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## Minutes of a meeting of the Cabinet held in Committee Room 1, County Hall, Chelmsford, CM1 1QH on Tuesday 23 January 2018

### Present:

<b>Councillor</b>	<b>Cabinet Member Responsibility</b>
D Finch	Leader of the Council (Chairman)
K Bentley	Deputy Leader and Economic Growth, Skills, Infrastructure and the Digital Economy (Vice-Chairman)
S Barker	Culture, Communities and Customer
I Grundy	Highways
R Gooding	Education
S Lissimore	Housing, Property and Planning
D Madden	Children and Families
L McKinlay	Resources
J Spence	Health and Adult Social Care
S Walsh	Environment and Waste

Councillors J Aldridge (Chairman of Essex County Council), J Beavis, M Buckley, P Channer, I Henderson, M Mackrory, R Mitchell and C Pond were also present.

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

The report of Membership, Apologies and Declarations was received and it was noted that:

1. The membership of the Cabinet was unchanged since the last meeting, although regrettably Councillor I Grundy's name had been omitted in error from the membership as shown in the report;
2. Apologies for absence had been received from the Chief Executive, Gavin Jones, for whom the Executive Director for Corporate and Customer Services, Margaret Lee, was substituting; and
3. Councillor C Pond declared a Code interest in agenda item 7 (Changes to Mobile Library Services) in that he is an Honorary Fellow of the Chartered Institute of Library and Information Professionals (CILIP).

### 2. **Minutes of the meeting held on 23 November 2017**

The minutes of the meeting held on 23 November 2017 were agreed as a correct record and signed by the Chairman.

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

None.

#### **4. Organisation Plan and Budget 2018/19 and refreshed Organisation Strategy (FP/453/03/16)**

The Cabinet was asked to make a recommendation to Council that it adopts the Refreshed Organisation Strategy, Organisation Plan and Budget 2018/19 including the revenue budget, capital programme, financial strategy and capital strategy.

Cabinet Members provided the following information in response to questions and comments by Councillors Mackrory, Henderson, Pond and Young.

- Referring to paragraph 8.1 of the report, the Leader of the Council advised that the process of reviewing the gradings and roles of Council employees was ongoing. Information concerning the impact of these processes in terms of staffing changes and job losses would be provided to members of the Opposition Groups as soon as it became available.
- Councillor Spence confirmed that there was no plan to reduce expenditure on Adult Social Care by £30m, and that an innovative approach would ensure that social care services reached and impacted on an increasing number of residents. He advised that use of the Social Care precept was restricted to social care-related expenditure, and that therefore no underspends had been appropriated to relieve pressures in other service areas. The Social Care precept actually served to reduce the amount of funding for social care which needed to be found from within other services' budgets.
- Councillor McKinlay advised that the Council's approach to property investment would be reviewed as appropriate once the outcome of the Government consultation on changes to the prudential framework of capital finance was known. The projected income target would be reviewed to ensure accuracy, following which specific targets would be set for the future. Councillor McKinlay confirmed that the Council's current activity with regard to property investment complied fully with existing guidelines.
- Councillor McKinlay noted Members' positive comments regarding the increase in household recycling and composting rates. She advised that it was inappropriate at present to provide public comment on matters relating to Tovi Eco Park, but undertook to reply in writing to Councillor Henderson concerning the expenditure of funds within the Waste Reserve.
- Councillor McKinlay advised that £3m was to be set aside within the Children's Services budget for the purpose of transforming and modernising the service for the future. The Service currently offered good value for money in comparison with other services nationally, which was a credit to those involved.

- Councillor McKinlay commented that an explanation for the proposed level of borrowing in 2018/19 was provided within the report.
- Councillor McKinlay stated that, in setting the Council's budget, it was necessary to balance priorities. The proposed utilisation of the Social Care precept, together with the proposed 2.99% increase in Council Tax, represented an increase of around £1 per week for taxpayers and would provide what was needed to deliver the services needed, and no more. An ambitious programme was planned and Cllr McKinlay believed the proposed budget to be both balanced and to deliver value for money.
- The Leader of the Council undertook to provide to Councillor Pond specific examples of individual Cabinet Members' targets for efficiency savings.
- The Leader of the Council referred to the detailed budget for his portfolio, as set out within the report, demonstrating that it would be at a lower level in 2018/19 than it had been in 2016/17. He offered to respond to any questions which Members may have subsequent to the meeting.

