

## Minutes of a meeting of the Cabinet that took place in the Council Chamber at County Hall on Tuesday 18 January 2022

### Present:

Councillor	Cabinet Member Responsibility
Councillor K Bentley	Leader of the Council (Chairman)
Councillor L McKinlay	Deputy Leader and Community, Equality, Partnerships and Performance
Councillor T Ball	Education Excellence, Life-Long Learning and Employability
Councillor M Buckley	Waste Reduction and Recycling
Councillor G Butland	Devolution, the Arts, Heritage and Culture
Councillor B Egan	Children's Services and Early Years
Councillor L Scott	Highways Maintenance and Sustainable Transport
Councillor J Spence	Adult Social Care and Health
Councillor L Wagland	Economic Renewal, Infrastructure and Planning
Councillor C Whitbread	Finance, Resources and Corporate Affairs

Councillors C Pond, I Henderson, M Mackrory, D King, P Schwier, M Platt, T Cunningham and L Barber were also present.

### 1. Membership, Apologies, Substitutions and Declarations of Interest.

The report of Membership, Apologies and Declarations was received and the following were noted:

1. There had been no changes of membership since the last report.
2. There were no apologies for absence.
3. There were no declarations of interest, however the Leader of the Council advised that as he was a Director of a Company that had previously worked with one of the providers involved in item 10 - *New Contract for SEND Therapy Services* (although not on this current contract) he would take a cautious approach and withdraw from the meeting when that report was being considered.

### 2. Minutes of Previous Meeting

The Minutes of the meeting held on 21 December 2021 were approved as a true record and were signed by the Chairman.

### 3. Questions from the public

There were no questions from members of the public.

**4a. Annual Plan and Budget 2022/23 – Part 1: Section 151 Officer Report (FP/015/03/21)**

Cabinet received a report setting out the Section 151 (S151) Officer's statement on the adequacy of reserves; robustness of the 2022/23 revenue budget; the medium term financial outlook; Financial Strategy; and the Capital and Treasury Management Strategy.

**Resolved:**

That the report was noted before making recommendations to Full Council on the Revenue budget and capital programme, included within the Annual Plan.

**4b. Everyone's Essex Annual Plan and Budget 2022/23 – Part 2: Budget and Plan (FP/183/10/21)**

The Cabinet received a report asking that the Cabinet make a recommendation to the Council that it adopts the Everyone's Essex Annual Plan and Budget 2022/23 including the revenue budget, capital programme, financial strategy and capital strategy. In doing so, the report of the Section 151 (S151) Officer on the robustness of the 2022/23 Budget and adequacy of reserves, included elsewhere on this agenda, should be considered.

The Cabinet Member for Finance, Resources and Corporate Affairs, together with Cabinet Members from the appropriate service areas, responded to questions from Councillors Henderson, Barber, Pond and King in relation to:

- The impact of increases to the cost of living currently being experienced by residents;
- The potential to use the Council's reserves to mitigate Council Tax rises;
- The potential impact of reductions in funding to the highways maintenance, waste and recycling infrastructure, and Adult Social Care budgets;
- The management of the funding gap in future financial years;
- The administration's key priorities when developing the budget;
- Increases in demand for domiciliary care;
- What further measures may be possible, including working with central government, to support the most vulnerable members of society

**Resolved:****Everyone's Essex Annual Plan and Revenue Budget:****Cabinet made the following recommendations to Full Council:**

1. That the Everyone's Essex Annual Plan be approved in the form appended to the report (Appendix A).

2. That the net cost of services be set at **£1,083.4million (m)** for 2022/23 Appendix A (page 19).
3. That the net revenue budget requirement to be set at **£959.7m** (net cost of services less general government grants) for 2022/23 – Appendix A (page 23).
4. That the total council tax funding requirement be set at **£763.7m** for 2022/23 – Appendix A (page 23).
5. That Essex County Council's element of the council tax be increased by 4.49%. This was made up of a 1.99% general council tax precept, and 1% adult social care precept as set out by government for 2022/23, plus an additional 1.5% adult social care precept, deferred from 2021/22 using the flexibility set out by government for 2021/22. Therefore, the Essex County Council element of the council tax charge for a Band D property in 2022/23 will be **£1,401.12**. A full list of bands is as follows:

