

Minutes of a meeting of the Cabinet held in the Council Chamber at County Hall, Chelmsford at 10.15am on Tuesday 16 January 2024**Present:**

Councillor	Cabinet Member Responsibility
Cllr Kevin Bentley	Leader of the Council
Cllr Louise McKinlay	Deputy Leader and Cabinet Member for Levelling Up and the Economy (in the Chair)
Cllr Tony Ball	Education Excellence, Lifelong Learning and Employability
Cllr Tom Cunningham	Highways Infrastructure and Sustainable Transport
Cllr Mark Durham	The Arts, Heritage and Culture
Cllr Beverley Egan	Children's Services and Early Years
Cllr Peter Schwier	Climate Czar, Environment, Waste Reduction and Recycling
Cllr Lee Scott	Planning a Growing Economy
Cllr John Spence	Adult Social Care, Health and ICS Integration
Cllr Chris Whitbread	The Chancellor of Essex

Cllrs Susan Barker, Graham Butland, Alan Goggin, Carlo Guglielmi, Ivan Henderson, Derrick Louis, Mike Mackrory, Bob Massey, Mark Platt, Andrew Sheldon, Clive Souter and Holly Whitbread were also present. Cllrs David King and Lynette Bowers-Flint attended remotely via Zoom.

1. Membership, Apologies, Substitutions and Declarations of Interest

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

1. Membership of the Cabinet was as set out in the report.
2. Apologies for absence had been received from Cllr Chris Pond, Leader of the Non-aligned Group
3. There were no declarations of interest.

2. Minutes: 19 December 2023

The Minutes of the previous meeting, held on 19 December 2023, were approved as a correct record and signed by the Chairman.

3. Questions from the Public

None.

4. 2023-24 Financial Overview as at the Third Quarter Stage (FP/037/02/23)

The Cabinet received a report setting out the current forecast financial position of Essex County Council's (ECC) revenue and capital budgets as at the third quarter stage of the 2023/24 financial year.

The Chancellor of Essex, supported by the Cabinet Members for Adult Social Care and ICS Integration, the Arts, Heritage and Culture and Education Excellence, Lifelong Learning and Employability, responded to questions from Cllr Ivan Henderson. These concerned reasons for staff recruitment challenges in Youth Services and the cumulative impact of delayed implementation of staffing savings on the £32m savings budgeted for that area in 2024/25.

The Cabinet Member for Adult Social Care, Health and ICS Integration undertook to provide a written response to Cllr Henderson on the rate of increase in demand relating to mental health issues in young people and the likely reasons for this.

Resolved:

1. To draw down funds from reserves as follows:

- i. £1.6m from the Adults Investment Reserve to the Health, Adult Social Care and ICS Integration portfolio relating to Health and Social Care Reform (£732,000 and various project expenditure, details of which can be found in section 5 (section 5.5.vi))
- ii. £960,000 from the Transformation Reserve to the Health, Adult Social Care and ICS Integration Portfolio relating to the Health and Social Care Reform Cabinet Member Action FP/421/05/22, previously approved, but now time lapsed (session 5.5.vi)
- iii. £946,000 from the Reserve for Future Capital Funding to the Health, Adult Social Care and ICS Integration portfolio relating to Independent Living Older People Housing Schemes capital costs transferring to revenue (section 5.1.vi)
- iv. £500,000 from the Covid Equalisation Reserve to the Children's Services and Early Years portfolio in relation to the increased complexity and additional demand of mental health issues relating to young people (section 5.1.iii)
- v. £161,000 from the Ambition Fund Reserve to the Levelling Up, Communities and Business Engagement RSSS portfolio relating to the Just About Managing project to cover the costs associated with the Working Families Initiative, previously approved in FP/011/03/21, but now time lapsed (section 5.14.iii)

