over spend**

- i. Approval is sought for an addition of **£2.1m** in relation to the Schools Devolved Formula Capital grant, which the Council hold on behalf of Essex Schools and have no control over the spend, for transactions that do not meet the capitalisation criteria.

7.11 **Appendix C** provides a comparison of approved and forecast outturn capital payments by Portfolio and sets out the variance plan which summarise the proposals for addressing the forecast budget variances.

8. **Policy context and Outcomes Framework**

This report is an assessment of the financial position of the County Council, which itself is a representation of the corporate plan. The budget and organisation plan were approved in parallel in February 2019.

9. **Reserves**

9.1 A summary of the forecast balances on reserves is provided in **Appendix D**.

9.2 Approval is sought to close the Digital Infrastructure reserve and transfer the residual balance (£3.1m) to the Transformation reserve.

10. **Financial Implications**

Finance and Resources Implications (Section 151 Officer)

10.1 The report is provided by the Section 151 Officer. There are no further comments.

11. **Legal Implications**

11.1 The Council is responsible for setting the budget each year. Once agreed the executive then have to implement the policy framework and keep within the budget, subject to the limits set by Financial Regulations.

12. **Equality and Diversity implications**

- 12.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when ECC makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 12.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 12.3 The equality implications are assessed as part of budget setting process and as part of individual schemes.
- 12.4 There are no equality and diversity or other resource implications associated with this report.

13. List of Appendices

Appendix A	Revenue Forecast Outturn
Appendix B	Trading Activities
Appendix C (i)	Capital Forecast Outturn
Appendix C (ii)	Capital Variance Plan
Appendix D	Balance Sheet - Earmarked Reserves

(Available at www.essex.gov.uk if not circulated with this report)

14. List of Background Papers

Budgetary control reports.

Revenue

Appendix A

Portfolio	Latest Budget £000	Residual Variance £000	% of Latest Budget
Children and Families	124,621	319	0.3%
Customer, Communities, Culture and Corporate	18,977	(228)	(1.2%)
Economic Development	6,522	(254)	(3.9%)
Education and Skills DSG	(935)	2,521	(269.7%)
Education and Skills Non DSG	78,857	179	0.2%
Environment and Waste	80,715	(0)	(0.0%)
Finance, Property & Housing	16,549	(917)	(5.5%)
Health and Adult Social Care	415,163	(40)	(0.0%)
Infrastructure	44,161	(190)	(0.4%)
Leader	6,447	8	0.1%
Other Operating Costs	51,883	0	0.0%
Performance, Business Planning and Partnerships	2,040	(0)	(0.0%)
Customer, Communities, Culture and Corporate RSSS	63,429	(582)	(0.9%)
Finance, Property & Housing RSSS	19,919	(2,634)	(13.2%)
Leader RSSS	2,116	(61)	(2.9%)
Performance, Business Planning and Partnerships RSSS	7,873	(90)	(1.1%)
Total	938,337	(1,972)	(0.2%)
DSG Offset	935	(2,521)	(269.7%)
Total Excluding DSG	939,272	(4,493)	(0.5%)
Funding		(96)	
Revised Total	939,272	(4,589)	(0.5%)

Appendix B

Traded Services

	Revenue reserve 1 April 2019	Income	Budget Expenditure	(Surplus)/ Deficit	Income	Forecast Expenditure	Forecast (Surplus) / deficit	Final Outturn position	To County Revenue Account	To Trading Activity reserve	Variance Plan Proposals to/(from) reserves	Revenue reserve 31 March 2020
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
EDUCATION TRADED												
EES for Schools	-	-	-	-	(2,429)	1,115	(1,314)	(1,314)	-	-	-	(1,314)
FINANCE, PROPERTY & HOUSING												
Information Services infrastructure	-	(6,500)	6,500	-	(6,500)	6,500	0	0	-	-	-	0
Place Services	(483)	(2,682)	2,402	(280)	(2,686)	2,406	(280)	(55)	(225)	(55)	60	(478)
Music Services Traded	(168)	(4,497)	4,384	(113)	(4,497)	4,384	(113)	0	(113)	-	-	(168)
Total	(651)	(13,679)	13,286	(393)	(16,112)	14,406	(1,706)	(1,368)	(338)	(55)	60	(1,959)