Council Tax Band	2021/22 £	2022/23 £
Band A	893.94	934.08
Band B	1,042.93	1,089.76
Band C	1,191.92	1,245.44
Band D	<b>1,340.91</b>	<b>1,401.12</b>
Band E	1,638.89	1,712.48
Band F	1,936.87	2,023.84
Band G	2,234.85	2,335.20
Band H	2,681.82	2,802.24

6. That the proposed total schools budget be set at **£576.1m** for 2022/23 which will be funded by the Dedicated Schools Grant, Universal Free School Meals Grant, Pupil Premium Grant, PE and Sports Premium Grant, Sixth Form Grant, Teachers Pay and Pension Grants and the COVID-19 Recovery Premium Grant. The majority of this will be passed through to maintained schools.
7. That the underlying balance on the General Balance be set at **£68.1m** as at 1 April 2022 (Appendix A, Annex 1, page 51).
8. That the capital payments guideline be set at **£283.6m** for 2022/23 and that the Executive Director for Corporate Services, in consultation with the Cabinet Member for Finance, Resources and Corporate Affairs, be

authorised to make adjustments to the phasing of 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 2022. Any requests to change the prudential borrowing indicators would be brought back before Full Council.

**Cabinet agreed the following:**

9. That the Cabinet Member for Finance, Resources and Corporate Affairs, in consultation with the Executive Director for Corporate Services, may adjust the recommendations to Full Council upon receipt of:
  - (a) the final tax base and forecast business rates receipts for 2022/23 from the billing authorities (due by 31 January 2022)
  - (b) the final Local Government Finance Settlement from Government (expected early February 2022)
10. That the report by the Executive Director for Corporate Services (S151 officer) on the robustness of the estimates, reserves and capital strategy be noted (see the separate item on the agenda).

**Capital Strategy:**

**Cabinet made the following recommendations to Full Council:**

11. That the 2022/23 to 2025/26 Prudential Indicators and limits, together with updated limits for 2021/22 as set out in Annexes 3A and 3B of the Capital Strategy (Appendix A) be approved.
12. That the Treasury Management Strategy for 2022/23 be approved, comprising:
  - a. Borrowing strategy, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 76).
  - b. Treasury management investments strategy, as set out in Annex 3 and Annex 3D of the Capital Strategy (Appendix A, Annex 3, page 82).
  - c. Indicative strategy for commercial investment activities, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 85).
13. That the policy for making a prudent level of revenue provision for the repayment of debt, (the Minimum Revenue Provision policy) as set out in Annex 3C of the Capital Strategy (Appendix A, Annex 3, page 94), be approved.
14. That the revised Treasury Management Policy Statement (Appendix A, Annex 3, page 100) and Treasury Management Practices (Appendix A, Annex 3, page 101), which set out the policies, objectives and approach to treasury management, are adopted.