- vi. £117,000 from the Community Initiatives Reserve to the Levelling Up, Communities and Business Engagement RSSS portfolio to fund payments to community groups that have been awarded small grants (section 5.14.iii)
- vii. £77,000 from the Waste Reserve to the Climate Czar, Environment, Waste Reduction and Recycling portfolio towards the Mechanical and Biological Treatment Facility (MBT) legal costs (section 5.2.iii)
- viii. £58,000 from the Capital Receipts Pump Priming Reserve to the Chancellor of Essex RSSS portfolio to fund costs on vacant properties pending transformation/sale (section 5.16.ii)
- ix. £24,000 from the Transformation Reserve to the Planning a Growing Economy portfolio relating to the Cabinet Member Action FP/687/04/20 Supporting Community Infrastructure Levy Uptake across Essex, previously approved, but now time elapsed (section 5.9.iii)
- x. £17,000 from the Technology and Digitisation Reserve to the Chancellor of Essex RSSS portfolio relating to My Oracle Support (section 5.16.ii)

2. To appropriate funds to reserves as follows:

- i. £1.5m to the Technology and Digitisation Reserve from the Chancellor of Essex RSSS portfolio to appropriate funds, for use in 2024/25, to deliver the Network and Voice Programme (£1m) and to offset pressures in 2024/25 within the Technology service (£550,000) (section 5.16.ii):
- ii. £444,000 to the Commercial Investment in Essex Places Reserve from the Planning a Growing Economy portfolio relating to an under spend within the Essex Renewal Fund (decision FP/245/12/21), due to delays, for use in 2024/25 (section 5.9.iii)
- iii. £370,000 to the Waste Reserve from the Climate Czar, Environment, Waste Reduction and Recycling portfolio to appropriate unused funds to the reserve for future use (section 5.2.iii)
- iv. £319,000 to the Everyone's Essex Reserve from the Planning a Growing Economy portfolio, returning funding for use in 2024/25, relating to FP/426/06/22 Delivering Digital Essex, due to delays in the project (£239,000) and FP/247/12/21 Environment and Climate Action Programme funding not required this year (£80,000) (section 5.9.iii)
- v. £26,000 to the Reserve for Future Capital Funding from the Climate Czar, Environment, Waste Reduction and Recycling portfolio to fund capital expenditure incurred in the purchase of a cherry picker (section 5.2.iii)

3. To approve the following adjustments:

- i. Reprofile and repurpose part of the allocations within the Carry Forward Reserve relating to the Corporate, Chief Executive's Office and People and Transformation functions, following a review of the reserve, as follows:
 - £450,000 to the Chancellor of Essex RSSS portfolio, for use in 2024/25, supporting delivery of Whole Council Transformation (WCT)
 - £436,000 to the Chancellor of Essex RSSS portfolio, for use in 2024/25, for P2P resource for income collection to reduce outstanding debts – 8x full time equivalents (FTE) (repurpose)
 - £205,000 to the Levelling up, Communities and Business Engagement RSSS portfolio, for use in 2024/25, to support priorities in the delivery of performance and business intelligence (reprofiling)
 - £153,000 to the Levelling Up, Communities and Business Engagement RSSS portfolio, for use in 2024/25, relating to fixed term contracts within Partnership and Equality (reprofiling)
 - £150,000 to the Levelling Up, Communities and Business Engagement RSSS portfolio, for use in 2024/25, relating to training resources and 2 fixed term Data Analysts (reprofiling)
 - £100,000 to the Chancellor of Essex RSSS portfolio, for use in 2024/25, for Decision-Making training for Officers within Legal (repurpose)
 - £100,000 to the Chancellor of Essex RSSS portfolio, for use in 2024/25, to support energy savings in Finance (repurpose)
 - £100,000 to the Chancellor of Essex RSSS portfolio, for use in 2024/25, to support efficiency savings in Technology Services (repurpose)
- ii. Adjust the original approved profile of spend of the following decisions taken by the Cabinet Member in order to reflect the current anticipated spend:
 - FP/406/05/22 Procurement of Social Care Case Management Platform, to reprofile £5.2m into 2024/25 and £3.6m into 2025/26.
 - FP/474/07/22 Voice and Data Network Services, to reprofile £1.9m into 2024/25 and £953,000 into 2025/26.

