

EPPING FOREST DISTRICT COUNCIL CABINET MINUTES

Committee: Cabinet **Date:** 2 February 2017

Place: Council Chamber, Civic Offices, High Street, Epping **Time:** 7.00 - 8.20 pm

Members Present: C Whitbread (Chairman), S Stavrou (Vice-Chairman), R Bassett, W Breare-Hall, A Grigg, H Kane, A Lion, J Philip and G Mohindra

Other Councillors: R Baldwin, N Bedford, S Heap, L Hughes, S Kane, Y Knight, J Lea, R Morgan, C P Pond, M Sartin, G Shiell, H Whitbread and J M Whitehouse

Apologies: G Waller

Officers Present: D Macnab (Deputy Chief Executive and Director of Neighbourhoods), C O'Boyle (Director of Governance), R Palmer (Director of Resources), K Durrani (Assistant Director (Technical Services)), S Hill (Assistant Director (Governance & Performance Management)), P Pledger (Assistant Director (Housing Property)), R Wilson (Assistant Director (Housing Operations)), D Bailey (Head of Transformation), A Rose (Marketing & Digital Content Officer), G J Woodhall (Senior Democratic Services Officer) and P Seager (Chairman's Secretary)

115. WEBCASTING INTRODUCTION

The Leader of Council made a short address to remind everyone present that the meeting would be broadcast live to the internet, and would be capable of repeated viewing, which could infringe the human and data protection rights of all in attendance.

116. DECLARATIONS OF INTEREST

(a) Pursuant to the Council's Member Code of Conduct, Councillor G Mohindra declared an interest in agenda item 7, Overview and Scrutiny, by virtue of being a Governor of Epping Forest College. The Councillor had determined that his interest was non-pecuniary and would remain in the meeting for the consideration of the issue.

117. MINUTES

Decision:

(1) That the minutes of the meeting held on 1 December 2016 be taken as read and signed by the Leader of Council as a correct record.

118. REPORTS OF PORTFOLIO HOLDERS

Technology & Support Services

The Portfolio Holder informed the Cabinet that a 'Smart Place' initiative was being developed by the Council, as part of the 'Smart Cities' project being run by Essex County Council. This would involve the implementation of broadband technology in

the street which could control streetlights, provide free Wi-Fi, monitor traffic flows and monitor air quality. Further information would be provided as the initiative was developed further.

Finance

The Cabinet noted that the Finance Portfolio Holder had been recently appointed to the board of the West Essex Clinical Commissioning Group.

119. PUBLIC QUESTIONS AND REQUESTS TO ADDRESS THE CABINET

There had been no questions or requests to address the Cabinet received from the public.

120. OVERVIEW AND SCRUTINY

The Chairman of the Overview & Scrutiny Committee reported that the following items of business had been considered at its meeting held on 19 December 2016:

- (a) a question-and-answer session with two senior Managers from London Underground, one of which was the General Manager for the Central Line; and
- (b) the preparation of themes and questions for the scheduled meeting with Senior Managers from Princess Alexandra Hospital in Harlow on 30 January 2017, which unfortunately was cancelled at the last minute.

The Council's Key Decision List for October 2016 and the Corporate Plan for 2015-20 was reviewed but there were no specific issues identified.

121. REVIEW OF THE CARELINE MONITORING SERVICE

The Chairman of the Communities Select Committee presented a report on their review of the Epping Forest Careline Monitoring Service.

The Chairman reported that, at their meeting on 21 November 2016, the Select Committee had considered a report from the Director of Communities on the following four options for the future delivery of the Careline Alarm Monitoring Service:

- (i) that the Careline Monitoring Service continued to be provided by the Council under the current arrangements;
- (ii) that an enhanced Careline Monitoring Service be provided by the Council;
- (iii) that the Service was monitored through another provider 24/7; or
- (iv) that the Service was monitored through another provider overnight.

The Chairman explained that the reason why the Select Committee undertook the Review, which formed part of their agreed Work Programme, was due to the expansion of the Careline Monitoring service, with the increasing number of private sector connections and advances in technology, which was causing management and operational aspects of the service to become more complex. In addition, the Select Committee considered the difficulties being experienced in recruiting staff due to the nature of the work and the salary level. This had led to additional pressures on existing staff that had to cover, not only vacant posts, but also annual leave and

sickness absences. The Select Committee also considered the cost of the various options to the Council and users, and the possibility of funding currently received from Essex County Council being withdrawn from April 2017.

Following detailed consideration, the Select Committee had concluded that the best option for the future delivery of the service was Option 3 and it was therefore recommended that the service be outsourced to an external provider following a competitive tendering exercise. The Select Committee further recommended that a report was submitted to a future meeting of the Cabinet on a restructure of Housing Older Peoples Services following the Careline Monitoring Service being outsourced and a review of charges to users, subject to the Cabinet agreeing the outcome of the proposed competitive tendering exercise. The Select Committee had also made a further recommendation relating to the required transitional costs up to the point when the service was outsourced; however, the Cabinet was informed that this could now be met from existing resources and did not require additional revenue funding in the sum of £70,000 from the Housing Revenue Account as the procurement could now be undertaken through a much quicker framework agreement process.