**Pay Policy Statement:****Cabinet made the following recommendation to Full Council:**

15. Recommend that the Council adopts the Pay Policy Statement for 2022/23 as set out in Appendix C.

**For Cabinet to note:**

16. The medium term (2023/24 to 2025/26) revenue issues facing the Council as set out in the report (Appendix A, page 13); at present we do not have a balanced budget from 2023/24 and further action will be necessary to identify plans and savings to ensure financial sustainability. The position is based on the best intelligence available today including future funding, price rises and demand. However, in the absence of a government funding settlement beyond 2022/23 and the inherent uncertainty notably given the pressures arising as the pandemic recedes, the financial outlook is volatile.
17. That the recommendations in this report present a balanced budget for 2022/23. The Council's plans for 2023/24 to 2025/26 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 prioritisation and outcomes based commissioning and transformation.
18. That the above figures are based on a Band D equivalent tax base of **545,042** properties (see Appendix A, page 23).
19. That the Capital Strategy, which is presented as Annex 3 in Appendix A, sets out the long-term context in which capital expenditure and treasury management investment decisions are made by the Council and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. It comprises a number of distinct, but inter-related, elements as follows:
  - **Capital expenditure** – this provides an overview of the governance process for approval and monitoring of capital expenditure, including the Council's policies on capitalisation, and an overview of its capital expenditure and financing plans.
  - **Capital financing requirement and borrowing** – this provides a projection of the Council's capital financing requirement, how this will be funded and repaid, sets out the Council's borrowing strategy and explains how the Council will discharge its duty to make prudent revenue provision for the repayment of debt.
  - **Treasury management investments** – this explains the Council's approach to treasury management investment activities, including the criteria for determining how and where funds will be invested to

ensure that the principal sums are safeguarded from loss and that sufficient liquidity is maintained to ensure that funds are available when needed.

- **Other investments** – this provides an overview of the Council's intended approach to investment activities, including processes, due diligence and defines the Council's risk appetite in respect of these, including proportionality in respect of overall resources.

20. The assessment of the impact of the Corporate Systems Programme expenditure funded by the 2020/21 Flexible Use of Capital Receipts Strategy, totalling £3.4m (Appendix E).

## 5. **2021/22 - Financial Overview as at the Third Quarter Stage (FP/013/03/21)**

The Cabinet received a report containing matters related to the 2021/22 – financial Overview as at the Third Quarter Stage for their consideration and approval.

The Cabinet Member for Highways Maintenance and Sustainable Transport Responded to questions from Councillor Henderson in relation to active travel schemes and Local Highways Panel.

Written answers would also be provided to Councillor Henderson from the Cabinet Member for Finance, Resources and Corporate Affairs in respect of the likelihood of a worsening position with regard to council tax deficits, and from the Cabinet Member for Adult Social Care and Health in respect of an underspend in Adult Social Care related to delays in the planning process.

### **Resolved:**

1. To draw down funds from reserves as follows:

- i. **£383,000** from the Covid Equalisation Reserve to the Education Excellence, Life Long Learning and Employability portfolio due to pressures from reduced number of school attendance and absence penalty notices issued (**£253,000**) and reduced Adult Community Learning (ACL) tuition fees (**£130,000**) (section 5.7.ii)
- ii. **£360,000** from the Covid Equalisation Reserve to the Community, Equality, Partnerships and Performance portfolio to support Covid-19 related income shortfalls within the Library service (section 5.3.iii)
- iii. **£317,000** from the Covid Equalisation Reserve to the Children's Services and Early Years portfolio relating to pandemic related pressure on the equipment budget (**£215,000**) and additional Personal Allowance for care leavers (**£101,000**) (section 5.2.iv)

- iv. **£209,000** from the Quadrennial Elections Reserve to the Finance, Resources and Corporate Affairs RSSS portfolio relating to costs of the May 2021 elections (section 5.15.iii)
- v. **£127,000** from the Covid Equalisation Reserve to the Leader RSSS portfolio due to publications and promotions costs relating to Covid-19 within Communications and Marketing (section 15.16.iii)
- vi. **£38,000** from the Bursary for Trainee Carers Reserve to the Education Excellence, Life Long Learning and Employability portfolio to ACL in respect of the Nightingale project (section 5.7.ii)
- vii. **£16,000** from the Covid Equalisation Reserve to the Finance, Resources and Corporate Affairs RSSS portfolio to cover additional staff within the HR Service Centre due to the pandemic (section 5.15.iii)
- viii. **£5,000** from the Everyone's Essex Reserve to the Finance, Resources and Corporate Affairs RSSS portfolio relating to a charitable contribution to Harwich Kindertransport (section 5.15.iii)

2. To appropriate funds to reserves as follows:

- i. **£10.3m** to the Carry Forward Reserve from the portfolios outlined below, to support the 2022/23 budget as detailed in section 5.