Capital

	Year to date			Budget Movement		Full Year		
	Budget	Actuals	Variance	Original Budget	In year approved changes	Revised Budget	Outturn	Variance
	£000	£000	£000	£000	£000	£000	£000	£000
Children and Families	71	21	(50)	900	75	975	975	-
Customer, Communities, Culture and Corporate	1,123	58	(1,065)	7,500	1,535	9,035	8,745	(291)
Economic Development	1,748	445	(1,303)	5,847	1,307	7,154	7,523	369
Education and Skills	13,104	7,795	(5,309)	76,926	6,822	83,748	79,039	(4,709)
Environment and Waste	662	(231)	(893)	3,850	490	4,340	4,340	(0)
Finance, Property and Housing	1,466	376	(1,090)	14,765	467	15,232	15,276	44
Health and Adult Social Care	1	(716)	(717)	421	7	428	418	(10)
Infrastructure	15,717	9,357	(6,360)	137,646	(6,801)	130,845	133,021	2,176
ECC Capital Programme	33,892	17,104	(16,788)	247,855	3,903	251,758	249,338	(2,420)
Schools Cash Balance	296	607	311	-	296	296	296	-
Devolved Formula Capital	155	2,498	2,343	1,113	99	1,212	3,296	2,084
Total School Balances	451	3,105	2,654	1,113	395	1,508	3,591	2,084
Total Capital Programme	34,343	20,209	(14,133)	248,967	4,298	253,265	252,929	(336)

Financed by:

	Budget Movement		Full Year		
	Original Budget	In year approved changes	Revised Budget	Outturn	Variance
	£000	£000	£000	£000	£000
ECC Capital Programme					
Grants	91,401	3,711	95,112	88,054	(7,058)
Reserves	8,268	-	8,268	8,288	20
Developer & Other contributions	12,949	453	13,402	13,464	62
Capital receipts	7,000	(2,000)	5,000	5,000	-
Unsupported borrowing	128,237	2,034	130,271	134,827	4,556
ECC Capital Programme	247,855	4,198	252,053	249,633	(2,420)
Grants	1,112	100	1,212	3,296	2,084
Unsupported borrowing	-	-	-	-	-
School Balances	1,112	100	1,212	3,296	2,084
Total ECC & Schools Capital Funding	248,967	4,298	253,265	252,929	(336)

Capital Variance Plan

Portfolio	Approved changes					Variance Plan					
	Slippage	Additions	Reductions	Advanced Works	Approved changes	Slippage	Additions	Reductions	Advanced Works	Residual Variance	Total Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children and Families	75	-	-	-	75	-	-	-	-	-	-
Customer, Communities, Culture and Corporate	1,535	-	-	-	1,535	-	20	(311)	-	(0)	(291)
Economic Development	1,326	-	-	(19)	1,307	-	369	-	-	0	369
Education and Skills	987	12,821	(6,321)	(665)	6,822	(7,574)	1,661	(222)	1,178	248	(4,709)
Environment and Waste	490	-	-	-	490	-	-	-	-	(0)	(0)
Finance, Property and Housing	492	-	-	(25)	467	-	25	-	-	19	44
Health and Adult Social Care	7	-	-	-	7	(10)	-	-	-	1	(10)
Infrastructure	1,900	347	(6,535)	(2,513)	(6,801)	(5,555)	8,978	(1,045)	-	(202)	2,176
ECC Capital Programme	6,812	13,168	(12,856)	(3,221)	3,903	(13,139)	11,053	(1,578)	1,178	66	(2,420)
Schools Cash Balance	296	-	-	-	296	-	-	-	-	-	-
Devolved Formula Capital	99	-	-	-	99	-	2,084	-	-	0	2,084
Total Capital Programme	7,207	13,168	(12,856)	(3,221)	4,298	(13,139)	13,136	(1,578)	1,178	66	(336)