The Housing Portfolio Holder stated that she supported the recommendations of the Select Committee as outsourcing would be the best option to preserve the future of the Careline service. The Portfolio Holder also offered her thanks to all the staff in Careline for their efforts over the years, and reiterated that the Council was proud of the service.

The Assistant Director of Communities (Housing Operations) reassured the Cabinet that the contract documents would ensure that there would be no service reductions in the future. Forming a shared service had been considered, but Careline would still be linked to a smaller Control Centre. It was felt that Careline should be linked to a larger Control Centre where there would be a minimum of eight staff on duty at all times. The Housing Portfolio Holder added that the larger organisations would have enough resources on duty to manage all eventualities.

The Cabinet welcomed the report from the Select Committee, acknowledged the excellent service that had been provided by Careline over the years, and supported the recommendations due to the requirement to have a minimum of two staff on duty at all times.

Decision:

- (1) That, in accordance with Option Three in the report, the Council's Careline Monitoring Service be outsourced to an external provider through a competitive tendering exercise;
- (2) That a further report be submitted to a future meeting of the Cabinet regarding:
 - (a) a restructure of Housing Older Peoples Services following the Careline Service being outsourced; and
 - (b) future charges to users based on the cost of the outsourced service;
- (3) That, in order to mitigate any risks to the service during the transitional period (as set out in the Risk Management Section of the report), budget provision be made as follows:

(a) retrospective approval be agreed under emergency budget provision for the purchase of the PNC call answering equipment funded by a virement of £32,000 in 2016/2017 from the Non-Cost Reflective Repairs Budget; and

(b) additional revenue funding of £38,000 be agreed as part of the Housing Revenue Account budget in 2017/2018 in order to meet the costs of the ex-gratia retention payments and any potential costs of handing over the service to the manufacturer during periods of staff shortages.

Reasons for Decision:

The Select Committee considered that outsourcing the Careline Monitoring Service to an external provider would ensure its future resilience and reduce costs to the Council and/or charges to users.

Other Options Considered and Rejected:

(i) That the Careline Monitoring Service continued to be provided by the Council under the current arrangements.

(ii) That the Council provided an enhanced Careline Monitoring Service.

(iii) That the service was monitored through another provider overnight.

122. VOID WORKS CONTRACT

The Housing Portfolio Holder presented a report on the procurement of a replacement Void Works Contract.

The Portfolio Holder reported that tenders were sought for the inspection, maintenance and improvements works to Council owned void properties. The tender exercise was undertaken in accordance with the Council's Procurement Rules, and was based on an assessment of both quality and price with a 30% weighting on quality and a 70% weighting on price (Most Economically Advantageous Tender or MEAT). The most economically advantageous tenders received were submitted by Gracelands CMS Ltd and Mears PLC with a score of 87.02% and 75.55% respectively.

The Assistant Director of Communities (Housing Property) added that there was a number of void properties which would require inspection, maintenance and improvement over the coming months, hence two contractors had been appointed which was highlighted as part of the procurement process. It was acknowledged that Gracelands CMS Ltd and Mears PLC had been the successful contractors during the last tender exercise and had demonstrated their experience in this competitive tender exercise through their price and quality submission. Both Contractors had a good track record working with the Council and had provided both a quality service and value for money on a consistent basis. But it was reiterated that both contractors were selected solely on the basis of being the most economically advantageous tenders.

Decision:

(1) That Gracelands CMS Ltd and Mears PLC be awarded the contracts for the inspection, maintenance and improvements works to void properties based on a one-year contract, renewable annually for up to a maximum of three years; and

(2) That this contract be designated as a serial contract to facilitate the annual adjustment to the tendered rates in accordance with The Department of Business, Innovation & Skills Building Cost Indices.

Reasons for Decision:

The existing contracts for the inspection, maintenance and improvements works to Council-owned void properties expired in September 2017; therefore it was necessary to re-tender the contract to satisfy the Council's Procurement Rules.

Other Options Considered and Rejected:

(i) To re-tender the contract on an annual basis; however, this would be time consuming and inefficient, and re-tendering would not guarantee more competitive tenders.

(ii) To re-tender based on price alone; however, this would not necessarily return a more competitive tender and would not necessarily tease out a quality commitment from the lowest bidder.

(iii) To seek individual quotations for each void property on an ad-hoc basis; however, this would be very time consuming and was not cost effective, and given the volume of works per annum, this would also breach Contract Standing Order C5 (3) with the works exceeding £20,000 in value during one financial year.

(iv) Procuring the works with just one Contractor; however, from experience, the lack of competitive benchmarking only led to more administration and resources, which in turn increased internal costs, and in any event would not assist in keeping void periods to a minimum due to capacity issues.

123. WASTE AND RECYCLING POLICIES

The Environment Portfolio Holder presented a report on the adoption of new and revised Waste Management Policies.