Portfolio	Amount £000
Adult Social Care and Health	5,500
Highways Maintenance and Sustainable Transport	1,900
Finance, Resources and Corporate Affairs RSSS	1,241
Other Operating Costs	837
Children's Services and Early Years	650
Leader RSSS	85
Community, Equality, Partnerships and Performance RSSS	70
<b>Q3 Carry Forward Request Total</b>	<b>10,283</b>

- ii. **£2m** to the Adults Transformation Reserve from the Adult Social Care and Health portfolio to support new burdens preparation costs (section 5.1.ix)
- iii. **£1.5m** to the Reserve for Future Capital Funding from Other Operating Costs in relation to interest rate risk (section 5.12.iv)
- iv. **£992,000** to the Technology and Digitisation Reserve from the Finance, Resources and Corporate Affairs RSSS portfolio for use in 2022/23 to support various projects (section 5.15.iii)

- v. **£853,000** to the Collection Fund Risk Reserve from the Finance, Resources and Corporate Affairs portfolio to support council tax funding deficits in future years (section 5.8.iv)
  - vi. **£479,000** to be returned to the Covid Equalisation Reserve from the Community, Equality, Partnerships and Performance RSSS portfolio, due to an improved income position within Essex Outdoors (section 5.13.iii).
3. To approve the following adjustments:
- i. To create a new **Children's Risk Reserve** to set aside resources to help manage unbudgeted price and demand pressures that may arise from the changing landscape of Children's services
  - ii. To rename the Technology Solutions Reserve to the **Technology and Digitisation Reserve** with the revised purpose to set aside resources to meet the future cost of replacing key council technology systems and the digitisation of public services
  - iii. Vire **£439,000** within the Devolution, the Arts, Heritage and Culture Portfolio to realign the staffing budgets following the Organisational Redesign that has been undertaken within Culture & Green Space (section 5.4.iii)
  - iv. Vire **£239,000** within the Highways Maintenance and Sustainable Transport portfolio to align with staffing movement from Essex Highways to Essex Highways Commissioning (section 5.9.ii)
  - v. Vire **£85,000** from the Leader RSSS portfolio to the Community, Equality, Partnerships and Performance RSSS portfolio (**£65,000**) and Leader portfolio (**£20,000**) to realign under spends to support the carry forward request for Communications and Marketing (sections 5.16.iii, 5.13.iii & 5.10.ii)
  - vi. Vire **£76,000** within the Finance, Resources and Corporate Affairs RSSS portfolio from Executive Director to Procurement in order to support interim staffing working on service change projects (section 5.15.iii)
  - vii. Vire **£42,000** from the Finance, Resources and Corporate Affairs portfolio to the Finance, Resources and Corporate Affairs RSSS portfolio in order to correct Staff pay inflation within the Pension service (section 5.8.iv & 5.15.iii)
  - viii. To draw down the following into 2022/23. These have been previously approved but not drawn down within the approved timescale (financial regulation 4.3.4). New approval is therefore sought:



- **£293,000** from the Transformation Reserve to the Finance, Resources and Corporate Affairs RSSS portfolio relating to the delivery of the Workforce Strategy CMA FP/271/10/18 (section 5.15.iii)
  - **£1.794m** from the Covid Equalisation Reserve to the Community, Equality, Partnerships and Performance RSSS portfolio relating to Transformation Delivery Resourcing CMA FP/880/11/20 (section 5.13.iii)
- ix. To amend the capital budget as shown in Appendices C (i) and C (ii) which allows for capital slippage of **£56.8m**, capital budget additions of **£7.6m**, capital budget reductions of **£10.1m** and advanced works of **£226,000** (see section 7.2).
6. **Submission of business cases for funding for the delivery of Essex County Council projects as part of the Colchester Town Deal programme (FP/209/11/21)**

The Cabinet received a report containing matters related to the submission of business cases for the delivery of Essex Councils projects as part of the Colchester Town Deal programme for their consideration and approval. It was noted that there had been a relatively late change to the apportionments for some of the Colchester Borough Council-led public realm projects within the Town Centre and Gateways programme that formed part of the Town Deal. Appendix 1 of the published Cabinet report did not reflect those reappportionments, however ECC's projects (and therefore the recommendations to Cabinet) were unaffected. The updated apportionments were provided in an updated version of Appendix 1 (erratum), for information.

