

Agenda item 11

## Cabinet Issues

### 1. **The Essex and Southend Waste Development Document Preferred Approach for consultation**

Cabinet has approved the joint Essex and Southend Waste Development Document (WDD), Preferred Approach for public consultation that set out proposals for the first time regarding the policy framework for waste planning across the Plan area of Essex and Southend-on-Sea including where waste development will occur for the period 2010 to 2031. The Preferred Approach follows previous Issues and Options consultation where views were sought on a range of issues and contained a call for sites to ensure sufficient capacity of waste management facilities in Essex and Southend-on-Sea. The Preferred Approach Paper sets out the approaches to take in terms of the Core Strategy, Development Control Policies; and Site Allocations.

The eight-week period of public consultation commenced on 24 November and will include press notices, drop in sessions, workshops and public meetings.

The WDD is part of the emerging Essex Minerals and Waste Development Framework and will replace the Adopted Essex & Southend Waste Local Plan. The Preferred Approach builds upon the Issues & Options consultation in 2010 and will inform the Proposed Submission document scheduled to be published before the end of 2012, in accordance with the Government's requirements.

The Plan will provide a waste planning policy framework to determine applications to 2031 covering a range of waste types mainly: Commercial & Industrial Waste, Municipal Solid Waste, Construction & Demolition Waste, Hazardous & low level radioactive waste. The consultation paper sets out the preferred strategy, preferred locational criteria policies and preferred sites.

### 2. **21<sup>st</sup> Century Digital Essex: A Strategy for world-class broadband for Essex**

Cabinet has approved in principle "21<sup>st</sup> Century Digital Essex: A Strategy for world-class broadband for Essex" and given its commitment to supporting the four work streams laid out in the Strategy. The Strategy seeks:

- to give an overarching vision of what the Council wants to see delivered in terms of broadband capability to its citizens and businesses;
- to provide a guide on what issues need to be addressed when preparing a business case for Next Generation Access broadband; and
- to identify key partner organisations in the Education, Public, Voluntary and Private sectors who have an interest in delivering superfast broadband services

and establish how best their assets and efforts can be deployed to bring about superfast broadband.

Broadband provision across Essex today, like many urban/rural combined localities, contains huge variations in connectivity ranging from superfast (in excess of 24 megabits per second) broadband down to a number of “not spots” where there is no connectivity at all. The County Council, along with other councils in Essex has adopted a pro-active approach to improving broadband availability to residents and businesses using a variety of different technologies and business models.

On 15 August the Government indicated that £6,460,000 would be provisionally allocated as matched funding in order to improve broadband connections to Essex’s 220,000 premises that currently fall within areas with poor broadband connections.

In order to develop an over-arching strategy for future broadband provision, the Essex Next Generation Access Project Board was established to drive forward the delivery of Next Generation Access Broadband connectivity across the County (including the Unitary Authorities of Southend-on-Sea and Thurrock). It brings together a wide range of interested parties from across the County. as well as a few from key partner organisations such as the Rural Community Council of Essex, University of Essex, the Diocese of Chelmsford and the Essex Association of Local Councils.

“21<sup>st</sup> Century Digital Essex: A strategy for world-class broadband for Essex” has been developed by the Board to provide an over-arching strategic document. It is anticipated that this document will provide direction to all concerned for the ongoing roll out of superfast digital connectivity, available to and used by all.

The delivery plan comprises four streams of activity:

- working with fixed and mobile network operators, to seek to encourage competition in the telecoms marketplace to achieve excellent value for money;
- the establishment of cross sector governance and growth models to ensure Essex realises the benefits that high bandwidth connectivity can bring;
- working with Broadband Delivery UK and other partners, securing any funding opportunities for broadband implementation and any other connectivity needs across Essex; and
- the establishment of an OJEU compliant Framework Agreement for the procurement of voice, video and data services which encompass corporate, educational, consumer and business needs and maximise the investment and value for money opportunities available.

### **3. Financial Strategy 2012/13 and Beyond**

Cabinet has been updated on the background to the budget for 2012/13, the future volatile funding regime, and endorsed the financial strategy for 2012/13 including revenue budget control totals. Cabinet also considered the Government's offer of a one-off council tax freeze grant for 2012/13 and provisionally endorsed capital control totals.

The financial strategy for 2012/13 and beyond is being developed against the backdrop of significant national and international monetary turbulence. The public sector will experience tight funding regimes for many years to come, and demands on service budgets, caused by demographic trends, inflation, contract pressures, among others, will increase.