The Portfolio Holder stated that the Council had in place a number of waste management policies previously introduced at the time of implementation of the original wheeled bin service, which had been substantively updated in September 2009 when the food and garden waste collection was introduced. These policies provided clarity to the Council's contractor Biffa, residents and Council Officers. It was considered necessary to update and amend these policies and introduce new ones, where necessary, to reflect the comprehensive household collection service that the Council offered.

The Portfolio Holder pointed out that a word had been missed out in Policy 4; the end of point (2) should have read "...any of the following *recyclable* materials." and the Cabinet was requested to agree the revised wording. The Portfolio Holder also apologised for Policy 10 having been missed out on the agenda when it was published; this policy was tabled at the meeting and the Cabinet was also requested to agree its adoption by the Council alongside the other Waste Management Policy Statements.

Cllr Philip requested a further amendment to section 2 (b) of Policy 11, Replacement Containers, such that replacement containers would be provided free of charge to the

householder if the existing container had become damaged through normal 'wear and tear'; this was also agreed by the Cabinet.

In response to questions from the Members present, the Assistant Director of Neighbourhoods (Technical Services) stated that paladins were now too large for the refuse vehicles and hence they were not to be used. The Assistant Director also acknowledged that there was no reference to dog waste bins throughout the proposed policies, as dog waste could now be disposed of through normal residual waste and litter bins.

Decision:

(1) That the Waste Management Policy Statements, numbered 1 to 12 as attached to the report and tabled at the meeting, be adopted, subject to the following amendments:

(a) revising point 2 of the Residual Waste section of Policy 4, Contamination Policy, to read "...contains any of the following *recyclable* materials:..."; and

(b) revising section 2(b) of Policy 11, Replacement Containers, to read "...or through the collection vehicle itself *or by normal wear and tear*, the Council will provide ...".

Reasons for Decision:

It was necessary to update some of the existing policies and introduce new ones to ensure the provision of efficient waste management services throughout the District.

Other Options Considered and Rejected:

The main alternative options were considered to be to: retain existing policies and not approve any changes; manage the service with no new policies; or rescind all existing policies and manage the service with no policies.

However, none of the above could be recommended as this would be contrary to the already adopted Essex Joint Municipal Waste Management Strategy, would present operational difficulties, hinder achievement of Council's Key Performance Indicators and adversely impact waste reduction and recycling targets that the Council aspired to achieve.

**124. TRANSFORMATION PROGRAMME - MONITORING REPORT
NOVEMBER/DECEMBER 2016**

The Leader of Council presented the monitoring report for the Transformation Programme for November and December 2016.

The Leader stated that regular monitoring reports on the progress of the Transformation Programme were presented to the Cabinet and this was the monitoring report for November and December 2016. It was anticipated that the format of the report would evolve over time to remain an effective tool for highlighting progress, slippage and remedial actions being undertaken. This particular report included progress for all chartered projects of Medium and High Risk Potential, as well as key aspects of the Transformation Programme.

The Leader reported that, overall, progress indicators for 'time' 'cost', 'delivery / outcomes / outputs' and 'benefits' remained Green for this period, for a total of 268 actions. Progress would be kept under review for all items currently being progressed within the Programme.

Decision:

(1) That the progress of the projects within the Transformation Programme for November and December 2016, alongside the planned actions for January 2017, be noted.

Reasons for Decision:

To inform Cabinet of progress on the Transformation Programme, including work streams, programmes and projects.

Other Options Considered and Rejected:

No other options were available. Failure to monitor and review progress of the Transformation Programme and to consider corrective action where necessary, could have negative implications for the Council's reputation, and might mean the opportunities for improvement were lost.

125. PAYMENT OF HOUSING ASSOCIATION GRANT TO EAST THAMES

The Housing Portfolio Holder presented a report concerning the potential payment of Housing Association grant to East Thames Housing Association.

The Portfolio Holder explained that the original report on this issue within the main agenda described a proposal for the Council to provide East Thames with grant towards the development costs for their affordable housing development at Knolly's Nursery, Waltham Abbey. One of the benefits to the Council under the proposed arrangements would be that, in return, East Thames would purchase five properties from the open market and convey them to the Council without charge. However, the report also explained that East Thames had made a bid to the Homes and Communities Agency (HCA) for grant towards their development costs, on which a decision from the HCA was expected on 23 January 2017. If East Thames' bid was successful, then they would not be able to enter into the proposed legal agreement with the Council. It was therefore stated that, in such an event, a supplementary report would be provided to the Cabinet on the outcome and the implications.