**Resolved:**

**Organisation Plan and Revenue Budget**

**That the following be recommended to full Council:**

1. That the Organisation Plan be approved in the form appended to report FP/453/03/16.
2. That the Refreshed Organisation Strategy be approved in the form appended to report FP/453/03/16.
3. That the net revenue budget requirement be set at £865.2 million (m) (net cost of services less general government grants) for 2018/19.
4. That the net cost of services be set at £910.3m for 2018/19.
5. That the total council tax funding requirement be set at £635.6m for 2018/19.
6. That a 2% social care precept be levied and a 2.99% increase to Essex County Council's element of the council tax, therefore the Essex County Council element of the council tax charge for a Band D property in 2018/19 will be £1,221.75. A full list of bands is as follows:

<b>Council Tax Band</b>	<b>2017/18</b>	<b>2018/19</b>
	£	£
<b>Band A</b>	775.80	814.50
<b>Band B</b>	905.10	950.25
<b>Band C</b>	1,034.40	1,086.00
<b>Band D</b>	<b>1,163.70</b>	<b>1,221.75</b>
<b>Band E</b>	1,422.30	1,493.25
<b>Band F</b>	1,680.90	1,764.75
<b>Band G</b>	1,939.50	2,036.25
<b>Band H</b>	2,327.40	2,443.50

7. That the proposed total schools budget be set at £517.5m for 2018/19 which will be funded by the Dedicated Schools Grant.
8. That the underlying balance on the General Balance be set at £55.1m as at 1 April 2018.
9. That the capital payments guideline be set at £298.6m for 2018/19 and that the Executive Director for Corporate and Customer Services, in consultation with the Cabinet Member for Resources 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 2018. Any requests to change prudential borrowing would be brought before Full Council.

**That the following be agreed:**

10. That the Cabinet Member for Resources, in consultation with the Executive Director, 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 2018/19 from the billing authorities (due by 31 January 2018)
  - (b) the final settlement from Government expected early February 2018.
11. That the statement of the Executive Director, Corporate and Customer Services (section 151 officer) on the robustness of the estimates and reserves and capital strategy be noted.

## Capital Strategy

### That the following be recommended to full Council for approval:

12. The 2018/19 – 2020/21 Prudential Indicators and limits, together with updated limits for 2017/18, as set out in Annexes 1A and 1B of the Capital Strategy as set out in Appendix A to report FP/453/03/16.
13. The Treasury Management Strategy for 2018/19, comprising the following, included within Annex 1 of the Capital Strategy:
  - a. Borrowing strategy;
  - b. Treasury management investments strategy; and
  - c. Indicative strategy for commercial investment activities.
14. 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 1C of the Capital Strategy).
15. The Treasury Management Policy Statement and Treasury Management Practices be updated to those set out in Annexes 1E, 1F and 1G of the Capital Strategy.

### That the following be noted:

16. The medium term (2019/20 – 2020/21) revenue issues facing the Council as set out in report FP/453/03/16, highlighting the funding sources and implications. The position is based on the best intelligence today including future funding, price rises and demands; but there is inherent uncertainty given the changes in national and local circumstances.
17. The recommendations in report FP/453/03/16 present a balanced budget for 2018/19. The Council's plans for 2019/20 and 2020/21 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.
18. The above figures are based on a Band D tax base of 520,199 properties.
19. The Capital Strategy, presented as Annex A in Appendix 1 to report FP/453/03/16, sets out the long term context in which capital expenditure and 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 defining the Council's risk appetite in respect of these, including proportionality in respect of overall resources.
- **Treasury management policy statement and treasury management practices** - presents, for approval, updates to the Council's Treasury Management Policy Statement and to its Treasury Management Practices. These set out the Council's policies, objectives and approach to risk management of its treasury management activities, and the manner in which it seeks to achieve its policies and objectives for treasury management.

