

## Cabinet Issues

### 1. Appointment of Opposition Observers

The Cabinet has noted the appointment of Opposition Observers in accordance with paragraph 7.8 of Article 7 of the Constitution, as set out below:

Councillor Mike Mackrory, Leader of the Liberal Democrat Group  
Councillor Mrs Theresa Higgins, Deputy Leader of the Liberal Democrat Group  
Councillor David Kendall, Liberal Democrat Group (named substitute).

### 2. Outcome of Youth Offending Service Inspection

The Cabinet has received information concerning the outcome of the recent Her Majesty's Inspector of Probation (HMIP) inspection of Essex Youth Offending Service and approved the Service's post-inspection improvement Plan, which will be overseen by the Youth Justice Board for England and Wales. The inspection had taken place in February 2012 with the report being published on 23 May. The inspection, known as a Core Case Inspection (CCI), was the final cycle of a national inspection programme that commenced in 2009. A new risk-led inspection programme was due to be introduced with effect from summer 2012.

Essex had received a score of 73% for safeguarding work, 68% for risk of harm to others work and 73% for likelihood of reoffending work. In each category the Council's score was higher than both the national average and the family comparator Youth Offending Teams. Only five recommendations had been made and actions to address these had been incorporated in the service improvement plan presented as an appendix to the Cabinet report. The Cabinet was pleased to note this positive achievement and congratulated those involved.

In considering the actions to be taken in response to the inspection the Cabinet acknowledged the importance of learning from best practice elsewhere.

### 3. 2011/12 Provisional Outturn Report

The Cabinet has considered the provisional outturn position for 2011/12 prior to the formal closure of accounts and is pleased to state that, through careful financial planning and control, at the end of 2011/12 the County Council's finances remain robust.

The budget for 2011/12 was set against a background of austerity for the public sector introduced by the new Coalition Government during 2010. This meant that the

Council needed to make savings of £100m to live within its net revenue budget of £864.245m.

A significant contribution to these savings was made by the ongoing Transformation Programme, which started in 2009/10, with a target of reducing the budget by £300 million over 4 years. Further programmes of efficiencies were developed in 2011/12 to ensure that the budget was not overspent. Indeed, the target was slightly over-achieved, partly due to early delivery of some efficiencies and because the Emergency Contingency was not fully drawn down. This underspend has allowed some funding to be put into reserves in order to ease the pressure on future budgets and to support further, innovative programmes of work that will enable services to be sustained as more funding reductions bite.

The capital programme was also under-spent, primarily as a result of slippage, meaning that the schemes for which funding was allocated will be delivered slightly later than planned. Consequently the funding will still be used for the purpose for which it was intended.

The budget for 2012/13 requires savings of a further £123m. However, the carefully executed efficiency programmes through 2011/12 and into 2012/13, combined with the robust reserves, will make this target more achievable without service reductions.

In considering the report, the Cabinet noted that the Audit Commission, the Council's external auditor, would carry out the annual audit of the accounts during the summer and it was possible that changes may be made to the accounts during that period. The results of the external audit review would be reported to the Audit Committee in September 2012, at which stage the Committee would also approve and authorise the Accounts for issue.

The Cabinet congratulated the Chief Executive, the Executive Director for Finance, their respective teams and officers across the Council on their performance in achieving a favourable outcome in challenging economic circumstances whilst maintaining quality of service.

A number of actions were agreed, as set out below:

- (1) That the provisional outturn positions for revenue and capital as set out below, together with the explanatory comments provided in the report, be noted:
  - i. An underlying net underspend for the year of £7.179m on the Revenue Budget (*i.e. after taking account of the proposals within this report for appropriating funds into, and from, earmarked revenue reserves and for carrying unspent budget forward for use in 2012/13*); and
  - ii. An underlying underspend of £3.861m against approved capital payment guidelines (*i.e. after taking account of proposals for re-profiling and revising capital payment approvals*).

