

Minutes of the meeting of the Cabinet held in Committee Room 1, County Hall, Chelmsford, CM1 1QH on Tuesday 22 May 2018

Present:

Councillor	Cabinet Member Responsibility
D Finch	Leader of the Council (Chairman)
K Bentley	Deputy Leader and Infrastructure (Vice-Chairman)
S Barker	Customer and Corporate
R Gooding	Education and Skills
S Lissimore	Culture and Communities
L McKinlay	Finance, Commercial and Traded Services
G Mohindra	Economic Development
J Spence	Adults and Health

Councillors T Ball, J Beavis, M Durham, I Henderson, M Mackrory, C Pond and A Turrell were also present.

1. Opening Remarks

The Chairman welcomed Councillor Mohindra to his first meeting following his appointment as Cabinet Member for Economic Development.

2. 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 changes in the membership of the Cabinet, as shown in the report and as reported to the Annual Meeting of the Council on 15 May;
2. Apologies for absence had been received from Councillors Dick Madden, Cabinet Member for Children and Families and Simon Walsh, Cabinet Member for Environment and Waste.
3. The following declarations of interest were made:

Councillor Mackrory declared a personal interest in agenda item 4 (2017-2018 Provisional Outturn Report) in that he is a Director of The Boswells Multi-Academy Trust, sponsor of Roding Valley High School to which reference was made in Appendix D to the report (minute 5 below refers).

Councillor G Mohindra declared a personal interest in agenda item 5 (Review of Essex Education Services) in that he is a governor of a school which buys into Essex Education Services (EES) (minute 6 below refers).

3. Minutes: 20 March 2018

The minutes of the meeting held on 20 March 2018 were agreed as a correct record and signed by the Chairman.

4. Questions from the public

None.

5. 2017-2018 Provisional Outturn Report (FP/088/02/18)

(Councillor Mackrory declared an interest in this item – minute 2 above refers)

The Cabinet was asked to approve the procurement of a three year Print Services (reprographics and scanning) Framework (the Framework) to be available to the Council, other public sector bodies and Essex Cares Limited, commencing in August 2018 upon the expiry of the current contractual arrangements. The Cabinet was also asked to authorise the award of a contract under the Framework for a period of three years.

The following information was provided in response to Questions and comments by Councillors Mackrory, Henderson and Pond:

- The Cabinet Member for Adults and Health advised that an agreement had been reached with ACL that, due to other pressures, the annual dividend payable to the Council would not be sought for the financial year 2017/2018.
- With regard to the under spend on Highways (paragraph 8), the Cabinet Member for Finance, Commercial and Traded Services stated that the additional funding (to be matched by the Government) being made available for fixing potholes and pavements demonstrated the Administration's commitment to highways improvement. The Cabinet Member for Infrastructure commented that the under spend related mainly to staffing costs, and he emphasised that every pound spent on highways would be utilised effectively for the improvement of the network.
- The Cabinet Member for Adults and Health agreed that changes to the charging regime may have contributed to an increase in income, and therefore indirectly to the under spend within Health and Adult Social Care (paragraph 7). The changes had brought ECC's more generous practices in line with national guidelines, removed inconsistencies and led to increased numbers contributing as a result of changes to the savings threshold (due to be reviewed). Further information was available within the reports which the Cabinet Member had submitted to Policy and Scrutiny committees.
- Referring to significant pressure around the budget for high need children (paragraph 3.1.4), the Cabinet Member for Education and Skills commended the collaborative approach adopted by the Schools Forum

and Headteachers to identify an effective way of tackling challenges which had arisen as a result of previous Government underfunding.

- The Cabinet Member for Children and Families would be asked to respond to Councillor Henderson regarding the possibility of commissioning a mapping exercise to ascertain whether areas demonstrating an increase in the number of children requiring placements (Appendix D, paragraph 1 (ii)) coincided with those demonstrating increased levels of poverty.
- Councillor Henderson commented that the revised charging policy for libraries was having an adverse effect on charities delivering mental health services from library premises. He asked that this aspect be reviewed.