- FP/421/05/22 Health and Care Act 2022 – Adult Social Care Reforms to reprofile £2.8m into 2024/25

iii. Amend the capital budget as shown in Appendices C (i) and C (ii) which allows for capital slippage of £33.5m from 2023/24 plus £22.8m from 2024/25 across 2025/26 (£14.5m), 2026/27 (£21.4m), 2027/28 (£5m) and 2028/29 (£15.4m). A reduction to the capital programme of £4.7m and an addition to the capital programme of £4m. Furthermore, move advanced works totalling £23.3m (£14.6m into 2023/24, £3.9m into 2025/26 and £4.8m into 2026/27), with £13.7m from 2024/25 and £9.6m from 2027/28 (see section 7.2).

5a Everyone's Essex Annual Plan and Budget 2024-25 – Part 1: S151 Officer's Report (FP/038/02/23)

(This item was considered in conjunction with the report recorded at minute 5b below.)

The Cabinet received a report setting out the Section 151 (S151) Officer's statement on the adequacy of reserves, robustness of the 2024/25 revenue budget, the medium-term financial outlook, Financial Strategy, and the Capital and Treasury Management Strategy.

The Cabinet was asked to consider and note the report before making recommendations to Full Council on the revenue budget and capital programme, included within the Annual Plan (Minute 5b below refers).

Resolved:

To note the report.

5b Everyone's Essex Annual Plan and Budget 2024-25 – Part 2: Budget and Plan (FP/038/02/23)

(This item was considered in conjunction with the report recorded at minute 5a above.)

Cabinet was requested to recommend to the Council that it adopt the Everyone's Essex Annual Plan and Budget 2024/25 including the revenue budget, capital programme, financial strategy, capital strategy and treasury management strategy. In so doing, the Cabinet was asked to consider the report of the Section 151 (S151) Officer on the robustness of the 2024/25 Budget and adequacy of reserves, included elsewhere on the agenda (Minute 5a above refers).

In receiving the report, Councillors thanked officers for their work in preparing the budget and providing briefings to members.

The Chancellor of Essex, supported by the Leader of the Council and other Cabinet Members, responded to questions from Cllrs David King, Ivan Henderson and Mike Mackrory:

- Although the mid-term projection showed an increasing budget gap, this was based on the current position with no account of potential future changes. The Council's long-standing strategy of addressing all budget gaps would continue.
- The Chancellor of Essex was confident that reserves were being set at an appropriate level.
- There would be a continued focus on conducting highways repairs as well and as quickly as possible, taking the views of residents into account concerning priorities. The Cabinet Member for Highways, Infrastructure and Sustainable Transport stated that additional funding for maintenance had been included in the Capital Programme. Monies were reclaimed from contractors in the case of failed repairs.
- A new recruitment strategy, together with the introduction of a more attractive reward package, was resulting in the appointment of additional foster carers, making it easier to gain an idea of future numbers.
- References to a saving of £100k in School Crossing Patrols reflected a realistic assessment of vacancy numbers, arising from ongoing recruitment challenges, rather than a reduction in the number of posts.
- The £100k income generation target for Children's Services and Early Years would be achieved through charging for commercial activity.
- A planned redesign of the library staffing structure would involve a rationalisation of the existing, complex arrangements.

Resolved:

Everyone's Essex Annual Plan and Revenue Budget

Agreed to recommend to Full Council:

1. That the Everyone's Essex Annual Plan and budget be approved in the form appended to report FP/038/02/23 (Appendix A).
2. That the net cost of services to be set at **£1,147.9 million (m)** for 2024-25 – Appendix A (page 28).
3. That the net revenue budget requirement be set at **£1,072.8m** (net cost of services less general government grants) for 2024/25 - Appendix A (page 32).