Appendix C(ii) cont'd

Portfolio & Scheme	Slippage	Additions	Reductions	Advanced Works	2019/20 Changes
	£000	£000	£000	£000	Requested
Community Initiatives	-	20	-	-	20
Travellers	-	-	(311)	-	(311)
Customer, Communities, Culture and Corporate	-	20	(311)	-	(291)
A120 Preferred route	-	-	(500)	-	(500)
A133 Colchester to Clacton RBS	-	1,742	-	-	1,742
Advanced Scheme Design	-	-	(540)	-	(540)
BDUK Essex Superfast Programme Phase 4	(5,255)	-	-	-	(5,255)
Bridges	-	1,300	-	-	1,300
Chelmsford Growth Area	-	27	-	-	27
Chelmsford North Eastern Bypass	-	540	-	-	540
Footway maintenance	(300)	1,600	-	-	1,300
Local Highways Panels	-	300	-	-	300
Road Maintenance	-	2,400	-	-	2,400
Street Lighting Replacement	-	1,000	-	-	1,000
Section 106	-	69	(5)	-	64
Deputy Leader and Infrastructure	(5,555)	8,978	(1,045)	-	2,378
Chelmsford College High Needs	-	369	-	-	369
Economic Development	-	369	-	-	369
Basildon Primary Basic Need	-	-	-	639	639
Basildon Secondary Basic Need	-	443	-	-	443
Braintree Primary Basic Need	-	-	-	400	400
Brentwood Primary Basic Need	-	32	-	139	171
Chelmsford Primary Basic Need	(167)	-	-	-	(167)
Epping Forest Secondary Basic Need	(1,000)	-	-	-	(1,000)
Special Schools	(2,000)	493	-	-	(1,507)
Temporary Accommodation	(407)	222	-	-	(185)
Tendring Secondary Basic Need	(4,000)	-	-	-	(4,000)
Uttlesford Primary Basic Need	-	61	-	-	61
Schools Capitalised Building Maintenance	-	410	-	-	410
Early Years	-	-	(222)	-	(222)
Education and Skills	(7,574)	1,661	(222)	1,178	(4,957)
Goldlay Gardens	-	25	-	-	25
Finance, Property and Housing	-	25	-	-	25
Independent Living Older People Coppins Court	(10)	-	-	-	(10)
Health and Adult Social Care	(10)	-	-	-	(10)
ECC Capital Programme	(13,139)	11,053	(1,578)	1,178	(2,486)
Devolved Formula Capital	-	2,084	-	-	2,084
Total Capital Programme	(13,139)	13,136	(1,578)	1,178	(403)

Appendix D

Reserves

	Balance at 1 April 2019 £000	(Contributions) Withdrawals agreed £000	Adjustments proposed in quarterly report £000	Future commitments £000	Estimated Closing balance £000
Long Term Contractual Commitment					
PFI Reserves					
A130 PFI	(42,136)	3,413			(38,723)
Building Schools for the Future PFI	(2,267)	-		2,267	-
Debden School PFI	(3,633)	-		3,633	-
Clacton Secondary Schools' PFI	(2,518)	-		2,518	-
Waste Reserve	(103,631)	(7,869)	(1,376)		(112,876)
Grant Equalisation Reserve	(12,636)	1,121	245	-	(11,270)
Trading Activities (not available for use)	(653)	338	60	(55)	(310)
Partnerships and Third Party (not available for use)	(1,815)	-		-	(1,815)
Schools (not available for use)	(38,025)	-		-	(38,025)
General Balance	(56,610)	-		-	(56,610)
Reserves earmarked for future use					
Adults Digital Programme	(5,256)	-	5,006	250	-
Capital Receipts Pump Priming	(3,204)	-		500	(2,704)
Carbon Reduction	(2,303)	2,256		-	(47)
Carry Forward	(23,250)	23,250		-	-
Collection Fund Risk	(1,412)	-		-	(1,412)
Community Initiatives Fund	(1,153)	-	456	697	-
Digital Infrastructure	(3,053)	-	3,053	-	-
Emergency Planning	(300)	-			(300)
Future Capital Funding	(12,061)	(6,974)	5,022	3,952	(10,061)
Health and Safety	(881)	-		250	(631)
Insurance	(8,061)	-		-	(8,061)
Property Fund	(326)	(326)		-	(652)
Quadrennial Elections	(618)	(500)		-	(1,118)
Service Improvement	-	(3,970)		-	(3,970)
Tendering PPP	(496)	-		496	-
Transformation	(25,193)	(7,521)	(7,314)	14,893	(25,135)

