
Minutes of the meeting of the Cabinet, held in Committee Room 1 County Hall, Chelmsford, Essex on Tuesday, 24 January 2017

Present:

Councillor David Finch	Leader of the Council (Chairman)
Councillor Kevin Bentley	Deputy Leader & Economic Growth, Infrastructure & Partnerships (Vice-Chairman)
Councillor Anne Brown	Corporate and Communities
Councillor Stephen Canning	Digital Innovation, IT and Customer Services
Councillor Ray Gooding	Education and Lifelong Learning
Councillor Eddie Johnson	Highways and Transport
Councillor Dick Madden	Adults and Children
Councillor John Spence	Finance, Housing and Planning
Councillor Simon Walsh	Environment and Waste

Councillors J Aldridge (Chairman of Essex County Council), R Bass, K Bobbin, M Buckley, P Channer, M Danvers, I Henderson, R Hirst, R Howard, M Mackrory, M Maddocks, K Twitchen and A Wood also attended.

1 Apologies for Absence

Apologies for absence were received from Councillor G Butland (Cabinet Member for Health) and Councillor C Pond (Leader of the Non-aligned Group).

2 Minutes

The minutes of the meeting held on 13 December 2016 were agreed as a correct record and signed by the Chairman.

3 Declarations of Interest

The Chairman reminded Members to declare any interests now or at the point during the meeting at which they arose.

Councillor M Mackrory declared a pecuniary interest in Agenda Items 5 and 11 (Beaulieu Secondary and associated confidential appendix) in that he is a member of the Board of a Multi-Academy Trust which will bid to run the new school and the County Councillor for the electoral division in which the new school will be located. He left the meeting during consideration of the items concerned (minutes 5 and 12 below refer).

4 Questions from the Public

No members of the public had registered an interest in asking a question or making a statement on any of the items to be considered at the meeting.

5 Beaulieu Secondary

Councillor M Mackrory declared a pecuniary interest in this item and left the meeting during its consideration (minute 3 above refers).

The Cabinet considered report FP/369/01/16 by the Director for Education and Lifelong Learning (presented by the Cabinet Member for Education and Lifelong Learning, which referred to the growing demand for additional secondary school places in Chelmsford. Approval was sought to publish a specification inviting proposals to establish a new secondary school, which will have 1,200 places (8 form of entry) once at full capacity. It was envisaged that the new school would operate as an all-through provision, together with the 420 place (2 form entry) primary school already under construction.

In response to a question by Councillor Danvers, the Cabinet Member for Education and Lifelong Learning stated that he had no concerns regarding the appointment of a sponsor to run the new school. There were close controls around academy and free school sponsors, and the Council would work closely with the Department for Education to ensure that an appropriate one was selected.

Resolved:

1. That a new 1,200 place secondary school be established to serve the greater Beaulieu Park development from September 2019, in order to accommodate population growth in the area. This would open with 900 places (6 form entry) and then grow to 1,200 places (8 form entry) over subsequent years, and would operate as an all-through provision, together with the adjoining primary school to be established for September 2018.
2. That the Director for Commissioning: Education and Lifelong Learning issue a document seeking proposals to establish a free school in the area.
3. That Essex County Council (the Council) publicises the fact that it is seeking proposals be sending them to operators of schools in Essex, and by public notice.
4. That the Head of Infrastructure Delivery will award the Construction contract to Kier Construction Ltd for delivery of the Beaulieu Park associated building works (Early Year, Primary and Secondary School) in line with the capital budget stated within the confidential appendix to report FP/369/01/16, provided that he is content that the following conditions have been met:
 - a. A satisfactory planning permission has been granted;
 - b. The construction costs are within the agreed budgets and represent value for money;
 - c. The Council has become freehold owner of a satisfactory site for the school; and
 - d. A sponsor has been appointed by the Secretary of State.
5. That the capital budget for construction and associated project fees be

approved as per the profile stated in the confidential appendix to report FP/369/01/16.

Councillor Mackrory rejoined the meeting.

