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## **Minutes of a meeting of the Cabinet held in The Council Chamber, County Hall, Chelmsford, CM1 1QH on Tuesday, 21 January 2020**

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### **Present:**

<b>Councillor</b>	<b>Cabinet Member Responsibility</b>
D Finch	Leader of the Council (Chairman)
K Bentley	Deputy Leader and Infrastructure
T Ball	Economic Development
D Madden	Performance, Business Planning and Partnerships
L McKinley	Children and Families
J Spence	Health and Adult Social Care
S Walsh	Environment and Climate Change Action

Councillors Henderson, Mackrory, Young, Grundy, Moran, Goggin, Wagland, Mitchell, Durham 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. Councillor Finch advised that due to his recent election as an MP Councillor Mohindra had stood down as Cabinet Member for Finance, Property and Housing. As specified in the Constitution, Councillor Finch had assumed temporary responsibility for this portfolio.
2. Apologies for absence were received from Councillor S Barker (Customer, Communities, Culture and Corporate).
3. There were no declarations of interest.

### **2. Minutes: 17 December 2019**

The minutes of the meeting held on 17 December 2019 were agreed as a correct record and signed by the Chairman.

### **3. Questions from the public**

There were no public questions.

### **4. 2019/20 Financial Overview as at the Third Quarter Stage (FP/385/03/19)**

The Cabinet received a report setting out the forecast financial position of Essex County Council's revenue and capital budgets as at the third quarter stage of the 2019/20 financial year. The report advised that on revenue, there

was a forecast full year over spend of £786,000 (0.08%) against a net budget of £940.2m. The capital programme was forecast to under spend by £18.6m (8.1%) against the current budget of £228.6m. After taking account of budget change requests in the report there would be a forecast under spend of £19,000.

Councillors Finch, Gooding, McKinlay, Bentley and Walsh provided answers to questions raised by Councillors Mackrory and Young in relation to budget overspends in respect of children and families, education and finance, property and housing, the Carbon Reduction reserve, and approved capital slippages. Written responses would also be provided to Councillors Mackrory and Young in relation to (respectively) the removal of £1m from the Legal Services Budget and redundancies within Adult Community Learning and Special Educational Needs.

**Resolved:**

1. To draw down funds from reserves as follows:

- i. £400,000 from the Service Improvement reserve to the Leader Recharged Strategic Support Service (RSSS) to support the Just About Managing (JAM) programme of work (section 5.15.ii)
- ii. £223,000 from the Reserve for Future Capital Funding to the Deputy Leader and Infrastructure portfolio relating to the Department for Transport Pothole grant expenditure incurred (section 5.9.ii)
- iii. £352,000 from the Transformation reserve to the Education and Skills portfolio (£220,000) and Customer, Communities, Culture and Corporate RSSS (£132,000) to fund redundancies relating to Organisation Design (sections 5.5.ii and 5.13.ii)
- iv. £151,000 from the Transformation reserve to the Children and Families portfolio in relation to Children's Sustainability programme (section 5.1.iv)
- v. £95,000 from the Private Finance Initiatives (PFI) Equalisation reserves to the Education and Skills portfolio in relation to Building Schools for the Future (section 5.5.ii).

2. To appropriate funds to reserves as follows:

- i. £1.3m to the Carry Forward reserve from the Health and Adult Social Care portfolio to support the continued transformation of the service in 2020/21 (section 5.8.iv)
- ii. £304,000 to the Carry Forward reserve from Finance, Property and Housing RSSS to support delivery of the 2020/21 budget (section 5.14.ii)

- iii. £300,000 to the Carbon Reduction reserve from the Deputy Leader and Infrastructure portfolio due to lower energy prices this year (section 5.9.ii)
- iv. £103,000 to the Carry Forward reserve from the Customer, Communities, Culture and Corporate portfolio relating to the delivery of the Workforce Management System in 2020/21 (section 5.2.ii)
- v. £43,000 to the Carry Forward reserve from the Customer, Communities, Culture and Corporate RSSS portfolio in relation to Office 365 implementation delays (section 5.13.ii).