## 5. **2017/18 Financial Overview as at the Third Quarter Stage (FP/746/02/17)**

The Cabinet considered the forecast financial position of Essex County Council (ECC) revenue and capital budgets as at the third quarter stage of the 2017/18 financial year, noting a forecast under spend on revenue of £102,000 (0.01%) against a net budget of £911.3m.

This assumed a full commitment of the Emergency Contingency (£4m), which if not required would result in a full year forecast under spend of £4.1m. This is an improvement since the Quarter 2 report of £1.5m.

Cabinet also noted an under spend of £6.1m on capital against the current budget of £268.8m. After taking account of budget change requests within report FP/746/02/17, there would be an under spend of £87,000.

### **Resolved:**

1. That funds be drawn down from reserves as follows:

- a) £222,000 from the Quadrennial Reserve to the Leader portfolio attributable to costs associated with the local elections held in May 2017.
- b) £76,000 from the Community Initiatives Fund Reserve to the Reserve for Future Capital Funding (via Environment and Waste portfolio), to match expenditure incurred to date in 2017/18 in relation to capital community projects.

2. That funds be appropriated to reserves as follows:

- a) £11.5m to the Reserve for Future Capital Funding from the Education portfolio due to a Dedicated Schools Grant (DSG) contribution to the Special Schools Capital Investment project (increasing the number of places in Essex to prevent the need for more expensive placements out of county).
- b) £272,000 to the Carbon Reduction reserve from the Housing, Property and Planning portfolio due to a reduction in the tonnes of carbon compared to the original forecast.
- c) £65,000 to the Private Finance Initiatives (PFI) Equalisation reserves from the Education portfolio in relation to Building Schools for the Future PFI (£44,000), Debden School PFI (£15,000) and Clacton Secondary schools' PFI (£16,000) returning the forecast under spend back to the reserve.
- d) £45,000 to the Health and Safety reserve from the Housing, Property and Planning portfolio due to asbestos in schools work being completed at a lower cost than had been anticipated.

3. That the following be approved:

- a) With effect from 1 April 2017, cease the operation of a trading account for Essex Legal Services and account for the Legal service back in house within the Legal and Assurance Recharged Support Service (Resources Recharged Support Service), with a budget of **£4.3m**, and Deputyships into Resources portfolio with an income budget of **£353,000** (see 6.3)
- b) In relation to 2.3i above, to vire controllable budgets from services to Legal and Assurance Recharged Support Service (**£5.1m**), to remove the planned appropriation from Other Operating Costs (**£1.6m**) and to create an income budget for Deputyships within Resources portfolio (**£353,000**) (see 6.3).

	£000
Create Legal Services budget within Resources RSSS	4,367
Remove income budgets from Resources RSSS for services for services provided to ELS	1,103
Remove expenditure budgets from Resources RSSS relating to legal charges	(365)
<b>Total impact on Resources RSSS</b>	<b>5,106</b>
<b>Removal of planned appropriation from ELS (Other Operating costs)</b>	<b>1,552</b>
<b>Creation of Deputyships budget</b>	<b>(353)</b>
Leader	(4)
Leader RSSS	(5)
Economic Growth, Skills, Infrastructure and the Digital Economy	(20)
Culture, Communities and Customer RSSS	(23)
Housing, Planning and Property	(30)
Environment and Waste	(35)
Culture, Communities and Customer	(133)
Education	(461)
Highways	(1,027)
Health and Adult Social Care	(1,036)
Children and Families	(3,531)
<b>Transfer of budgets from other services</b>	<b>(6,306)</b>
<b>Net virement total</b>	<b>-</b>

- c) To draw down £319,000 from ELS Reserve to Other Operating Costs and close the ELS traded reserve.
- d) To amend the capital budget as shown in Appendices C(1) and C(ii) which allows for capital slippage of £10.4m, capital budget additions of £9.3m, capital budget reductions of £11.7m and advanced works of £6.6m.