Notification of Call-in

Please submit this form to democratic.services@essex.gov.uk

Decision title and reference number KD02 FP/945/09/17 Land for Housing Development in Epping Forest	
Cabinet Member responsible Cllr Mohindra	Date decision published 1-7-18
Last day of call in period 4-7-18	Last day of 10-day period to resolve the call-in
Reasons for Making the Call in	
<ol style="list-style-type: none"> 1. The site is situated 4 minutes walk from the Epping Forest Special Area of Conservation,. It is thus a highly undesirable site for any residential development, because of the extra pressure the inhabitants of 20 flats, their children, dogs, vehicles etc will make upon the SAC, which is protected under ECJ judgements 2. The Inspector's report on the draft EFDC Local plan is expected within 3 months, including on SAC protection. This decision is therefore premature, and should be deferred until the Inspector's intentions are clearer, to obviate waste of money and effort 3. Insufficient undertakings have been given as to how the services of the Library and the tenants (Town Council, CAB, Jazz Archive) will be maintained in the vicinity in Loughton Town Centre during the construction phase. It would not be possible to seek to provide these in other libraries nearby 4. Insufficient thought has been given to approaches other than total demolition (eg an extra storey on the existing building, demolition of part and new build on its site etc) 5. It would be costly, unsustainable and unnecessary to increase building height by providing private undercroft residential parking on such a sustainably-located site 6. No evidence has been adduced for the claimed costs of repair of the existing building 7. No account has been taken of the heritage qualities of the existing library, which is a notable building by the architect Elidir Davies 8. Full opportunity should be taken of any rebuilding on this site to provide carbon-neutral service, eg by solar panels, greywater reuse, and/or ground source heating and cooling. 	
Signed: [C C POND]	Dated: 4 July 19
For completion by the Senior Democratic Services Officer	

Date call in Notice Received 4 July 2019	Date of informal meeting
Does the call in relate to a Schools issue	If yes, date when Parent Governor Reps and Diocesan Reps invited to the meeting
Date of Scrutiny Committee Meeting (if applicable)	Date call in withdrawn / resolved

Forward Plan reference number: FP/945/09/17

Report title: Land for Housing Development in Epping Forest (EPP028)	
Report to: Councillor Gagan Mohindra, Cabinet Member for Finance, Property and Housing	
Report author: Gwyn Owen, Head of Essex Housing Tel: 033301 36120 Email: Gwyn.Owen@essex.gov.uk	
Date: June 19th 2019	For: Decision
Enquiries to: Adam Thompson – Senior Development Operations Manager Tel: 03330 136123 email: adam.thompson@essex.gov.uk	
County Divisions affected: Loughton Central	

Confidential Appendix

This report has a confidential appendix which is not for publication as it includes exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

1. Purpose of report

- 1.1. This paper seeks approval to draw down funding to progress the Essex County Council (ECC) owned Loughton Library (the Library) site in Traps Hill, Loughton (the Site) to full planning determination stage (the Project).
- 1.2. To note that the scheme will provide a brand-new library/community hub. This will replace the existing library at no net cost to ECC whilst also avoiding imminent maintenance costs for the existing library.
- 1.3. A further report will follow to agree the next steps if planning permission is granted on the Site.

2. Recommendations

- 2.1. To approve the bringing forward from the existing 2020/21 Essex Housing Capital Budget the £668,000 required in 2019/20 for this stage of the Project. To approve a further £131,000 for 2020/21 to also be taken from the existing 2020/21 Essex Housing Capital Budget.
- 2.2. To agree the drawdown from the Transformation reserve of Revenue costs of £2,778 in 2019/20 and £555 in 2020/21 for the purposes outlined at 2.1.
- 2.3. To agree to invest £799,000 capital and £3,333 revenue to progress the Project to planning stage by June 2020, including detailed design, planning, technical design, contractor tender, and ECC internal costs.