3. To approve the following adjustments:

- i. To close the Technology Services Trading Account due to the service no longer undertaking trading activity.
- ii. To create a new Technology Solutions reserve to set aside resources to meet the future cost of replacing key council's technology systems (section 9.2).
- iii. To create a new Highways reserve to set aside resources to meet the potential pressures on the highways network (section 9.2).
- iv. To create a new Emergency reserve. It is proposed that the current Emergency Contingency revenue budget of £4m in Other Operating Costs will be appropriated into this reserve (section 9.2).
- v. To draw down the following from the Transformation reserve into 2020/21. These have been previously approved but not drawn down within the approved timescale (financial regulation 4.3.4). New approval is therefore sought:
  - £396,000 to Health and Adult Social Care relating to Adult Sustainability programme (section 5.8.iv)
  - £465,000 to Customer, Communities, Culture and Corporate RSSS portfolio relating to Workforce Strategy (section 5.13.ii)
  - £197,000 to Health and Adult Social Care relating to Independent Living programme (section 5.8.iv)
  - £113,000 to Environment and Climate Change Action portfolio for the development of the energy and low carbon agenda (section 5.6.ii).
- vi. To amend the capital budget as shown in Appendices C (i) and C (ii) which allows for capital slippage of £17.9m, capital budget additions of £2.8m, capital budget reductions of £5.1m and advanced works of £1.6m (see section 7.2).

**5. Organisation Plan and Budget 2020/21 – Part 1: Section 151 Officer Report (FP/388/03/19)**

Cabinet received a report (part 1 of 2) setting out the Section 151 (S151) Officer's statement on the adequacy of reserves, robustness of the 2020/21 revenue budget, as well as the Financial Strategy and the Capital and Treasury Management Strategy.

Councillor Finch provided an answer to a question by Councillor Henderson in respect of the impact of the net pressure of £58m.

**Resolved:**

To note this report before making recommendations to Full Council on the revenue budget and capital programme, included within the Organisation Plan.

**Organisation Plan and Budget 2020/21 – Part 2: Budget and Plan (FP/388/03/19)**

Cabinet received a report (part 2 of 2) asking that a recommendation to Council that it adopts the Organisation Plan and Budget 2020/21 including the revenue budget, capital programme, financial strategy and capital strategy be made.

Councillors McKinlay, Spence, Finch and Spence provided answers to questions from Councillors Young, Henderson and Mackrory in relation to residents within the County who were struggling financially, funding for the Climate Change Commission, and addressing loneliness. A written answer would also be provided to Councillor Mackrory from Councillor Barker, who had given apologies to the meeting, regarding the impact of budget saving proposals as set out in point 6.8 of the Equality Impact Assessment.

**Resolved:**

**Organisation Plan and Revenue Budget:**

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

1. That the Organisation Plan be approved in the form appended to this report.
2. The net cost of services to be set at £990.2million (m) for 2020/21 – Appendix A (page 34).
3. The net revenue budget requirement to be set at £912.9m (net cost of services less general government grants) for 2020/21 – Appendix A (page 34).
4. The total council tax funding requirement be set at £707.9m for 2020/21 – Appendix A (page 34).

5. That Essex County Council's element of the council tax be increased by 1.99% plus a 2% social care precept, therefore the Essex County Council element of the council tax charge for a Band D property in 2020/21 will be £1,321.11. A full list of bands is as follows:

Council Tax Band	2019/20	2020/21
	£	£
Band A	846.96	880.74
Band B	988.12	1,027.53
Band C	1,129.28	1,174.32
Band D	<b>1,270.44</b>	<b>1,321.11</b>
Band E	1,552.76	1,614.69
Band F	1,835.08	1,908.27
Band G	2,117.40	2,201.85
Band H	2,540.88	2,642.22

6. That the proposed total schools budget be set at £534.3m for 2020/21 which will be funded by the Dedicated Schools Grant, Pupil Premium Grant, Teachers Pay Grant, Teachers Pension Grant and the Universal Free School Meals Grant. The majority of this will be passed through to maintained schools.
7. That the underlying balance on the General Balance be set at £56.6m as at 1 April 2020 (Appendix A, Annex 1, page 60).
8. That the capital payments guideline be set at £235m for 2020/21 and that the Executive Director for Finance and Technology, in consultation with the Leader (who is currently the Cabinet Member for Finance, Property and Housing), 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 2020. Any requests to change the prudential borrowing indicators would be brought back before Full Council.