6 2016/17 Financial Overview as at the Third Quarter Stage

The Cabinet considered report FP/422/02/16 by the Executive Director for Corporate and Customer Services, presented by the Cabinet Member for Finance, Housing and Planning, which set out the forecast financial position of Essex County Council's (ECC's) revenue and capital budgets as at the third quarter stage of the 2016/17 financial year. This reported a full year forecast over spend on revenue of £7.7m (under 1%) against a net budget of £935.8m. This assumed that the balance of the Emergency Contingency (of £3.4m) was fully committed; if there were no further calls, then the full year forecast over spend was expected to be £4.3m. This position was broadly consistent with the Quarter 2 position of £7.1m that was reported previously.

The report also set out an over spend of £353,000 on capital against the current budget of £224.7m. Assuming that capital budget change requests were approved, there would be an over spend of £972,000.

The following information was provide in response to questions raised by Councillors Henderson and Mackrory:

- Digital technology was being used to increase the independence of adults by assisting them to live safely in their own homes for longer. Human intervention was also provided, and there was no intention to force people to accept technological assistance. The Cabinet Member for Finance, Housing and Planning congratulated officers for their work in this area, and on their success in attracting some £1.5m of funding from national Government.
- Although work on preparing the Digital Foundations Business Case was progressing, the decision to re-profile delivery into 2017/18 had arisen from a desire to take time to consider the project in the context of the Council's IT infrastructure, and to ensure adoption of the most appropriate solution.
- The Cabinet Member for Finance, Housing and Planning commented that the over spend in Adult Social Care demonstrated the Council's willingness to spend to meet demand where appropriate. He confirmed that the budgetary shortfall would be managed through compensatory savings in other portfolio areas and use of reserves, if necessary. The Cabinet Member for Adults and Children reassured Members that every effort was made to achieve a balanced budget whilst continuing to provide a high level of service.

Resolved:

That the following actions be approved:

1. The draw down of funds from reserves as follows:
 - a. £500,000 from Essex Education Services (EES) Reserve to the service reducing the budgeted surplus for 2016/17 resulting from a shortfall in surplus target for Traded Development, for which there are no immediate plans in place to mitigate.
 - b. £152,000 from the Community Initiatives Fund Reserve to the Reserve for Future Capital Funding, via the Environment and Waste portfolio, to match expenditure incurred to date in 2016/17 in relation to approved community projects.
2. The appropriation of funds to reserves as follows:
 - a. £248,000 from Adult Social Care portfolio to the Transformation Reserve relating to unused Increasing Independence project funds which will now be required in 2017/18.
 - b. £12,000 from Finance, Commercial, Traded Services, Housing and Planning Recharged Support Services to the Transformation Reserve in relation to budget carried forward for the Support Services project which is no longer required.
 - c. £132,000 to the PFI Equalisation reserves from Education and Lifelong Learning portfolio in relation to Clacton Secondary Schools (£94,000), Building Schools for the Future (£23,000) and Debden (£15,000).
3. The following adjustments:
 - a. To transfer £1.6m from the Pump Priming Reserve to Community Initiatives Reserve following a review of reserve balances.
 - b. To transfer £884,000 from the Carbon Reduction Reserve to the General balance as there are sufficient funds to meet the future requirement.
 - c. To transfer the £86,000 Health and Safety Reserve balance to the General balance and close the Health and Safety Reserve.
 - d. To vire £612,000 from Other Operating Costs to Finance, Commercial, Traded Services, Housing and Planning Recharged Support Services to fund the pressure within the Insurance Cost Recovery Account from the Emergency Contingency.
 - e. To transfer £155,000 from the Grants Equalisation Reserve to the General balance relating to balances identified as no longer required.
 - f. To amend the capital budget as shown in Appendices C(i) and C(ii) to report FP/422/02/16, which allows for capital slippage of £4.2m, capital budget additions of £7.5m, capital budget reductions of £7.2m and advanced works of £3.3m.