The Portfolio Holder stated that East Thames had now informed the Council that its funding bid to the HCA had been successful and that, regrettably, they were now unable to enter into the proposed legal agreement with the Council. Therefore, the Council had little choice now but to accept that it was unlikely the unspent 1-4-1 Receipts would be spent by 31 March 2017 (currently estimated at £350,000) and would have to be paid over to the Department of Communities & Local Government (DCLG), with interest, at the end of the current Quarter. Moreover, it was now recommended that the 1-4-1 Receipts previously paid "temporarily" and voluntarily to the DCLG from Quarters 1 and 2 of 2016/17 should continue to be retained temporarily by the DCLG - until either the Council had undertaken Stage 1 of its Further Housing Revenue Account (HRA) Financial Options Review or the DCLG had allocated the Council's 1-4-1 Receipts elsewhere for other purposes, whichever occurred the earliest. The first draft Stage 1 report of the Further HRA Financial Options Review was expected to be completed at the end of January 2017 and the final report would be reported to the Finance and Performance Management Cabinet

Committee, following consultation with the Communities Select Committee and the Tenants & Leaseholders Federation as previously requested by the Cabinet.

Cllr Bassett stated that Councils were finding it virtually impossible to spend their 1-4-1 Receipts, and quoted the situation at Stevenage Borough Council as a further example of this. Cllr Bassett proposed that the Council should write to the DCLG to request the removal of conditions regarding the spending of 1-4-1 Receipts. The Housing Portfolio Holder informed the Cabinet that representations had been made to the Local Government Association regarding this issue, and the Assistant Director of Communities (Housing Property) stated that Officers had made those points directly to the DCLG.

In respect of any other options considered, and specifically the premium received by the Council from the development of the former Golden Lion Public House site in Loughton, the Assistant Director reminded the Cabinet that this premium was actually a Section 106 contribution, one of many received by the Council, and all such monies had been spent. The Council was partnering with Linden Limited for the purchase of affordable housing at Barnfield in Roydon.

The Assistant Director reminded the Cabinet that these 1-4-1 Receipts had to be spent within three years of receipt, and the Council had simply run out of time on this occasion. The Portfolio Holder also reminded the Cabinet that 1-4-1 Receipts could only be used for a maximum of 30% of the cost to build new houses, with the remaining 70% to be found from other sources. The Leader of Council stated that Officers had worked extremely hard to spend these receipts in time, and the Finance Portfolio Holder confirmed that the recommendations were correct and proper from a Financial point of view.

Decision:

(1) That the successful outcome of East Thames' bid for funding to the Homes and Communities Agency (HCA) for its affordable housing development at Knolly's Nursery, Waltham Abbey be noted and that, as a result, it be further noted that East Thames had reluctantly advised the Council that it was unable to accept any grant from the Council, funded by "one-for-one replacement" Right to Buy capital receipts ("1-4-1 Receipts"), for this development;

(2) That the consequential requirement for the Council to pay to the Department of Communities and Local Government (DCLG) unspent 1-4-1 Receipts that have to be spent by 31 March 2017 (currently estimated at £350,000), with interest, be noted;

(3) That, in view of the continuing moratorium placed by the Cabinet on the Council Housebuilding Programme, the 1-4-1 Receipts previously paid "temporarily" and voluntarily to the DCLG from Quarters 1 and 2 of 2016/17, totalling £1.676million, continue to be retained temporarily by the DCLG until either;

(a) The Council has undertaken Stage 1 of its Further Housing Revenue Account Financial Options Review and, in particular, determined the future of its Housebuilding Programme; or

(b) The DCLG allocates the Council's 1-4-1 Receipts elsewhere for other purposes, as recently indicated by DCLG officials;

whichever was the earliest; and

(4) That the Stage 1 Further Housing Revenue Account Financial Options Review be undertaken as soon as possible, in line with the process previously determined by the Cabinet.

Reasons for Decision:

The Council was hoping to enter into a legal agreement with East Thames to provide them with grant towards the development costs for their affordable housing development at Knolly's Nursery, Waltham Abbey. However, the Council had recently been advised that their separate bid to the HCA was successful and, since this would be a much more beneficial arrangement for East Thames than could be offered by the Council, it was no longer possible to pursue the proposed arrangement with East Thames.

Therefore, the unspent 1-4-1 Receipts from Quarter 3 would need to be returned to the DCLG.

Other Options Considered and Rejected:

To recover the 1-4-1 Receipts previously paid temporarily to the DCLG, to remove the risk of them being re-allocated by the DCLG to another organisation or programme that would result in the Council no longer having access to them. However, the reason the Cabinet decided that they should be paid over to the DCLG in the first place was in view of the moratorium it had placed on the Council Housebuilding Programme, and the possibility that the Stage 1 Further HRA Financial Options Review might result in the Housebuilding Programme being discontinued beyond the current Phase 3. In such an event, it would not be possible to utilise the increasing amount of unallocated 1-4-1 Receipts that had arisen, and would continue to arise, unless it was possible to provide them to a Housing Association as grant. Therefore, these unallocated 1-4-1 Receipts would have to be paid over to the DCLG at a later date, together with a punitive level of interest.