**Cabinet agreed the following:**

9. That the Leader (who is currently the Cabinet Member for Finance, Property and Housing), in consultation with the Executive Director for Finance and Technology, may adjust the recommendations to Full Council upon receipt of:

(a) the final tax base and forecast business rates receipts for 2020/21 from the billing authorities (due by 31 January 2020)

(b) the final settlement from Government (expected early February 2020)

10. That the report by the Executive Director for Finance and Technology (S151 officer) on the robustness of the estimates, reserves and capital strategy be noted (see the separate item on this agenda).

**Capital Strategy:**

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

11. That the 2020/21 to 2023/24 Prudential Indicators and limits, together with updated limits for 2019/20 as set out in Annexes 3A and 3B of the Capital Strategy (Appendix A) be approved.
12. That the Treasury Management Strategy for 2020/21 be approved, comprising:
- a. Borrowing strategy, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 85).
  - b. Treasury management investments strategy, as set out in Annex 3 and Annex 3D of the Capital Strategy (Appendix A, Annex 3, page 94).
  - c. Indicative strategy for commercial investment activities, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 97).
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 106), be approved.

**Pay Policy Statement:**

**Cabinet made the following recommendation to Full Council for approval:**

14. Recommend that the Council adopts the Pay Policy Statement for 2020/21 as set out in Appendix C.

**Cabinet noted:**

15. Note the medium term (2021/22 to 2023/24) revenue issues facing the Council as set out in the report (Appendix A, page 25), highlighting the funding sources and implications. The position is based on the best intelligence available today including future funding, price rises and

demand; but there is inherent uncertainty given the possible changes in national and local circumstances.

16. Note that the recommendations in this report present a balanced budget for 2020/21. The Council's plans for 2021/22 to 2023/24 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. Note that the above figures are based on a Band D equivalent tax base of 535,809 properties (see Appendix A, page 34).

18. Note 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 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.

- Commercial investments – this provides an overview of the Council's intended approach to commercial 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. Direct award of the Integrated Community Equipment Service (ICES) (FP/581/12/19)**

Cabinet received a report requesting agreement to enter into an agreement with ECL for the provision of the ICES until 31 March 2023 (with the option to

extend for a further two year period until 31 March 2025) and the relevant agreements with CCG partners and Thurrock Council regarding the funding and delegation of function to the Essex County Council (the Council).

**Resolved:**

1. Agree to contract with Essex Cares Limited (ECL) for the provision of the ICES for a period of 3 years commencing on 1 April 2020 with an option for ECC to extend for a further 2 years until 31 March 2025.
2. Agree to enter into the relevant revised Section 75 and Section 101 Agreements between Essex County Council, Thurrock Council, Castle Point and Rochford, Basildon and Brentwood, Thurrock, Mid Essex CCGs and Mid Essex Hospital Services NHS Trust and East Suffolk and North Essex NHS Foundation Trust which relate funding and delegation of function from these Partners to the Council.

**7. Park and Ride Services and Fares (FP/519/09/19)**

Cabinet received a report setting out new and discounted fares for people who hold a concessionary bus pass and use Essex County Council run park and ride services in Essex.

Councillors Gooding and Bentley gave answers to questions from Councillors Mackrory, Gooding, Goggin and Young in respect of the estimated service usage should the proposals be agreed, the links to the Climate Change Commission, pressures on town centres and the need to ensure sustainability.