3. Background and proposal

- 3.1. The Library and Essex Registrars occupy the Site alongside other small offices which are let to various users. Given the size of the site (0.25Ha), condition of the building and close proximity to the town, this site is ideal for redevelopment to re-provide space for the existing services alongside 27 new apartments for either sale or rent.
- 3.2. ECC is in the process of finalising its review of the library service across Essex. The draft Essex future Library Services Strategy 2019 – 2024, placed current Essex libraries into four tiers, based on evidence of need. The Library was identified as a Tier 1 library, and therefore has been identified as a main or ‘hub’ library, for which there should be at least one per district/borough, managed by ECC as part of its statutory provision of a comprehensive network. As part of that review, A Consultation was undertaken in February 2019 which sought to obtain views on tier 3 and 4 libraries within Essex. Accordingly the Library is not part of that wider review which is due to come before Cabinet in Summer 2019.
- 3.3. Subsequently ECC has continued to consider the potential development opportunities for the Site. New housing provision on this Site, alongside the Library, will help to meet local housing need, provide a reduction of future maintenance liabilities and operating costs, will support economic growth and regeneration of Loughton and generate a financial return to ECC. As part of the development of the Site, the Library will be replaced with a new building which would continue to provide for commercial/office space for those currently occupying the current building. A mitigation plan is being prepared in the event that planning permission is approved, so that the Library provision could continue whilst constructions works is undertaken. These proposals will be brought forward to the Cabinet member for consideration if planning permission is achieved.
- 3.4. Over the next 3 years the known maintenance liability costs for the existing building amount to £400k. Progressing this development will remove these liabilities.
- 3.5. This proposal has been developed based on professional advice and guidance including capacity studies undertaken by Saunders Boston, planning advice provided by Bidwells, build costs provided by Potter Raper and financial appraisals and marketing advice provided by Savills.
- 3.5. A range of due diligence has already been undertaken which includes amongst other things capacity studies and planning reports as part of initial feasibility investigations. This did not indicate any particular issues with the development other than those specifically set out in the confidential appendix. More detailed due diligence will be undertaken as part of the design and planning phase.

- 3.6 This additional due diligence and Site preparation activity will include the finalisation of the full design of the Site and completion of the planning application process. ECC will look at utilising expertise in house, however, it might be necessary in formalising the design that additional resources are required. These will be procured through ECC's Request for Quote process, in accordance with ECC's Procurement Policy. Appointments will be done by the Development Operations Manager or equivalent in accordance with ECC's Financial Delegations.
- 3.7 As part of informing ECC's decision making on the future of the Site following planning permission being obtained, ECC will engage the market to obtain a price for the construction of the Site, based on the final design developed by ECC. This price will enable ECC to more accurately predict the investment required should it wish to proceed to fully develop the Site, and will form part of the overall consideration brought back to the Cabinet Member for approval.
- 3.6 ECC's Essex Housing team will manage the project. The key milestones as follows:

Milestone Description	Target Date
Detailed design and planning application preparation	November 2019
Planning permission secured	February 2020
Technical design and Contractor tender	May 2020
Decision to determine Construction/Disposal Approach	June 2020

4. Options

- 4.1 A variety of options have been considered through the development of this business case. All options considered would include retaining a library/community hub in accordance with the Essex Libraries consultation.

Options considered:

Do nothing. This option is not preferred as it would mean an opportunity to capitalise on an asset owned by ECC is missed. It will also mean that ECC would continue incurring the known maintenance liabilities; addressing the liabilities and refurbishing the building and to construct the new library/community hub and either sell or rent the residential units.

Progress the Site to full planning permission: The development by Essex Housing of the Project is the preferred option, as this will provide the most economical return on ECC's investment and will assist in satisfying the housing gap in Loughton, and will ensure that a fit for purpose library provision and community hub remains on the Site, if planning permission is approved.

5. Next Steps

- 5.1 ECC will continue to work on the Site and progress its planning application with Epping Forest District Council. Once planning has been obtained, a further report will follow to consider whether ECC wish to embark on the development of the Site and therefore seek to appoint a contractor, or whether to sell the Site at that stage.

6. Consideration of Implications

6.1. Financial Implications

- 6.1.1. £668,000 will be brought forward into the capital programme for 2019/20 from the 2020/21 Essex Housing capital programme allocation. A further £131,000 will be required in 2020/21 taken from the Essex Housing capital programme allocation for 2020/21.
- 6.1.2. Given commercial sensitivity, the financial implications associated with this project are set out in the confidential appendix.

6.2 Legal Implications

- 6.2.1 ECC has the power under the Local Government Act 1972 to acquire land and power under the Local Authorities (Land) Act 1963 to develop land for the improvement or development of its area. The aims of this scheme relate principally to ensuring that housing is available to meet the needs of Essex residents.
- 6.2.2 Any future building contract will need to be procured in accordance with the Public Contracts Regulations 2015.