- (2) That the allocation of underspends between portfolios (as summarised within the 'reallocation of underspends' column of Appendix B to the report) be approved.
- (3) That the following amounts be appropriated into earmarked revenue reserves:
  - Schools Reserve - £2.940m;
  - Building Schools for the Future PFI equalisation reserve - £2.185m;
  - Reserve for Future Capital Funding - £2.231m; and
  - Waste Reserve - £60,000
- (4) That the following amounts be appropriated from earmarked revenue reserves:
  - Debden PFI reserve - £645,000;
  - Clacton Secondary Schools PFI reserve - £865,000.
- (5) That £17.342m is returned to the General Balance, of which £10.163m relates to revenue 'carry forward requests'.
- (6) That the release of funds from the General Balance in 2012/13, in respect of the 'carry forward' requests referred to in recommendation 5 above, be determined by the Deputy Leader and Cabinet Member for Finance and Transformation Programme in discussion with other Cabinet Members.
- (7) That capital payments guideline, and associated capital financing, of £19.694m be re-profiled into subsequent financial years, in respect of slippage schemes.
- (8) That capital payments guideline, and associated capital financing, of £1.997m be brought forward from 2012/13 in respect of schemes that have progressed ahead of schedule.
- (9) That Portfolios' 2011/12 capital payment guidelines be reduced by £10.778m in respect of schemes that have been completed for less than the budgeted amount, and that part of this underspend (£6.917m) be applied to increase retrospectively payment guidelines for other projects.
- (10) That the financing of capital payments in 2011/12 be approved on the basis set out within Appendix D to the report.

(11) That supplementary funding be allocated in 2012/13 as follows:

- £2.850m to support ongoing programmes of work, such as community budgets and the systematic review, to be financed by a withdrawal from the General Balance;
- £3m for highways maintenance, to be financed by a withdrawal of £2m from the Highways Maintenance Reserve and a withdrawal of £1m from the General Balance.

(12) That the Capital Programme starts approval and payment guidelines for highways maintenance be increased by £8m in 2012/13, to be financed from unsupported borrowing.

#### **4. Principles of the Pan Essex Local Council Tax Support Schemes**

Since the introduction of council tax in 1993 local billing authorities, which for the Essex County Council area comprises the 12 city, district and borough councils, have administered Council Tax Benefit (CTB) schemes in accordance with national legislation under the direction of the Department for Work and Pensions (DWP). CTB is a means-tested benefit scheme that reduces the council tax liability of those on low incomes.

In November 2010, the Government announced a major overhaul of the benefit system, to include the abolition of CTB and its replacement by Local Council Tax Support Schemes (LCTSS) administered by individual billing authorities. This reform requires local authorities to design their own schemes to deliver council tax support, for implementation from April 2013.

In addition, the Government also announced that from April 2012 it will reduce expenditure on CTB by 10% and this will be imposed upon local authorities through a change in the methodology for funding council tax support. As the amount of funding to be provided will take no account of any caseload growth and contingency provisions, local authorities will take on the risk that liabilities under LCTSS exceed that which has been budgeted for at the start of the relevant financial year. The risk will be shared between billing and major precepting authorities (county councils, fire and police authorities) on the basis of council tax shares. Essex County Council will therefore have to manage the financial risks across 12 schemes and will have to meet approximately 75% of any scheme deficit that arises.

As the Government has specified that low income pension age claimants should be no worse off under the arrangements, the design of LCTSS will need to achieve the required reduction in expenditure from working age claimants.

In accordance with the requirement for billing authorities to consult with major precepting authorities on the design of the schemes, officers in Essex have working

closely with the Essex benefits managers group. The group includes representatives from all billing authorities in Essex and has been working jointly to develop the Essex framework, for finalisation by the deadline of 31 January 2013.

The Cabinet has agreed that this close joint working between County Council and billing authority officers should continue to be supported. It has also considered and approved the proposed framework and associated components of the pan-Essex LCTSS. Additionally, and subject to further discussion with billing authorities and no commitments being entered into without further Cabinet agreement, approval has been given to the principle of the Council exploring with billing authorities how they can jointly manage the risk of legal challenge on the principles of billing authorities' scheme designs and the resourcing of any additional collection and fraud management commitments. Finally, the Cabinet has requested that billing authorities undertake further consultation on scheme designs in advance of the required public consultation period.

Peter Martin  
Leader of the Council