**Resolved:**

1. That with effect from 1 April 2020 the following changes will apply:
  - Holders of age-related concessionary passes will be able to use park and ride services at all times for £1.50 day fare.
  - Holders of disability related concessionary passes and, where eligible, their companion, will be able to use park and ride services:
    - o For £1.50 before 9am (Mondays to Fridays)
    - o Free at any other time.
2. Agree that for six months from 1 April 2020 an introductory offer which enables two concessionary pass holders travelling together to use services for £2 return on park and ride services.

**8. Proposed expansion of Clacton County High School from 1350 places to 1800 places (FP/557/10/19)**

Cabinet received a report requesting endorsement of the expansion of Clacton County High School (CCHS) by increasing capacity from 9 Forms of



Entry (FE) to 12 FE provision (1350 places to 1800 places) in order to meet the need for secondary school places in the locality.

**Resolved:**

1. To authorise the Director, Education, in consultation with the Cabinet Member for Finance, Property and Housing and the Cabinet Member for Education and Skills to vary the Project Agreement, Facilities Maintenance (FM) Contract and associated PFI documentation to accommodate the expansion of Clacton County High School.
2. To agree to the delivery of the reconfiguration work at CCHS and Tendring Education Centre (TEC) by the Private Finance Initiative (PFI) provider, QED Clacton.
3. To agree the transfer of recreation land neighbouring CCHS shown hatched red on the plan attached to this report titled plan 1, which currently forms part of the Clacton Leisure Centre site, from Tendring District Council (TDC) to ECC, and to endorse the transfer of an equivalent area of ECC land at TEC shown hatched red on the plan attached to this report titled plan 2, to TDC.
4. To agree to enter into a Funding Agreement with TDC in respect of payment of £1.11m to represent a balancing payment for the land and to fund improvements to the surroundings and facilities of the Clacton Leisure Centre site for the benefit of the school (as expanded) and the local community for a term of forty years.
5. To agree to direct award a contract to Pick Everard under the terms of Essex Professional Services Framework for professional design, planning, and survey services and all the pre-construction work necessary to establish a final design and cost for the new build infrastructure at CCHS (10 classrooms and a sports hall).
6. Following completion of activity described in 2.5, to agree to undertake an OJEU compliant procurement process to appoint a design and build contractor to construct the new build infrastructure at CCHS (10 classrooms and a sports hall).
7. Subject to the grant of satisfactory planning permission for the construction of the new Sports hall and classrooms and completion of the deed of variation to the PFI contract to agree to delegate to the Cabinet Member for Finance, Property and Housing and the Cabinet Member for Education and Skills that to:
  - a. Agree the procurement route for the design and build contractor;
  - b. Agree the winning bidder;
  - c. Award the construction contract to the successful bidder.

8. Approve the capital budget for construction and associated project fees, as per the profile stated in the confidential financial appendix.

**9. Decisions taken by or in consultation with Cabinet Members (FP/582/12/19)**

The report of decisions taken by or in consultation with Cabinet Members since the last meeting of the Cabinet was noted.

**10. Date of Next Meeting**

It was noted that the next meeting of the Cabinet would take place on Tuesday 25 February 2020 at 10.00am in Committee Room 1 at County Hall, Chelmsford.

**11. Urgent Business**

There was no urgent business.

**Exclusion of the Press and Public**

**Resolved:**

That the press and public be excluded from the meeting during consideration of the remaining item of business on the grounds that it involves the likely disclosure of exempt information as specified in paragraph 3 of Schedule 12A of the Local Government Act 1972 – information relating to the financial or business affairs of any particular person).

**12. To agree to support and fund the expansion of Clacton County High School from 1350 places to 1800 places - Confidential Appendix (FP/557/10/19)**  
(Press and public excluded)

The Cabinet considered the Confidential Appendix to report FP/557/10/19 which contained information exempt from publication referred to in that report and in decisions taken earlier in the meeting (minute 8 above refers).

**13. Urgent Exempt Business**

There was no urgent exempt business.

There being no further business, the meeting closed at 10.55am.

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**Chairman**  
**25 February 2020**