Resolved:

In relation to the 2017/18 outturn position:

1. That the underlying under spend of £4.893m be appropriated into the Transformation Reserve.
2. That underspends be allocated between portfolios as set out within the 'Transfers of under / over spends between Portfolios' column of Appendix B to report FP/088/02/18).
3. That funds be appropriated to / from restricted and other revenue reserves as follows:

Restricted Funds

- i. Private Finance Initiative (PFI) Reserves**
 - Building Schools for the Future - £93,000 contribution
 - Clacton Secondary Schools - £27,000 contribution
 - Debden School - £187,000 withdrawal
 - A130 Road - £128,000 withdrawal
- ii. Waste Reserve** - £722,000 withdrawal per the Joint Working Agreement with Southend in relation to the Waste Infrastructure Grant
- iii. Schools** - £5.656m withdrawal from the Schools' reserve, in line with additional spending against the 'individual schools budget' in 2017/18
- iv. Partnership reserves**
 - Safeguarding Adults Partnership Reserve - £58,000 contribution
 - Public Sector Reform Partnership Reserve - £18,000 withdrawal
- v. Trading Activities**
 - EES for Schools - £663,000 contribution
 - Music Services - £62,000 contribution
 - Smarte East - £143,000 withdrawal

- Library Services - £25,000 withdrawal

Capital Funding

- vi. **Capital funding** - £5.410m contribution to support financing of the 2018/19 capital programme and to provide funding for community initiatives

Other reserves

- vii. **Carry Forwards** - £16.395m contribution, in respect of revenue budget under spends that it is proposed are carried forward for use in 2018/19, as set out in Appendix C to report FP/088/02/18.
- viii. **Community Initiatives Reserve** - £449,000 withdrawal to provide capital financing for community initiatives and to support expenditure incurred by the Environment and Waste portfolio on communities in support.
- ix. **Health and Safety Reserve** - £500,000 contribution to support expenditure on Health and Safety initiatives in subsequent years.
- x. **Innovation Reserve** - £66,000 withdrawal to fund costs associated with Essex Challenge Prize initiative.
- xi. **Local Projects Reserve** - £133,000 withdrawal to meet costs incurred in relation to communities in support.
- xii. **Insurance Reserve** - £705,000 contribution, to be used to deliver a one-off saving built into the 2018/19 budget.
- xiii. **Transformation Reserve** - £1.234m net withdrawal, to fund redundancy and organisation design costs, partly offset by unspent project funding and a contribution from the general under spends against the revenue budget (*before the proposal to appropriate the underlying under spend of £4.893m into the Transformation Reserve set out in resolution 1 above*).
4. That the following trading accounts be closed:
- Library Services
 - Smarte East
5. That the financing of capital payments in 2017/18 be approved on the basis set out within Appendix G to report FP/088/02/18.
6. That capital payment budgets, and associated capital financing, of £13.208m be re-profiled into subsequent financial years, in respect of slippage in schemes.

7. That capital payment budgets and associated capital financing of £1.962m be brought forward from 2018/19 in respect of schemes that have progressed ahead of schedule.
8. That Portfolios' 2017/18 capital payments budgets are reduced by £21.002m, with increases of £20.794m to other schemes, to reflect achieved activity in 2017/18.

In relation to the 2018/19 budget:

9. That the approval for redundancy costs from the Transformation Reserve be increased from £5m to £8m.
10. That £330,000 be withdrawn from the Transformation Reserve to provide one-off funding for the Divisional Based Intervention Team which is specifically focused on the reunification under the age of 10, which is part of the sustainability programme within Children and Families.

6. Review of Essex Education Services (FP/102/03/18)

(Information contained within a confidential appendix was taken into account in reaching a decision on this issue (minute 10 below refers).

(Councillor G Mohindra declared a personal interest in this item – minute 2 above refers)

Attention was drawn to a typographical error in the second sentence of paragraph 3.9 of the report, in which the word 'with' had been substituted for 'without'. The sentence should read 'Despite significant restructuring, EES is unlikely to recover to previous levels of profitability *without* additional significant investment'.

Essex Education Services (EES) is a traded part of ECC which provides services to schools. Cabinet's agreement was sought to conduct the sale of EES with a view to maximising the return to the Council as it was believed that selling EES now would unlock value for the Council and enable the business to be developed to the next level in the hands of the buyer.

In presenting the report, the Cabinet Member for Education and Skills, Councillor Gooding, commented that the proposals represented good news, by demonstrating that the public sector could act in an entrepreneurial manner by developing successful products to bring to the market. He also referred and responded to questions and comments submitted to him in advance of the meeting by ASHE (the Association of Secondary Headteachers in Essex)

- Acknowledging concerns about the inclusion of certain consultancy services (eg human resources) within the sale, Councillor Gooding noted that HR had been a traded service since 1991. The portfolio of services to be included in the sale remained to be finalised.

- Noting ASHE's preference for Option D, as set out in paragraph 5.1 of the report, Councillor Gooding clarified that this option would involve the Council retaining a share-holding in EES, rather than retaining ownership.

