

1. Local Authority Mortgage Scheme

Cabinet has given its agreement to the Council participating in the Local Authority Mortgage Scheme (LAMS), to a total indemnity value of up to £7million being allocated, to be funded from the Council's Reserve for Future Capital Funding, and to a capital scheme to a maximum value of £7million for LAMS being included in the Council's Capital Programme for 2013/14.

The scheme will provide help for potential first-time buyers who can afford mortgage payments but not the initial deposit to get on the property ladder. If a potential buyer meets the strict credit criteria applied by the lender, and meets the criteria set out by the council to qualify for a mortgage under the scheme, the Council will provide an indemnity to the value of the difference between 75% of the value of the property and the amount borrowed. The potential buyer will thereby obtain a mortgage of up to 95% loan to value (LTV) on similar terms as a 75% mortgage which will enable people to borrow with only a 5% deposit – if they meet the other lending criteria.

The Council will adopt a £2m county scheme, and provide £1million match funding to each district council that decide to adopt a scheme: at the time of writing five councils have expressed an interest. The maximum indemnity value for the County Council would therefore be £7 million. If further district councils subsequently wish to adopt a scheme with match funding from the County Council, members will be updated in the quarterly finance report.

Because it is the district council which will enter into the scheme paperwork, the individual schemes can only cover postcodes which are wholly within the area of the participating district. Some postcodes straddle district boundaries and therefore include properties outside the participating district. No district can cover these split post codes. To cover these postcodes the County Council will promote its own scheme which covers the 5% of postcodes which straddle the boundary between district councils running their own scheme. However, the national conditions of the scheme will only permit the County Council scheme to cover postcodes which are wholly in Essex. The County Council scheme cannot therefore include postcodes which straddle boundaries with unitary authorities or other counties. The County Scheme would therefore cover a narrow linear band of postcodes at the join between participating districts.

The maximum loan value will be set at £250,000 for the County scheme, which would effectively result in a maximum property value of approximately £263,000. However, the maximum loan size for each district council scheme would be a matter for decision by the district council, and may, therefore, vary from the £250,000 for the County scheme.

2. ECC Vision Statement 2013-17

Cabinet has agreed to recommend its Vision Statement to Council for approval. This is covered by a separate report on the Council Agenda.

3. Transformation Programme

Cabinet has been updated on the progress of the design work for the next phase of the Council's transformation programme and has approved the next steps for implementation.

Essex is a large and varied county of 1.4 million people. It faces challenge to match its scale:

- Population growth and demographic change is placing unsustainable pressure on the Council's services, especially health and care services.
- The money received from Central Government will continue to reduce as demand for services increases.
- The sheer age and size of the County's road network provide continual challenges and create continual demands for investment.

Since December, the financial challenge facing the Council has worsened. Over the next four years the Council will need to save at least £215m, of which some £93m arises from predicted reduced income compared to that in 2013/14 and £122m is to avoid future cost pressures arising from inflation and demographic growth. The Chancellor's Budget Statement in March 2013 made clear that public sector funding will continue to reduce until at least 2016/17.

The Transformation Programme is critical in helping the Council to achieve the savings needed in order to protect key frontline services; deliver value for money; improve customer services; expand choice for service users; and help prevent unnecessary demand for services from occurring. It recognises that innovation and transformation are always needed if the organisation is to evolve and keep pace with the world around it.

The new operating model for the Council will transform the organisation into an outcomes-led, commissioning organisation. This means the Council will focus on what works best, rather than who does it. It will be objective in seeking the best provider to deliver these improvements and be agnostic as to whether the provider is in-house or external. Being outcomes-led means the Council will focus its efforts and resources in securing tangible improvements to its priorities and continually challenge itself to demonstrate it is investing in the right areas.

It is intended that the new organisational structure will "go live" by October 2013.

4. Property Transformation

Cabinet has approved phase two of the Property Transformation Programme (PT2) and the associated funding and cultural change requirements, which will lead to the rationalisation

of the Council's estate, the generation of capital receipts to fund the capital programme, reductions in revenue costs and intensification and more flexible use of remaining assets.

PT2 is based on an integrated strategy that makes the best multi-functional use of the core estate, which includes Offices, Operational and Education properties, and enables the maximisation of property disposals. The objective is to design and deliver an affordable core estate that drives change and the delivery of services within a framework of efficient flexible work-styles and high productivity work-practices.

PT2 will deliver changes to the 'Look and Feel' of the work space (initially County Hall and then Ely House in Basildon), to provide modern, flexible, efficient and cost effective workplaces for employees that will act as a catalyst for change. It will lead the way for major cultural change to increase productivity in the workplace, align new business support practices and embed flexible working and accommodation change. Flexibility of access to different workplaces is also included in the change plan.

By the end of the PT2 programme, in March 2016, employees will have access to a range of properties that are located throughout the estate, via a universal entry system. These properties will have the necessary technology installed so that the majority of employees will be able to adopt truly flexible working practices and protocols. The step change in work space design and utilisation, together with flexibility of access will improve productivity and enable front line staff to spend more time with their customers.

Not in scope for this property transformation is the main Education Estate including primary and secondary schools, special schools and Children's Support Services. The future strategy for these premises is being developed as the Education Estate Strategy. This is compliant with the objectives of PT2.

The estimated cost of the project over the three-year period until March 2016 is £7.3m of revenue spend and £4.9m of capital investment. The capital investment will be funded by capital receipts anticipated over the three-year period of the project. Decisions on disposal of assets to achieve capital receipts will be subject to separate decisions by the Cabinet or relevant cabinet member.

5. 2012-13 Provisional Outturn

Cabinet has been presented with the provisional outturn position for 2012/13 prior to formal closure of the accounts. Ernst and Young, the Council's external auditor, will carry out the annual audit of the accounts during the summer, and it is possible that changes may be made to the accounts during this period. The results of the external audit review will be reported to the Audit Committee on 30 September, at which stage the Audit Committee will be asked to approve and authorise the Accounts for publication. The Accounts, when published, will be placed on the Council's website.

Through careful financial planning and control, at the end of 2012/13 the Council's finances remain robust. Cabinet noted the provisional outturn positions for revenue and capital which are for:

- a net under spend for the year of £1.766m on the Revenue Budget (after taking account of appropriating funds into, and from, earmarked revenue reserves); and
- an underlying under spend of £3.179m against approved capital payment guidelines (after taking account of re-profiling and revising capital payment approvals).

David Finch
Leader of the Council