4. That the total council tax funding requirement be **£848.3m** for 2024/25 – Appendix A (page 32).
5. That Essex County Council's element of the council tax be increased by 4.99% comprising a 2.99% increase in general council tax and 2.0% adult social care precept. This would result in the Essex County Council element of the council tax being **£1,522.53** for a Band D property in 2024/25. A list of bands is as follows:

Council Tax Band	2023/24 £	2024/25 £
Band A	966.78	1,015.02
Band B	1,127.91	1,184.19
Band C	1,289.04	1,353.36
Band D	1,450.17	1,522.53
Band E	1,772.43	1,860.87
Band F	2,094.69	2,199.21
Band G	2,416.95	2,537.55
Band H	2,900.34	3,045.06

6. That the proposed total schools budget be set at **£720.6m** for 2024/25 which will be funded by the Dedicated Schools Grant, Pupil Premium Grant, Universal Free School Meals Grant, Teachers Pay and Pension Grants, PE and Sports Premium Grant, Sixth Form Grant, COVID-19 Recovery Premium Grant, Pupil Premium Plus Post 16 Grant, YPLA Funding Grant, NPQ Targeted Support Grant and Senior Mental Health Lead Training 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 2024 (Appendix A, Annex 1, page 60).
8. That the capital payments guideline be set at **£320.1m** for 2024/25 and that the Executive Director for Corporate Services, in consultation with the Cabinet Member for Finance, be authorised to make, subject to compliance with financial regulations, adjustments to the phasing of payments between years (should they consider that to be appropriate) as the capital programme is finalised, and to report any impact on the Prudential Indicators at the subsequent quarterly review to Cabinet in July 2024. Any requests to change the prudential borrowing indicators would be brought back before Full Council.

Agreed:

9. That the Cabinet Member with responsibility for Finance, 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 2024/25 from the billing authorities (due by 31 January 2024)
 - (b) the final Local Government Finance Settlement from Government (expected early February 2024)
10. That the report by the Executive Director for Corporate Services (S151 Officer) on the robustness of the estimates, reserves and capital strategy be considered and noted (see the separate item on this agenda – minute 5a above refers).

Agreed to make the following recommendations to Full Council in relation to the Capital Strategy:

11. That the 2024/25 to 2027/28 Prudential Indicators and limits, together with updated limits for 2023/24 as set out in Annexes 3A and 3B of the Capital Strategy (Appendix A, pages 95-99) be approved. This includes an authorised limit for external debt of **£1,373m** for the 2024/25 financial year, which defines the maximum amount of external borrowing by the Council, and represents the statutory limit determined under section 3(1) of the Local Government Act 2003.
12. That the Treasury Management Strategy for 2024/25 be approved, comprising:
 - a. Borrowing strategy, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 77)
 - b. Treasury management investments strategy, as set out in Annex 3 and Annex 3D of the Capital Strategy (Appendix A, Annex 3, page 87)
 - c. Indicative strategy for commercial investment activities, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 90)
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 100), be approved.
14. That the revised Treasury Management Policy Statement (Appendix A, Annex 3, page 106) and Treasury Management Practices (Appendix A, Annex 3, page 107), which set out the policies, objectives, and approach to treasury management, are adopted.

Agreed to make the following recommendation to Full Council in relation to the Pay Policy Statement:

15. Recommend that the Council adopts the Pay Policy Statement for 2023/24 as set out in Appendix C to report FP/038/02/23).

Agreed to note:

16. The medium term (2025/26 to 2027/28) revenue issues facing the Council as set out in the report (Appendix A, page 21); at present there is not a balanced budget from 2025/26 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 in respect of future funding, price rises and demand. However, in the absence of a government funding settlement beyond 2024/25 and the inherent uncertainty in the macro-economy, where we continue to see high inflation and high interest rates, the financial outlook is volatile.
17. That the recommendations in this report present a balanced budget for 2024/25. The Council's plans for 2025/26 to 2027/28 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 council tax charge calculation is based on a Band D equivalent tax base of **557,153** properties (see Appendix A, page 32).
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.