To lift the temporary moratorium placed on the Council Housebuilding Programme, in advance of decisions being made through the Stage 1 Further HRA Financial Options Review, and implement Phase 4, and possibly Phase 5, of the Council Housebuilding Programme as soon as possible, to utilise the currently unallocated 1-4-1 Receipts from Quarters 1 and 2 of 2016/17, together with further 1-4-1 Receipts that arise in future Quarters, up to the utilisation of 30% of the total development costs. However, the Leader of Council and Housing Portfolio Holder continued to consider that it would be imprudent to commit to any further phases of the Housebuilding Programme, until Members were able to consider all of the options for the future and all of the associated expenditure and funding implications through the Stage 1 Options Review, especially since it was likely that it would be necessary for the Council to defer the repayment of the earliest Public Works Loan Board loan that matured in 2019 for a couple of years in order to fund the other 70% of the housebuilding development costs.

126. TREASURY MANAGEMENT STRATEGY STATEMENT 2017/18

The Finance Portfolio Holder presented a report on the Treasury Management Strategy Statement for 2017/18.

The Portfolio Holder reminded the Cabinet that the Council was required to approve the Treasury Management Strategy and Prudential Indicators, as well as a statement on the Minimum Revenue Provision (MRP) before the start of each financial year. The Strategy would be scrutinised by the Audit & Governance Committee at its

meeting on 6 February 2017, and considered by the Council for final approval at its meeting scheduled for 21 February 2017.

The Portfolio Holder reported that the Strategy had been produced following advice from the Council's Treasury Advisors, Arlingclose. There had been no major changes to the Strategy since its previous approval in February 2016, but a number of other issues were drawn to the Cabinet's attention.

The Portfolio Holder declared that the first of these was Minimum Revenue Provision. Following the borrowing of £185.456million to pay for the Housing Revenue Account self-financing initiative, the Council would normally be required to charge Minimum Revenue Provision to the General Fund. However, the Department of Communities & Local Government had produced regulations whereby the Council could ignore this borrowing, and therefore, for Minimum Revenue Provision purposes only, the Council was still classed as debt-free. However, as the Council was likely to undertake further borrowing to support its capital expenditure then Minimum Revenue Provision would be required in 2017/18.

The Portfolio Holder explained that the Council had inter-fund borrowed for many years between the General Fund and Housing Revenue Account, and the interest charge made between the funds had been based on the average interest earned on investments for the year. Draft regulations issued by the Chartered Institute for Public Finance & Accountancy (CIPFA) had proposed that the interest rate applicable to any inter-fund borrowing should be approved by the Council before the start of the financial year, and it was suggested that the average investment interest earned for the year should continue to be used as the rate for any inter-fund borrowing.

The Portfolio Holder informed the Cabinet that the Treasury Management Policy Statement was a high level statement which outlined how the Council's Treasury function would be undertaken. The Policy Statement was last updated as part of the 2016/17 Treasury Strategy. There were no amendments to the Statement currently proposed.

The Portfolio Holder advised that all of the Council's current investments were denominated in sterling and the Council had received regular advice from Arlingclose regarding the use of Counterparties. The Council currently had an investment portfolio of approximately £48.5million, of which all but £2million was invested in the United Kingdom. The maturity profile ranged from £15.5million available for instant access to £14million with a maturity date of three months hence. The continued low interest rates, the use of fewer counterparties and the short durations of the Council's investments had reduced the estimated interest income for 2016/17. Interest earnings for 2017/18 would reduce further as balances were invested in capital projects rather than short term deposits, and no significant change in interest rates was anticipated over the medium term.

Decision:

- (1) That the following be recommended to the Council for approval:
 - (a) Treasury Management Strategy Statement 2017/18;
 - (b) Minimum Revenue Provision (MRP) Strategy;
 - (c) Treasury Management Prudential Indicators for 2017/18 to 2019/20;
 - (d) The rate of interest to be applied to any inter-fund balances; and

- (e) The Treasury Management Policy Statement.

Reasons for Decision:

To ensure that the Council complied with the Code of Practice on Treasury Management from the Chartered Institute of Public Finance & Accountancy.

Other Options Considered and Rejected:

To request additional information about the Treasury Management Strategy, or decide that alternative indicators were required.

127. PAY POLICY STATEMENT 2017/18

The Portfolio Holder for Technology & Support Services presented a report on the Pay Policy Statement for 2017/18.

The Portfolio Holder reported that Section 38(1) of the Localism Act 2011 required the Council to produce a Pay Policy Statement for each financial year setting out details of its remuneration policy. Specifically, it should include the Council's approach to its highest and lowest paid employees. The Statement drew on the Review of Fair Pay in the Public Sector (Will Hutton 2011) and concerns over low pay.

Decision:

- (1) That the Pay Policy Statement for 2017/18 be recommended to the Council for approval.

Reasons for Decision:

To enable the Cabinet to comment on the Council's Pay Policy statement before it was approved by the Council.

Other Options Considered and Rejected:

To amend the content of the statement prior to its approval by the Council.

128. ANY OTHER BUSINESS

Decision:

- (1) That, as agreed by the Leader of Council and in accordance with Section 100B(4)(b) of the Local Government Act 1972, the following items of urgent business be considered following the publication of the agenda:

- (a) Council Budgets 2017/18;
- (b) Council Housebuilding Cabinet Committee – 12 December 2016; and
- (c) Finance & Performance Management Cabinet Committee – 19 January 2017.