7 Financial Regulations & Scheme of Delegation for Financial Management

The Cabinet considered report FP/617/10/16 by the Executive Director for Corporate and Customer Services, presented by the Cabinet Member for Finance, Housing and Planning, which explained changes that were proposed to

the Council's Financial Regulations and Scheme of Delegation for Financial Management, and invited comments on these changes prior to their being presented to full Council for approval.

Resolved:

That the proposed revisions to the Financial Regulations and Scheme of Delegation for Financial Management, as appended to report FP/617/16, be supported and recommended for adoption by full Council.

8 Revenue and Capital Budget 2017-18 and Medium Term Resource Strategy

The Cabinet considered report FP/453/03/16 by the Executive Director for Corporate and Customer Services, presented by the Cabinet Member for Finance, Housing and Planning, which presented information to enable it to recommend to Full Council for approval the revenue budget for 2017/18 and the capital programme for 2017/18.

The report asked Cabinet to note the funding sources for 2017/18; the revenue budget for each portfolio; the proposal in respect of the council tax rate for 2017/18 and the capital programme for 2017/18, and to approve the related recommendations set out in section 2 of report FP/453/03/16.

The Cabinet was asked to note the Medium Term Resources Strategy (MTRS) from 2018/19 to 2019/20, which was informed by the best information available regarding future funding and demand, whilst noting the risks and mitigations approach as outlined in the report.

Finally, the Cabinet was asked to note that, whilst the Council was able to present a balanced budget for 2017/18, this did not assume full delivery of savings and there was not yet a balanced position for 2018/19 and 2019/20.

Cabinet Members provided the following information in response to questions by Councillors Buckley, Danvers, Henderson and Mackrory:

- Referring to paragraph 3.6 of the report, the Cabinet Member for Finance, Housing and Planning made the distinction between the Council's decision to accept a social care precept of 2% and that to freeze the traditional elements of the Council Tax (ie those at the Council's discretion). He accepted that this still represented increased financial outlay for Essex residents. He emphasised his concern for the effect of this on them whilst noting that, in his view, the proposed increase was reasonable. Referring to the fact that the greatest proportion of Council Tax was paid by those residing in lower banded properties, which constituted the majority of housing, the Cabinet Member expressed personal support for the issue of property revaluation.
- Although financial savings had been made, and would continue to be made, the continued delivery of excellent services would be achieved by reshaping services and identifying means to generate additional revenue. New ways of working would undoubtedly mean a requirement

for fewer staff, and there had been a 10% reduction in the Council's workforce over the past four years, with the majority having left on a voluntary basis. Efforts would be made to avoid job losses whilst concentrating on the need to achieve greater efficiencies for Council Tax payers.

- The Council had been clear that the Government should ensure proper funding for social care, as it did for health services, and had made representations to this effect whenever possible. An adult conversation with the Government on the issue would be welcome. It was, however, also important to constantly examine services to ensure that they continued to be appropriate and took account of tax payers' needs, reshaping them as necessary.
- The Council had no plans to hold a referendum arising from a decision to set a budget associated with a Council Tax increase beyond the limit set by the Government, along the lines of that planned by Surrey County Council. Indications were that the cost of a similar referendum for Essex would be in the region of £1m.
- The Cabinet Member for Finance, Housing and Planning emphasised that the capital programme was well-managed, albeit that delays sometimes occurred for reasons beyond the Council's control.
- The Cabinet Member for Education and Lifelong Learning advised that the introduction of the Fair Funding Formula was likely to benefit up to 70% of schools in Essex, with no adverse impact on the remainder. The proposals were currently subject to consultation, but he would arrange for publication of the outcome relevant to Essex once final figures were available.