7. Equality and Diversity implications

- 7.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when ECC makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 7.3 An initial equality impact assessment carried out in April 2019 indicates that the proposals in this report will not have a disproportionately adverse impact on

Land for Housing Development in Epping Forest

any people with a particular characteristic and a section 2 Equality Impact Assessment is not considered necessary.

8. List of Appendices

- 8.1 Confidential Appendix
- 8.2 Equality Impact Assessment

9. List of background papers

- 9.1 None

I approve the above recommendations set out above for the reasons set out in the report.	Date
Councillor Gagan Mohindra, Cabinet Member for Finance, Property and Housing	26.06.19

In consultation with:

Role	Date
Executive Director for Corporate and Customer Services (\$151 Officer) Nicole Wood on behalf of Margaret Lee Monitoring Officer	19.06.19
Kim Cole on behalf of Paul Turner	30.05.19

Equality Impact Assessment

Context

1. under s.149 of the Equality Act 2010, when making decisions, Essex County Council must have regard to the Public Sector Equality Duty, ie have due regard to:
 - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
 - advancing equality of opportunity between people who share a protected characteristic and those who do not,
 - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
 - age
 - disability
 - gender reassignment
 - marriage/civil partnership
 - pregnancy/maternity
 - race
 - religion/belief
 - gender and sexual orientation.
3. In addition to the above protected characteristics you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.
4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy.
6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. The EqIA will be published at:
<http://cmis.essexcc.gov.uk/essexcmis5/Home.aspx>
8. All **Cabinet Member Actions, Chief Officer Actions, Key Decisions** and **Cabinet Reports must be** accompanied by an EqIA.
9. For further information, refer to the EqIA guidance for staff.

10. For advice, contact:

Shammi Jalota shammi.jalota@essex.gov.uk

Head of Equality and Diversity

Corporate Law & Assurance

Tel 0330 134592 or 07740 901114

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Section 1: Identifying details

Your function, service area and team: Essex Housing; Economy, Localities, Public Health Infrastructure and Environment

If you are submitting this EqlA on behalf of another function, service area or team, specify the originating function, service area or team: NA

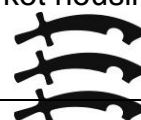
Title of policy or decision: Land for Housing Development in Epping Forest

Officer completing the EqlA: Adam Thompson Tel: 03330 136123 Email: adam.thompson@essex.gov.uk

Date of completing the assessment: 03 April 2019

Section 2: Policy to be analysed

2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? New decision
2.2	<p>Describe the main aims, objectives and purpose of the policy (or decision): This paper seeks approval to draw down funding to progress a scheme at the site of the Loughton Library site, Loughton, Essex (the Site) to full planning determination stage (the Project).</p> <p>What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? Development of this site for housing will: help meet housing needs of residents; reprovide a valuable community asset; generate new income; support economic growth and regeneration; and utilise dormant public sector assets</p> <p>Provide 27 new residential units (for sale or rent). Improve community provision in Loughton. Provide a cash surplus to ECC. Provide a new library/community hub (This will replace the existing library at no net cost to ECC.). Avoid known maintenance liabilities for work planned for the next 3-5 years. Support economic growth and regeneration. Protect the greenbelt by developing on brownfield land..</p>
2.3	<p>Does or will the policy or decision affect:</p> <ul style="list-style-type: none">• service users• employees• the wider community or groups of people, particularly where there are areas of known inequalities? <p>Yes. The development of this site will increase the supply of open market housing. It will also improve community provision in this location.</p>



	<p>Will the policy or decision influence how organisations operate?</p> <p>No</p>
2.4	<p>Will the policy or decision involve substantial changes in resources?</p> <p>No</p>
2.5	<p>Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes?</p> <p>Each of ECC's corporate objectives relate to and are impacted upon by housing which has been identified as a key cross-cutting theme. As part of the work of the Essex Housing function this decision will directly support the achievement of ECC's key objectives.</p> <p>This also supports ECC investment in tier 1 libraries</p>