The Cabinet Member for Economic Renewal, Infrastructure and Planning responded to a question from Councillor King in relation to the lessons that could be learned in respects of the quality of past estimates and the importance of being able to deliver what was agreed.

**Resolved:**

1. Agreed to submit business cases to Colchester Borough Council, for onward submission to Central Government, to secure funding of £6.297m to contribute to the delivery of the six projects set out in Appendix 2.
2. Agreed that, subject to confirmation of such funding, ECC enters into an agreement with Colchester Borough Council for the delivery of the projects set out in Appendix 2.
3. Agreed that the Cabinet Member for Economic Renewal, Infrastructure and Planning is authorised to agree the terms of the agreement with Colchester Borough Council.

**7. A120-A133 Link Road – Decision to publish tender for main works contract (FP/185/10/21)**

Cabinet received a report containing matters related to the A120-A133 Link Road and the decision to publish a tender for the main works contract for their consideration and approval.

The Cabinet Member for Economic Renewal, Infrastructure and Planning responded to questions from Councillors Henderson and King in relation to the potential for pressure related to Homes England funding deadlines resulting in reductions to the scope of the project, in particular the Rapid Transport Scheme (RTS), and the priority afforded to the RTS and cycling and walking provision by residents.

**Resolved:**

1. That the Council launches a competitive procurement for the A120-A133 Works contract via the Crown Commercial Services Framework. The estimated value of the works can be found in the confidential appendix.
2. Agreed that tender evaluation criteria to be used are 50/50 Price/Quality split with 15% of Quality represented by Social Value criteria to the extent that they are consistent with the most economically advantageous tender.
3. Noted that a further report will be brought back to the Cabinet on the award of the contract which will identify potential funding sources at the time of award to inform the Cabinet's decision on awarding the contract.

**8. Land for Development in Harlow (FP/179/10/21)**

Cabinet received a report containing matters in relation to land for development in Harlow for their consideration and approval.

The Cabinet Member for Economic Renewal, Infrastructure and Planning responded to a question from Councillor Mackrory in relation to the number of affordable units within the development.

**Resolved:**

1. Agreed the transfer of freehold ownership of the land shown edged red on the Plan appended to this report ('the Site') from the Council to Essex Housing Development LLP for the price shown in the Confidential Appendix.
2. Noted that the purchase price is £230,000 below market value to reflect the cost of additional energy efficiency measures contained within the scheme including air source heat pumps, photovoltaic cells and electric vehicle charging points.

3. Agreed to reimburse Essex Housing Development LLP up to £564,375 representing the costs it has incurred on site remediation and demolition before the date of this report.
4. Agreed to provide Essex Housing Development LLP with a development loan for the value shown in the Confidential Appendix as part of a development loan facility made by Essex County Council (the Council) to Essex Housing Development LLP ('The LLP').
5. Agreed that the Section 151 Officer may amend the period of the loan agreement and the repayment amounts and dates.
6. Agreed to the drawdown of £187,431 from the working capital fund (for marketing and professional fees that cannot be capitalised) as set out in the confidential appendix.
7. Agreed, in its role as a member of Essex Housing Development LLP, that:
  - 7a. Essex Housing Development LLP enters into an agreement with Essex County Council to take out a development loan for the value shown in the Confidential Appendix.
  - 7b. Essex Housing Development LLP enters into a design and build contract for the building of 35 units on the Site.
  - 7c. Essex Housing Development LLP is authorised to establish a management company for the management of communal areas of the Site and dispose of its interest in the Company to the buyers of the units.