Whilst the Council foresaw the challenges produced by the economic turbulence and began a four-year Transformation Programme in 2009/10 to deliver £300 million of savings, this has not been a complete solution to the "gap" now being encountered which has been exacerbated by the reduction in Central Government funding not foreseen at the time of the launch of the Transformation Programme.

The budget process undertaken in 2010 focused on 2011/12, but also produced budgets for 2012/13 and 2013/14. The front loading of Government grant cuts for 2011/12 made it desirable to soften the impact in that year by using some reserves on a one-off basis. This approach allowed services to introduce savings and efficiencies programmes lasting over the three years to 2013/14, by which time the reliance on reserves would be removed and they would have been replenished. The 2012/13 draft budget produced as a result of the three-year exercise described above was the starting point for the current process.

Similarly, the capital programme considered by the Council in February 2011 was the basis for planning the programme for 2012/13 and beyond. While a different mix of schemes is being considered, the capital financing envelope prescribed by the draft 2012/13 revenue budget is being used as a control total.

The revenue budget process is anchored in the draft budget presented to the Council in February 2011. Over the last few months service review sessions have taken place, with the challenge of identifying spending pressures and offsetting mitigations, along with service impacts. Following these reviews a gap of £9.1 million was identified, and it is proposed that this is mitigated through delaying the replenishment of reserves, from which funds were borrowed in 2011/12 and before.

Alongside the budget process the Council is developing a new Corporate Vision and four-year Corporate Plan. It was important to seek to ensure that the two processes remained synchronised so that the budget is aligned to the priorities of the Corporate Plan.

The first review of the revised budget proposals for 2012/13 showed that there was a potential £30m gap between the funding required and that available via income, grants and council tax. Further reviews were undertaken by all services to address this gap.

This resulted in a reduced gap of £9.1m. It is proposed that this gap be resolved by delaying the replenishment of reserves from which funds were borrowed in 2011/12 and before. This introduces some risk in that funds may be lacking if they need to be called upon, but the general balance remains at £42m with a revenue contingency of £8m.

The overall allocation of available revenue resources by directorate is set out below.

Budget 2012/13	
	£000
AHCW	360,781
SCF	211,175
ESH	175,242
Finance	22,379
Strategic Services	11,362
Transformation	26,021
Central & Other Operating Costs	123,373
<b>Total</b>	<b>930,333</b>

The proposed revenue budget contains nearly £90m of savings or efficiencies, the majority of which were planned as part of the preparation of the 2011/12 to 2013/14 budget process. Consequently, the 2012/13 budget will need to be very carefully monitored to ensure that savings delivery plans are in place and rigorously followed through to avoid potential overspends.

For 2011/12 the Government announced that there would be a council tax freeze grant made available to all authorities who did not increase their council tax level between 2010/11 and 2011/12. This grant would be equivalent to the product of a council tax increase of 2.5%, and for Essex County Council this was a sum of £14.5m. Furthermore, the Government pledged to make that sum available for each of the four years of the CSR 10 period. Essex County Council decided to accept the grant.

Recently the Government has announced a further, similar 2.5% grant, but for 2012/13 only. That is, the grant will not be repeated in 2013/14. This presents a dilemma in that while this is good news in the short term, it creates a problem in the longer term. The funding reduction between 2012/13 and 2013/14 is nearly £15m if the freeze grant for 2012/13 is accepted, which the Council will need to be prepared to mitigate.

If the second freeze grant is accepted, then any council tax increase for 2012/13 is mitigated, and no funds are lost to the Council in that year (assuming that an increase above 2.5% was not envisaged). However, in 2013/14 the grant will be removed, leaving a near £15m gap in the funding. To recover this gap in funding terms will require a council tax increase of more than 5%, assuming year on year increases of 2.5% per the Government modelling. This will be 2.5% to recover the lost base position and more than 2.5% as the increase for 2013/14 alone to compensate for the loss of compounding. Given that the Government has consistently indicated its willingness to use capping to constrain “excessive” increases in council tax, an increase of 5% is unlikely to be acceptable or realistic.

As a consequence, accepting the one year council tax freeze grant in 2012/13 will imply further pressures on the 2013/14 budget of approximately £15m, which the Council will need to be prepared to mitigate. Further consideration will be given as to whether or not to accept the grant.

The Council also has in place a reserve to smooth the impact of future waste costs. These are both the costs of the current regime of landfill taxes and disposal costs, plus, going forward, the costs of the new solution currently being negotiated. Already sums are being withdrawn from the contribution to the reserve to support the revenue budget in this area. By 2016/17 no further contributions will be made to the reserve as the current planned revenue stream will be diverted to the waste budget.