129. COUNCIL HOUSEBUILDING CABINET COMMITTEE - 12 DECEMBER 2016

The Housing Portfolio Holder presented the minutes of the meeting of the Council Housebuilding Cabinet Committee, held on 12 December 2016.

The Cabinet Committee had made one recommendation for the Cabinet to consider, concerning the use of 1-4-1 Capital Receipts received during the third Quarter of 2016/17. Other issues considered by the Cabinet Committee included: Revised Feasibility Studies for Pentlow Way in Buckhurst Hill and Wollard Street in Waltham Abbey; Sites unsuitable for Development; the award of the contracts for Phase III of the Council Housebuilding Programme; Street/Building Naming for Phase III of the Council Housebuilding Programme; and a progress report on the Council Housebuilding Programme.

Decision:Council Housebuilding Programme Progress Report

(1) That the 1-4-1 Capital Receipts be passed to a Housing Association currently on site with an affordable rented housing development in the District, to enable the 1-4-1 Capital Receipts to be used for the benefit of the District and to avoid the Council incurring interest payments to the Department of Communities & Local Government, subject to the Council having nomination rights to the properties built with this money.

Reasons for Decision:

The Cabinet was satisfied that the Cabinet Committee had fully addressed all the relevant issues.

Other Options Considered and Rejected:

The Cabinet was content that the Cabinet Committee had considered all the relevant options and that there were no further options to consider.

130. FINANCE & PERFORMANCE MANAGEMENT CABINET COMMITTEE - 19 JANUARY 2017

The Finance Portfolio Holder presented the minutes from the recent meeting of the Finance & Performance Management Cabinet Committee, held on 19 January 2017.

The Cabinet Committee had made recommendations to the Cabinet regarding: extending the funding for two Debt Advisors at the Epping Forest Citizens Advice Bureau; Initiatives to help tackle Homelessness within the District; further support for users of the C.A.R.E. Agency; the approval of an updated Corporate Risk Register; the detailed Directorate Budgets for 2017/18; and guidelines for the Council's Budgets in 2017/18. There were no other issues considered by the Cabinet Committee.

Decision:Extending the Funding of Two Epping Forest Citizens Advice Bureau Debt Advisors

(1) That funding for the Citizens Advice Bureau's two existing Debt Advisors be approved for one year from 1 April 2017 as follows:

- (a) £37,800 from the Housing Revenue Account; and

- (b) £4,200 from the General Fund District Development Fund;

Homelessness Initiatives

- (2) That a Continuing Services Budget growth bid in the sum of £32,000 per annum from 2017/18 for the appointment of 1 FTE additional Grade 6 Homelessness Prevention Officer be approved;
- (3) That the existing Invest to Save Funding of £90,000 be used for providing applicants with a rental loan of 4 weeks rent to meet the costs of rent in advance when securing accommodation in the private rented sector and/or a landlord deposit in accordance with LHA rates (lodged with a third party by the landlord) with applicants being required to repay loans on an interest free basis over 36 months;
- (4) That a Continuing Services Budget growth bid in the sum of £9,000 per annum from 2017/18 to fund an external company to undertake Homelessness Reviews be approved; and
- (5) That a Continuing Services Budget growth bid in the sum of £2,500 per annum from 2017/18 to fund an external company to provide specialist services to rough sleepers be approved;

C.A.R.E. Agency

- (6) That £51,000 be top-sliced from the Government's Better Care Fund contribution towards support for applicants of Disabled Facilities Grants from 2017/18;

Risk Management – Corporate Risk Register

- (7) That the Existing Control and Required Further Management Action in Risk 1, Local Plan, be updated;
- (8) That the Effectiveness of Controls/Actions and Required Further Management Action in Risk 2, Strategic Sites, be updated;
- (9) That the Key Date for Risk 4, Finance Income, be updated;
- (10) That the Vulnerability for Risk 9, Safeguarding, be updated; and
- (11) That, including the above agreed changes, the revised Corporate Risk Register be approved;

Detailed Directorate Budgets

- (12) That the detailed Directorate Budget for the Chief Executive be approved;
- (13) That the detailed Directorate Budget for Communities be approved;
- (14) That the detailed Directorate Budget for Governance be approved;
- (15) That the detailed Directorate Budget for Neighbourhoods be approved;
- (16) That the detailed Directorate Budget for Resources be approved; and

(17) That the detailed Directorate Budget for the Housing Revenue Account be approved.