Section 3: Evidence/data about the user population and consultation¹

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1	<p>What does the information tell you about those groups identified? Data from housing authorities demonstrates a shortfall in housing completions in relation to projected requirements of open market and affordable provision. This decision will contribute to addressing these shortfalls.</p>
3.2	<p>Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision?</p> <p>This business case has been brought forward following an extensive countywide consultation on the future of public libraries in the county. This is in a location identified for the ongoing provision of a service.</p> <p>Essex Housing has consulted extensively with partner organisations (housing authorities, Police, Fire, health, Probation, Government Property Unit, Local Government Association, National Housing Association, Registered Providers etc) in the development of Essex Housing. Furthermore, the Project has involved People and Place Commissioning from the outset.</p>
3.3	<p>If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary: Further consultation with the public will happen as part of the scheme design.</p>

¹ Data sources within EEC. Refer to Essex Insight Page 73 of 82
<http://www.essexinsight.org.uk/mainmenu.aspx?cookieCheck=true>
with links to JSNA and 2011 Census.



Section 4: Impact of policy or decision

Use this section to assess any potential impact on equality groups based on what you now know.

Description of impact	Nature of impact Positive, neutral, adverse (explain why)	Extent of impact Low, medium, high (use L, M or H)
Age	Neutral	L
Disability	Neutral	L
Gender	Neutral	L
Gender reassignment	Neutral	L
Marriage/civil partnership	Neutral	L
Pregnancy/maternity	Neutral	L
Race	Neutral	L
Religion/belief	Neutral	L
Sexual orientation	Neutral	L
Cross-cutting themes		
Description of impact	Nature of impact Positive, neutral, adverse (explain why)	Extent of impact Low, medium, high (use L, M or H)
Socio-economic	Positive. This decision will increase supply and therefore availability of housing. Housing development is a key enabler of economic growth.	H
Environmental, eg housing, transport links/rural isolation	Positive. This decision will build housing helping to meet housing needs in Essex. Furthermore, development will be undertaken in a way which promotes social cohesion and integration	H

Section 5: Conclusion

		Tick Yes/No as appropriate	
5.1	Does the EqlA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No <input checked="" type="checkbox"/>	
		Yes <input type="checkbox"/>	If ' YES ', use the action plan at Section 6 to describe the adverse impacts and what mitigating actions you could put in place.

Section 6: Action plan to address and monitor adverse impacts

What are the potential adverse impacts?	What are the mitigating actions?	Date they will be achieved.

Section 7: Sign off

**I confirm that this initial analysis has been completed appropriately.
(A typed signature is sufficient.)**

Signature of Head of Service: Gwyn Owen

Date: 04/04/19

Signature of person completing the EqIA: Adam Thompson

Date: 04/04/19

Advice

Keep your director informed of all equality & diversity issues. We recommend that you forward a copy of every EqIA you undertake to the director responsible for the service area. Retain a copy of this EqIA for your records. If this EqIA relates to a continuing project, ensure this document is kept under review and updated, eg after a consultation has been undertaken.



Corporate Policy and Scrutiny Committee
Tuesday 30 July 2019
Procedure for dealing with Call-in for Land for Housing Development in Epping Forest (FP/945/09/17)

Introduction

This note has been prepared to help officers and members prepare for the Corporate Policy and Scrutiny Committee at which the Call-in will be dealt with which relates to the decision taken by Cllr Gagan Mohindra Land for Housing Development in Epping Forest (FP/945/09/17).

Process

The Chairman will introduce the item and explain that the process to be followed is proposed by him to ensure the effective conduct of the meeting.

- The Chairman will ask if any members of the public would like to speak. A strict maximum of 20 minutes will be allocated to all those who express an interest. They will stay in their seat but be provided with a mic.
- Cllr Chris Pond will be given the opportunity to make the case for calling in the decision. Any 'witnesses' called by Cllr Pond will then make their case to the Committee. This case must be based on the reasons given by Cllr Pond for the call-in. A maximum of 20 minutes will be allocated to Cllr Pond, at the discretion of the Chairman of the Committee.
- Members of the Committee will then have the opportunity to ask questions of all those who have spoken so far.
- Cllr Gagan Mohindra, Cabinet Member for Finance, Property and Housing will then be given the opportunity to answer the case(s) and seek to justify the decision(s) taken. The Cabinet Member will have the opportunity to call their witnesses. A maximum of 20 minutes will be allocated to the Cabinet Member at the discretion of the Chairman of the Committee.
- Members of the Committee will then have the opportunity to ask questions of the Cabinet Member and his witnesses.
- The Committee will debate the issues.
- There will then be voting. The options open to the Committee are set out in the Constitution (paragraph 20.14):
 - Having considered the decision, the Committee may refer it back to the decision taker setting out in writing its concerns or refer the matter to the Full Council, also with a record of its concerns.
 - If the Committee does not refer a decision to either the decision taker or Full Council, the decision shall take effect at the conclusion of the meeting of the Committee.