**9. Education Travel Contract Extension and Awards 2022 (FP/191/10/21)**

Cabinet received a report setting out matters in relation to education travel contract extension and awards 2022 for their consideration and approval.

The Cabinet Member for Highways Maintenance and Sustainable Transport responded to questions from Councillors Mackrory and Henderson related to options for a sustainable procurement model and the potential impact of government investment in the Bus Back Better scheme with regard to upgrades to vehicles.

**Resolved:**

1. Agreed that the Director, Highways and Transportation, is authorised to extend any education transport contracts which expire in July 2022 for a one year period where extension is permitted under the terms of the contract and where he considers this to be in the Council's best interests.

2. Agreed that the Director, Highways and Transportation, is authorised to procure new contracts as set out in Appendix C using a single sealed bid via the Council's existing dynamic purchasing system where extension of the current contract is not permitted or where extension is not considered to be in the Council's best interests. Any new such contract is to be for a period determined by the Director, Highways and Transportation initially for a maximum of three years and on terms which give the Council the right to extend for up to a further 3 years.
3. Agreed that new contracts will be awarded on a 100% price basis following a single sealed bid on the dynamic procurement system.
4. Agreed that the Director, Highways and Transportation may determine how the price evaluation model takes account of the cost of changing contracts to meet customer demand after consulting the Director, Procurement.
5. Agree that the Director, Procurement will develop a procurement model to be used for future procurements of transport contracts which seeks to reduce carbon emissions and improve quality and social value, but note that this model will not be available for the procurements in the report.

#### **10. New Contract for SEND Therapy Services (FP/238/11/21)**

Cabinet received a report setting out matters in relation to a new contract for SEND therapy services for their consideration and approval. The Leader of the Council left the room for the duration of this item and did not vote.

The Cabinet Member for Education Excellence, Life-Long Learning and Employability agreed to provide a written answer to a question by Councillor King regarding when it would be possible to respond to the matters raised raised by Ofsted.

#### **Resolved:**

1. Agreed to undertake a single stage open competitive tender process to procure a single supplier for each local health delivery area in Essex (Mid and South Essex, North East Essex, and West Essex) to deliver an integrated therapy service for children with special educational needs and disability as set out in paragraph 3.9.
2. Agreed that each contract will be for a four year term commencing on 1 August 2022 with options to break the contract at years two and three.
3. Agreed that the award criteria will be based on 50% Price, 50% Quality, with 20% of the quality marks being for Social Value.
4. Agreed to delegate approval of the detailed evaluation model to the Director, Education.

5. Agreed that Cabinet Member for Education Excellence, Lifelong Learning and Employability may award the contract to the successful bidders.
6. Agreed to extend the current contract with Provide CIC for a further four month period to cover the period 1 April to 31 July 2022 at a cost of £432,000.

**11. Decisions taken by or in consultation with Cabinet Members (FP/255/21/21)**

The report was noted.

**12. Date of the next meeting**

The next meeting of the Cabinet would take place on Tuesday, 15 February 2022, and was expected to be held in the Council Chamber at County Hall, Chelmsford.

**13. Urgent Business**

There was no urgent business.

**14. Confidential Appendix: A120-A133 Link Road – decision to publish tender for main works contract (FP/185/10/21) (Public and press excluded)**

The confidential appendix to report FP/185/10/21, to which minute 7, above, refers was agreed.

**15. Confidential Appendix: Land for Development in Harlow (FP/179/10/21)**

The confidential appendix to report FP/179/10/21, to which minute 8, above, refers was agreed.

**16. Confidential Appendix: Education Travel Contract Extension and Awards 2022 (FP/191/10/21)**

The confidential appendix to report FP/191/10/21, to which minute 9, above, refers was agreed.

**17. Urgent exempt business (Public and press excluded)**

There was no urgent exempt business.

There being no further business, the meeting closed at 12.05 pm.