The Council also appreciates that it needs both to invest in its Transformation Programme, and to provide for any consequent redundancies that may flow from efficiency programmes. The redundancy reserve of £6.5m has been built into the budget proposals for 2011/12 and 2012/13 only, and is expected to be fully drawn down in both years. This reserve supports directorates and the Council in smoothing the usually higher front-end costs of restructuring services.

It is also proposed that there are four further contributions to reserves.

- £1.2m to support the payment of higher energy prices. This is not being placed directly into revenue budgets as the impact of any tariff increases is not yet fully known
- £2.4m for Adult Social Care to offer some safety net in light of the significant programme of efficiencies and savings that is confronting the Service
- £5m to the reserve for future capital funding to support the capital programme delivery
- £1m to the property disposal reserve to pump prime the property strategy and ability to dispose of surplus properties.

A five-year capital programme, from 2011/12, was considered by the Council in February 2011. In overview terms, the five year capital programme is provisionally expected to be funded in the following manner:

	<b>2012-13 £m</b>	<b>2013-14 £m</b>	<b>2014-15 £m</b>	<b>2015-16 £M</b>	<b>2016-17 £m</b>
Ringfenced grants	19.034	4.156	4.156	4.156	4.156
Unringfenced grants	71.354	70.552	69.535	69.535	69.110
Unsupported borrowing	36.011	15.145	12.776	13.227	13.227
Unringfenced capital receipts	6.356	5.410	0	0	0
Developer contributions	5.063	4.835	12.500	0	0
<b>TOTAL</b>	<b>137.818</b>	<b>100.098</b>	<b>98.967</b>	<b>86.918</b>	<b>86.493</b>

Of the borrowing required to fund the capital programme, the revenue budget provides for a high proportion of internal borrowing; i.e. using reserves and balances to support the cash flow. This is because borrowing rates are near 4% while lending rates are near 1%. Consequently, internal borrowing saves funding costs; any increase in the capital programme or decrease in the reserves will almost certainly require external borrowing with the consequent increased costs.

As with most prudent organisations, the Council has sought to look over the horizon to the future so that it can be best placed to prepare itself for foreseen challenges ahead. Given the Government's funding constraints and the spending pressures brought about by demographic increases and inflation, an increasing gap between funding requirements and availability is certain. The Council will need to continue its endeavours to become more efficient, determine its priorities and to seek alternative ways of delivering its services but it is inevitable that it will have to take some further difficult decisions in order to ensure that it can focus scarce resources on those services of highest priority to the public.

#### **4. Proposal to establish a partnership agreement for a Joint Emergency Planning Service**

The Council's Emergency Planning function has been placed under the interim management of the Essex County Fire and Rescue Service and is being delivered through a Memorandum of Understanding between the two authorities with the Chief Fire Officer acting as Head of the Emergency Planning Service.

Cabinet has agreed to formalise the current arrangements by setting up a partnership from January 2012 to deliver the Emergency Planning function through a Partnership Agreement. This agreement also seeks to identify further advantages through exploring

additional shared services under the proposed partnership. Both Authorities have developed the Partnership Agreement which sets out clear expectations, responsibilities, service delivery objectives, outcomes, protocol of joint working and budget arrangements. The partnership will allow the Essex Fire Service to manage the day-to-day running of the Emergency Planning service. The Cabinet Member will retain responsibility for this service and maintain strategic management of the function. It is intended to invite Southend and Thurrock Unitary Authorities to join the partnership.

All civil protection and emergency planning functions will be delegated to the Essex County Fire and Rescue Service other than agreeing overall strategy, setting the annual budget for the function, undertaking performance monitoring and any other relevant function which should remain with the Council, which roles shall continue to be fulfilled by the Environment Sustainability and Highways Directorate and the Cabinet Member for Highways and Transportation. The Chief Fire Officer will be nominated the Head of Civil Protection and Emergency Management for the Council. The Executive Director for Environment, Sustainability and Highways will be delegated to authorise and commit resources on behalf of the Council in response to an emergency situation (which will then be managed by Essex County Fire and Rescue Service through the partnership arrangement). Relevant staff will transfer to Essex County Fire and Rescue Service under TUPE on 1 January 2012 and the budget agreed by the Cabinet Member will be transferred from the same date.

**Recommended:**

That paragraph 13.3 of the Constitution be amended with effect from 1 January 2012 to reflect the delegation of civil protection and emergency planning functions to the Essex County Fire and Rescue Service by the addition of the following wording:

“The following partnership will exercise executive functions in accordance with the terms of the agreements currently in operation, namely the Civil Protection & Emergency Management Partnership”

Peter Martin  
Leader of the Council