Any motion in line with 20.14 above will not be put to the meeting until all parties have had a reasonable opportunity to make their case.

A named vote may be requested by ten Members of the Committee standing in their places (Constitution, Standing Order 16.17). The Chairman will read from the list of names provided to him by the Committee Officer and the outcome will be recorded by the Scrutiny Officer and the Committee Officer. The Scrutiny Officer will advise the Chairman accordingly.

Action following the meeting

Following consideration of the call-in by the Committee, the Scrutiny Officer will liaise with the Chairman and Group Spokespersons to agree the formal notification of its decision through a report from the committee.

CORPORATE POLICY AND SCRUTINY COMMITTEE

WORK PROGRAMME 2019/20 – (ADOPTED BY SEPTEMBER 2018 COMMITTEE MEETING)

Approach to topic selection – where can the committee conduct reviews quickly, influence change and make a difference to the residents of Essex

Date/Timing	Issue/Topics	Focus/other comments	Approach	RAG
July 2019				
July 2019	Future of Resourcing Services – Temporary Workers Supply	Committee to receive an update on the progress of the implementation of the Temporary Workers Supply contract and the draft copy of the contract.	Presentation by Cabinet Member and relevant officers	
July 2019	Ringway Jacobs Contract Extension	Committee to receive formal response to Task and Finish Group meeting recommendations.	Presentation by Cabinet Member and relevant officers	
July 2019	Financial Overview 2019/20 as at Quarter 1	Regular quarterly updates after Cabinet.	Presentation by Cabinet Member and relevant officers	
July 2019	Call-in for Land Housing Development in Epping Forest (FP/945/09/17).	Unable to resolve during through informal meetings and so as per The Constitution, will be held during the formal committee meeting.	Present at the meeting the will be the relevant Cabinet Member and the member who called the decision in	
August 2019				
NO MEETING PLANNED				
September 2019				

September 2019	Delivery Risk Assessment Update	Committee to receive six monthly update on the progress of delivery risk assessment.	Presentation by Cabinet Member and relevant officers	
September 2019	Work Programme Planning	Committee to identify items for consideration for its future work programme.	To be supported by Cabinet Member and relevant officers	
October 2019				
October 2019	Financial Overview 2019/20 as at Quarter 2	Regular quarterly updates after Cabinet.	Presentation by Cabinet Member and relevant officers	
October 2019	ECC Organisation Strategy	Committee to be engaged with future business plan for 2021 – 2024.	Presentation by relevant Cabinet Member and officers	
November 2019				
November 2019	Property Investment Portfolio	To receive an in-depth update on the latest position on ECC's property investment programme.	Presentation by relevant Cabinet Member, Director and Officers	
November 2019	Property portfolio	Value of ECC Estate and disposal strategy.	1) The current value of ECC's property estate 2) Breakdown of ECC property estate and their values 3) Details of ECC's disposal strategy	
November 2019	Budget 2020/21	Committee looking to undertake a pre-scrutiny exercise on ECC's budget for 2020/21.	Involvement from Cabinet Member and relevant officers	

December 2019				
NO MEETING PLANNED				
January 2020				
January 2020	Financial Overview 2019/20 as at Quarter 3	Regular quarterly updates after Cabinet.	Presentation by Cabinet Member and relevant officers	
February 2020				
Topics suggested being pursued				
TBC	Brexit	Committee to receive an update on the impact Brexit will have on ECC.	Presentation by the Chief Executive	
TBC	Social Care Providers	Review ECC's process of dealing with providers who are in a difficult financial position – possible Task and Finish Group.	To be determined	
Topics suggested to be pursued				
TBC	Customer Contact Centres	To be determined	To be determined	
TBC	Essex Legal Services – update on external service charging	To be determined	To be determined	
TBC	I.T – update on 'Azure' system	To be determined	To be determined	