Council Budgets 2017/18

(18) That the following guidelines for the Council's General Fund Budgets in 2017/18 be recommended to the Council for adoption:

- (a) the revised revenue estimates for 2016/17, and the anticipated reduction in the General Fund balance by £0.62 million, including a transfer of £0.2 million to the Invest to Save Reserve;
- (b) confirmation of the target for the 2017/18 Continuing Services Budget of £13.11 million (including growth items);
- (c) an increase in the target for the 2017/18 District Development Fund net spend from £0.26million to £2million;
- (d) no change in the District Council Tax for a Band 'D' property to retain the charge at £148.77;
- (e) the estimated reduction in the General Fund balances of £108,000 in 2017/18;
- (f) the five year Capital Programme for the period 2016/17 to 2020/21;
- (g) the Medium Term Financial Strategy for the period 2016/17 to 2020/21; and
- (h) the Council's policy on General Fund Revenue Balances to remain that they be allowed to fall no lower than 25% of the Net Budget Requirement.

(19) That the Housing Revenue Account budget for 2017/18, including the revised revenue estimates for 2016/17, be recommended to the Council for approval,;

(20) That the rent reductions proposed for 2017/18, with an average overall fall of 1%, be noted; and

(21) That the Chief Financial Officer's report to the Council on the robustness of the estimates for the purposes of the Council's 2017/18 budgets and the adequacy of the reserves be noted.

Reasons for Decision:

The Cabinet was satisfied that the Cabinet Committee had fully addressed all the relevant issues.

Other Options Considered and Rejected:

The Cabinet was content that the Cabinet Committee had considered all the relevant options and that there were no further options to consider.

131. COUNCIL BUDGETS 2017/18

The Finance Portfolio Holder presented a report on the Council's Budgets for 2017/18.

The Portfolio Holder set out the detailed recommendations for the Council's budget for 2017/18. It was intended to use £100,000 from reserves but the Council's policy on the level of reserves could be maintained throughout the period of the Medium Term Financial Strategy (MTFS). Over the course of the Strategy, the use of reserves to support spending would peak at £143,000 in 2019/20 and reduce to £113,000 in 2020/21. The budget was based on the assumption that Council Tax would not increase and that average Housing Revenue Account rents would decrease by 1% in 2017/18.

The Portfolio Holder also highlighted the Chief Financial Officer's report on the robustness of the estimates for the purposes of the Council's budgets for 2017/18 and the adequacy of the reserves within the budget report. It stated that the estimates as presented were sufficiently robust for the purposes of the Council's overall budget for 2017/18. In addition, the Council's reserves were adequate to cope with the financial risks facing the Council in 2017/18, but that further savings would be required in future years to bring the budget back into balance in the medium term. Particular concerns about the new rating list, which had been exacerbated by changes to transitional relief and the appeals system, and the continuing backlog of appeals for the current rating list were noted.

The Cabinet noted that the proposed funding from the Government of £3.85million was a reduction of 15.9% from 2016/17. Since the Medium Term Financial Strategy had been published in the Summer, the ceiling for the Continuing Services Budget had remained at £13.11million, and the ceiling for the District Development Fund had risen from £0.26million to £1.89million. The proposed increase in provision for the District Development Fund was due to an allocation of £1.028million for the Local Plan, plus further provision of £218,000 for Recycling Schemes and £104,000 for the Planned Building Maintenance Programme. It was also anticipated that a transfer of £500,000 would be required from the General Fund Reserve in 2018/19 to ensure that there were sufficient funds available until the end of the Strategy period.

Although the five-year Capital Programme envisaged expenditure of almost £125million, it was anticipated that there would still be £1.7million of usable capital receipts at the end of this period. The balance of the Housing Revenue Account was expected to be £2.022million at 31 March 2018, after a surplus of £494,000 in 2016/17 and a deficit of £1.674million in 2017/18.

The Portfolio Holder emphasised some further issues arising from the Medium Term Financial Strategy:

- Future Government funding would reduce with the Revenue Support Grant turning negative in 2019/20.
- The target for Continuing Services Budget growth had been achieved for 2017/18, but further efficiencies would be required if the new Leisure Contract failed to yield the predicted savings.
- The Epping Forest Shopping Park was anticipated to achieve its revised opening date and provide the expected levels of rental income to the Council.
- As highlighted earlier, a transfer of £0.5million for the District Development fund from the General Fund Reserve would be required in 2018/19 to ensure that there were sufficient funds for the Local Plan programme.

The Portfolio Holder thanked the Director of Resources and his Accountancy team for their efforts in preparing the budget before the Cabinet.

Cllr Philip, as Planning Policy Portfolio Holder, enquired as to whether the New Homes Bonus projections were based on current building rates or the building rates forecast in the Local Plan? The Director of Resources stated that the projections were based on the historical building rates for the District; the New Homes Bonus was under threat as the Government was considering adding further restrictions, so a prudent view was taken of future building rates. Cllr Basset, Portfolio Holder for Governance & Development Management, highlighted the section of the report dealing with the retention of Business Rates, especially the two misconceptions corrected within the report, and also that the Government was now insisting that Council rents should reduce after a number of years where the policy was to align them more with private sector rents.

The Leader of Council endorsed the excellent budget before the Cabinet, and also added his thanks to the Finance Portfolio Holder, the Director of Resources and the Accountancy team for their efforts. It was emphasised that the Council had been preparing for these changes to Local Government funding and that the Council had again set a 0% increase in the District Council Tax.