## 6. Move the Educational Visits Service into EES for Schools (FP/026/12/17)

Cabinet's approval was sought to move the budget for educational visits to enable the service to be independent of Essex Outdoors (by which it is currently managed). This would enable the service to generate additional financial contributions to the Council.

### Resolved:

That the virement of the Educational Visits Service budget and associated costs, income and MTRS from the Essex Outdoors budget to the Essex Education Services (EES) for Schools budget be approved.

## 7. Changes to Mobile Library Services (FP/949/09/17)

(Councillor C Pond declared a Code interest in this item (minute 1 above refers).

Cabinet's approval was sought for changes to the Mobile Libraries Service, and other parts of the Essex Library Service, following the public consultation conducted on the matter between 19 September and 6 November 2017, ensuring that the Mobile Libraries Service provides value for money while also providing a comprehensive and efficient service.

**Resolved:**

4. That mobile library stops should be withdrawn unless they meet the following criteria:
  - The location being 1.5 miles by driving distance from a library;
  - The average number of customers per visit over a six month period (rounded to the nearest integer) is one or zero;
  - That each community should only have one stop (where two or more stops serve one community, the most popular and/or accessible stop will be kept); and
  - That each mobile library stop is at least half an hour in length (rather than the current length which is at least 20 minutes).
  - That mobile library visits should be three weekly rather than two weekly as currently.
  - That the stops remain accessible to the mobile library vehicles.
5. That the library needs assessment set out at Appendix 2 to report FP/949/09/17 be adopted.
6. That the new criteria be introduced from 2 April 2018, leading to a reduction in the number of mobile library stops from 557 to 213 stops.
7. That the seven mobile libraries coming to the end of their economic life be not replaced, meaning that the Council will reduce the number of mobile library vehicles from nine to two by May 2018.
8. That the remaining stops be reviewed every six months after 2 April 2018, with any changes being agreed by a Cabinet Member Action, along with a revised timetable if applicable.
9. That the following be agreed:
  - To work with affected communities to promote expansion of the home library service and community libraries.
  - To work with care home and sheltered housing providers to encourage them to develop home or community library services.
  - To provide support to providers of community libraries to ensure that volunteers are appropriately trained on duties including support for the community.
8. **To agree a pooled budget for people with learning disabilities being discharged from hospital as part of the Transforming Care Programme (FP/023/12/17)**

The Cabinet considered a proposal to create a pooled budget to meet the needs of the adults with learning disabilities and/or autism who are being discharged from hospital as a result of the national Transforming Care programme.

**Resolved:**

1. That a pooled budget be created for 29 adults with learning disabilities and/or autism who will be discharged from hospital between 1 April 2017 and 31 March 2019 as a result of the Transforming Care programme.
2. That the Director, Adult Social Care be authorised to enter the Council into a Section 75 agreement with Southend-on-Sea Borough Council and six Clinical Commissioning Groups (CCGs) within Essex and Southend to allow the proposed pooled budget to operate.

**9. Procurement of a framework agreement for bio-waste treatment, transfer and transport services (FP/944/09/17)**

The Cabinet's agreement was sought to commence the procurement of a framework agreement for waste treatment, transfer and transport services for separately collected bio-waste streams in Essex.

**Resolved:**

1. That the Council launch a competitive procurement for a four year framework agreement to provide treatment, transfer and transport of bio-waste using the open procedure in accordance with the Public Contracts Regulations 2015.
2. That the Director, Waste and Environment, in consultation with the Cabinet Member for Environment and Waste, be authorised to:
  - (a) Decide the lots to be used in the framework agreement and the procurement award criteria;
  - (b) Appoint suppliers to the framework agreement;
  - (c) Undertake mini-competitions in accordance with the framework agreement as required;
  - (d) Award service orders in accordance with the Council's Constitution; and
  - (e) Agree the terms with Southend-on-Sea Borough Council for inclusion of their food waste tonnage in the procurement.

**10. Decisions taken by or in consultation with Cabinet Members (FP/003/11/17)**

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

**11. Date of Next Meeting**

It was noted that the next meeting of the Cabinet would take place on Tuesday 20 February 2018 at 10.00am.