The Cabinet Member for Education and Skills provided the following information in response to questions asked by Councillors Pond, Henderson and Mackrory:

- The decision had been taken to exclude Essex Outdoors from the sale of EES as the significant difference between its type of provision and that of the other services to be included meant that they would not form a coherent portfolio.
- Consideration had not yet been given as to whether the capital receipt from the sale of EES should be ring-fenced to the education budget.
- One factor in the decision to recommend the sale of EES had been whether or not the services offered represented a market in which it was appropriate for a local authority to engage.
- Councillor Gooding did not believe that the sale of EES to a private company would lead to any loss of democratic accountability.

Resolved:

1. That, subject to resolutions 2 and 3 below, Essex Education Services (EES) be sold via a competitive auction process which includes the disposal of its assets, liabilities and contracts.
2. That authority to undertake the following be delegated to the Cabinet Member for Education and Skills (in consultation with the Leader, the Cabinet Member for Finance, Commercial and Traded Services, the Cabinet Member for Adults and Health, the Chief Executive, Executive Director for Corporate Development and the Executive Director for Corporate and Customer Services (S151 Officer))
 - Approve the final process to be followed;
 - Approve the criteria to be used to select the winning bid;
 - Finalise the Information Memorandum (IM) for the sale transaction for EES;
 - Select the winning bid; and
 - Enter into a contract for the disposal of EES in a form approved by the Director, Legal and Assurance.
 - Enter into a contract for the future provision of serviced office space and IT infrastructure to the purchase during a six-month interim period following the sale.

- Enter into a contract for the disposal of EES in a form by the Director, Legal and Assurance.
3. That the Council purchase a three-year insurance backed bond of £3m to cover the liability of the new employer to make the pension contributions to the Essex Pension Fund with respect to EES employees who transfer from ECC to the new employer.
 4. That:
 - (a) The cost of such bond may be drawn down from the Transformation Reserve; and
 - (b) The cost of the bond be returned to the Transformation Reserve on completion of the sale.
 5. That the Council's Essex Outdoors, Schools Advertising and Initial Teacher Training services should no longer be managed by EES but retained by the Council.
 6. That the sum of £92,000 be drawn down from the Transformation Reserve to cover the legal costs of the project.

7. Procurement of Individual Packages of Education Support (FP/708/12/16)

The Council is required to provide education for children who are either unable to be registered as a pupil at any school or who are unable to attend school because they are ill or have been excluded. Although the Council has limited in-house capacity to provide this education, in the main reliance is placed on external suppliers, currently purchased on a case by case basis because the previous large scale contracts have expired.

Cabinet's approval was sought to set up a framework agreement with a number of suppliers, with the aim of allowing the purchase of education provision for these pupils in a more structured and cost-effective way. This would result in improved education outcomes and efficiencies for the taxpayer.

Responding to a question by Councillor Mackrory, the Cabinet Member for Education and Skills advised that the previous large scale contracts had been allowed to expire as they no longer represented the most effective approach to delivering the service. The proposed framework agreement would allow timely procurement of the most appropriate support.

Resolved:

1. That a competitive procurement be undertaken for a framework agreement for individual packages of education support which:
 - Is procured using a competitive single stage process

- Lasts for a period of four years
 - Can be re-opened for competition after one year
 - Can be accessed by any Essex school as well as ECC.
 - Is procured using evaluation criteria based on a price:quality split of 70:30.
2. That the Director, Education be authorised to award framework agreements to the successful bidders under the framework.
 3. That the Cabinet Member for Education and Skills be authorised to take decisions about the refresh of the framework at the first anniversary.

8. Decisions taken by or in consultation with Cabinet Members (FP/105/03/18)

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

Responses to Members' questions were provided as follows:

- Referring to decision FP/120/04/18 (Casualty Reduction Schemes 2018/2019), the Deputy Leader and Cabinet Member for Infrastructure confirmed that he would meet with Councillors Pond, Metcalfe and Mohindra regarding the proposals for the A168. This had been a condition of Councillor Pond's withdrawal of his call-in of the decision.
- With reference to decision FP/122/04/18 (Lease termination for the Basildon Enterprise Centre), Councillor Bentley explained that the termination of the lease at this and other similar premises reflected the poor condition of the buildings concerned and the fact that private sector providers were now in a position to deliver the same service more effectively than the Council. Those businesses affected by the loss of the enterprise centres had been referred to alternative providers.

9. Date of Next Meeting

It was noted that the next meeting of the Cabinet would take place on Tuesday 19 June 2018 at 10.00am.

10. 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).

11. Review of Essex Education Services (FP/102/03/18) – Confidential Appendix
(Public and press excluded)

The Cabinet noted the Confidential Appendix to report FP/102/03/18, which contained information exempt from publication referred to in that report and in decisions taken earlier in the meeting (minute 6 above refers).

The meeting closed at 10.35am.

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Chairman

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Date