Resolved:

Revenue and Capital Budget

That the following be recommended to full Council for approval:

1. The net revenue budget requirement to be set at £851.2 million (m) (net cost of services less general government grants) for 2017/18.
2. The net cost of services to be set at £911.2m for 2017/18.
3. The total council tax funding requirement be set at £597.5m for 2017/18.
4. A 3% social care precept be levied but with no further changes to council tax, therefore the Essex County Council element of the council tax for charge for a Band D property in 2017/18 will be £1,163.70. A full list of bands is as follows:

--

Council Tax Band	2016/17	2017/18
	£	£
Band A	753.42	775.80
Band B	878.99	905.10
Band C	1,004.56	1,034.40
Band D	1,130.13	1,163.70
Band E	1,381.27	1,422.30
Band F	1,632.41	1,680.90
Band G	1,883.55	1,939.50
Band H	2,260.26	2,327.40

5. A proposed total schools budget of £545.9m for 2017/18, as set out on page 13 of Appendix A to report FP/453/03/16, which will be funded by the Dedicated Schools Grant.
6. The underlying balance on the General Balance be set at £59.2m as at 1 April 2017.
7. The capital payments guideline be set at £263.4m for 2017/18 and that the Executive Director for Corporate and Customer Services , in consultation with the Cabinet Member for Finance, Housing and Planning, be authorised to make adjustments to the phasing or payments between years (should that be necessary) as the capital programme is finalised, and to report any impact on the Prudential Indicators at the subsequent quarterly review to Cabinet in July 2017. Any requests to change the prudential borrowing would be brought back before full Council.
8. Agree a modest change to the fees and charges policy whereby default annual price increases will be set at the movement in the Retail Prices Index (all items) as at September of the preceding year where permissible, rather than the Consumer Prices Index, as currently stated in the policy (approved in November 2014).

That the following be agreed:

9. That the Cabinet Member for Finance, Housing and Planning, in consultation with the Executive Director for Corporate and Customer Services, may make adjustments to the recommendations to full Council upon receipt of:
 - a. the final tax base and forecast business rates receipts for 2017/18

- from the billing authorities (due by 31st January 2017);
- b. the final capital grant in respect of education from the Department for Education (DfE) expected March 2017; and
- c. the final settlement from Government expected early February 2017.

10. That the Executive Director for Corporate and Customer Services (Section 151 Officer) statement on the robustness of the estimates and reserves be noted.

Prudential Indicators, Treasury Management Strategy and Minimum Revenue Provision for Debt Repayment Policy

That the following be recommended to full Council for approval:

11. Approval of the 2017/18 - 2019/20 Prudential Indicators and limits, together with updated limits for 2016/17 as set out in Appendix B to report FP/453/03/16.
12. Approval of the Treasury Management Strategy for 2017/18 as set out in Appendix B to report FP/453/03/16.
13. Approval of the policy for making a prudent level of revenue provision for the repayment of debt (the Minimum Revenue Provision policy, as set out in Appendix B to report FP/453/03/16).

Pay Policy Statement

That the following be recommended to full Council for approval:

14. Adoption of the Pay Policy Statement for 2017/18 as set out in Appendix C to report FP/453/03/16.

That the following be noted:

15. The medium term (2018/19 - 2019/20) revenue issues facing the Council as set out in Appendix A to report FP/453/03/16, highlighting the funding sources and implications. The position is based upon the best intelligence available today including future funding, price rises and demand; but there is inherent uncertainty given the changes in national and local circumstances.
16. The recommendations in report FP/453/03/16 present a balanced budget for 2017/18. The Council's plans for 2018/19 and 2019/20 are not sufficiently firm as to allow for a balanced budget to be set. Further opportunities for improving income and funding, plus greater efficiencies will need to be secured in the medium term, which will be achieved by a focus on outcomes-based commissioning.
17. The above figures are based on Band D tax base of 513,471 properties.

9 Cabinet Decisions Report

The Cabinet received report FP/683/12/16 setting out the decisions taken by or in consultation with Cabinet Members since the last meeting.

10 Date of Next Meeting

It was noted that the next meeting of the Cabinet would take place on Tuesday 21 February 2017 at 10.00am.

11 Exclusion of the Press and Public

That, having reached the view that the public interest in maintaining the exemption (and discussing the matter in private) outweighed the public interest in disclosing the information, the public (including the press) be excluded from the meeting during consideration of the following item of business on the grounds that it involved the likely disclosure of exempt information as specified in paragraph 3 of part 1 of Schedule 12a of the Local Government Act 1972.

12 Beaulieu Confidential Financial Annex

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

Chairman