6. Chelmsford North East Bypass Section 1a – Procurement of a Design and Build Contract (FP/284/11/23)

Cabinet's approval was sought to procure a contractor to construct Section 1A of the Chelmsford North East Bypass through a Design and Build Contract.

The Leader of the Council responded to questions by Cllr Mike Mackrory:

- A written reply would be provided concerning the potential need for compulsory purchase of land.
- The current position on the draw down of funding from Chelmsford City Council in relation to the Conveyor Bridge would be investigated with a view to speeding up the process if possible.
- Discussions with Homes England were ongoing regarding the possibility of programme slippage impacting on the Council's ability to meet the funding deadline.
- The Leader was comfortable with the current level of risk associated with the project and would inform Members were this to change.

Resolved:

1. Agreed to launch a competitive procurement for the Chelmsford North East Bypass main works design and build contract using a mini-competition on the Major Works Category of the Framework created by the Cumbria, Northumberland, Tyne & Wear NHS Foundation Trust.
2. Agreed that the tender evaluation criteria to be used in the procurement will a 60/40 price/quality split with 5% of the quality score assessing social value and 5% assessing climate impact to the extent that they are consistent with the most economically advantageous tender.
3. Agreed that the Cabinet Member for Highways, Infrastructure and Sustainable Transport is authorised to award a design and build contract following completion of the procurement process and subject to the budgetary parameters set out within paragraphs 6.1.3 and 6.1.4 of report FP/284/11/23.

4. Agreed the revised capital spend and funding profile as set out in section 6.1.3 of report FP/284/11/23.

7. Enabling Older People, adults with disabilities and those with dementia to access meaningful day-time opportunities (FP/300/11/23)

The Cabinet's approval was sought to extend three adult social care transport contracts and to procure six new contracts, to provide transport services for eligible Adult Social Care clients to and from day centres.

Responding to questions by Cllr Mike Mackrory, the Cabinet Member for Adult Social Care, Health and ICS Integration noted a typographical error in paragraph 3.17 of the report and advised that, were the cost of the procurement to be higher than expected, additional funds would be identified from within the Adult Social Care budget. Additionally, a 0% allowance for inflation referenced in paragraph 6.1.5 reflected that it was not possible to predict rates with any accuracy during the current financial climate.

Resolved:

1. Agreed
 - a. To exercise the contractual right to extend the three adult social care transport contracts listed in paragraph 3.10 of report FP/300/11/23 for 24 months from 1 August 2024, to provide transport services for eligible Adult Social Care clients, at the existing costs, subject to agreement of the contractor if necessary.
 - b. That if any of these contracts cannot be extended, then those services will be re-tendered in the same manner as set out in Resolution 2 below.
2. Agreed to procure six new adult social care transport contracts for a period of three years from 1 August 2024, with an option to extend for a further two years, to provide transport services for eligible Adult Social Care clients. The services will be procured on a 90% price, 10% quality split via the Council's Dynamic Purchasing System (DPS) following a sealed bid process.
3. Noted that the total value of the decisions set out in Resolutions 1 and 2, above over the lifetime of the contract or extension, is £5.7m over the respective terms recommended in those Resolutions, based on forecast spend at current activity levels and routes.
4. Agreed that the Executive Director for Adult Social Care may award the contracts following completion of the competitive procurement process, provided the cost of the contracts can be accommodated within the Adult Social Care budget.

**8. Decisions taken by or in consultation with Cabinet Members
(FP/306/12/23)**

The report was noted.

9. Date of next meeting

Noted that the next meeting of the Cabinet would take place at 10.15am on Tuesday 27 February 2024 in the Council Chamber at County Hall, Chelmsford, CM1 1QH.

10. Urgent business

None.

There being no further business, the meeting closed at 11.23am.

**Chairman
27 February 2024**