Decision:

(1) That the following guidelines for the Council's General Fund Budget in 2017/18 be recommended to the Council for adoption:

(a) the revised revenue estimates for 2016/17, which were anticipated to decrease the General Fund balance by £0.78m, including a transfer of £0.2m to the Invest to Save Reserve;

(b) confirmation of the target for the 2017/18 Continuing Services Budget (CSB) of £13.11m (including growth items);

(c) an increase in the target for the 2017/18 District Development Fund (DDF) net spend from £0.26m to £1.89m;

(d) no change in the District Council Tax for a Band 'D' property to keep the charge at £148.77;

(e) the estimated reduction in General Fund balances of £100,000 in 2017/18;

(f) the five year Capital Programme for the period 2016/17 – 2020/21;

(g) the Medium Term Financial Strategy for the period 2016/17 – 2020/21; and

(h) the Council's policy on General Fund Revenue Balances to remain that they be allowed to fall no lower than 25% of the Net Budget Requirement;

(2) That the Housing Revenue Account (HRA) budget for 2017/18, including the revised revenue estimates for 2016/17, be recommended to the Council for approval;

(3) That the Council be requested to note that the rent reductions proposed for 2017/18 will give an average overall fall of 1%; and

(4) That the Chief Financial Officer's report to the Council on the robustness of the estimates for the purposes of the Council's 2017/18 budgets and the adequacy of the reserves be noted.

Reasons for Decision:

To determine the budget to be placed before the Council for final approval on 21 February 2017.

Other Options Considered and Rejected:

To not approve the recommended figures, and specify which growth items should be removed from the draft budget or which further items should be added.

132. EXCLUSION OF PUBLIC AND PRESS**Decision:**

(1) That, in accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the items of business set out below as they would involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12(A) of the Act indicated, and the exemption was considered to outweigh the potential public interest in disclosing the information:

| <u>Agenda Item</u> | <u>Subject</u> | <u>Paragraph Number</u> |
|--------------------|---|-------------------------|
| 17 | Disposal of Lindsay House, Epping | 3 |
| 18 | Surrender of Lease and Renewal – Glyn Hopkins, Brooker / Cartersfield Road, Waltham Abbey | 3 |

133. DISPOSAL OF LINDSAY HOUSE, EPPING

The Portfolio Holder for Asset Management & Economic Development presented a report on the disposal of Lindsay House in Epping.

The Portfolio Holder reported that the Abbeyfield Society (Epping) had surrendered their lease for Lindsay House, at 15 Lindsey Street in January 2014; the Council was the freehold owner of the property. Following further negotiation with the London Congregational Union (Incorporated) back in 1998, the covenant on the premises had been extended to allow use as a single private dwelling house or social housing accommodation for vulnerable people. Essex County Council had previously agreed to acquire the property for their use as part of the negotiations for the redevelopment of St John's Road, Epping. However, it transpired that the County Council no longer wished to proceed as they did not have a service requirement anymore. The Council was now required to determine the future use of the building, which had been vacant for a number of years, and the basis of a marketing exercise for freehold disposal of the property was proposed for the Cabinet to agree.

The Portfolio Holder highlighted that recommendation 2 permitted the Council to consider bids from charitable organisations, and would not automatically lead to the acceptance of the highest bid. The Director of Neighbourhoods informed the Cabinet that the capital receipt would go to the General Fund, and the Portfolio Holder reminded the Cabinet that 1-4-1 receipts from the sale of Council houses could only be used to fund a maximum of 30% of the cost if Lindsay House was converted to provide social housing units.

Decision:

- (1) That the previous decision of the Cabinet for the Council's freehold interest in Lindsay House to be sold on the open market be reaffirmed;
- (2) That a marketing exercise, including an invitation to bid from those parties who have previously expressed an interest, be carried out inviting bids based on:
 - (a) sale as a single private dwelling house; or
 - (b) conversion to flats (with or without the restrictive covenant); and
- (3) That the Portfolio Holder be authorised:
 - (a) to consider the results of the marketing exercise and determine the basis on which the property is to be sold in light of the offers received, and in particular to consider if there would be financial benefit to the Council in seeking to remove the covenant; and
 - (b) subject to (a) above, to approve the highest offer received for the property with the covenant in place, or seek to remove the covenant.

Reasons for Decision:

To enable the Council to obtain best value from its property assets.

Other Options Considered and Rejected:

To retain the property and convert it to either general social housing or some alternative use. However, the building was not conducive to conversion for general social housing and no other operational use had been identified.

134. SURRENDER OF LEASE AND RENEWAL - GLYN HOPKINS, BROOKER ROAD/CARTERSFIELD ROAD, WALTHAM ABBEY

The Portfolio Holder for Asset Management & Economic Development presented a report on the proposed surrender, and renewal, of the lease with Glyn Hopkin for their premises on the corner of Brooker Road and Cartersfield Road in Waltham Abbey.

The Portfolio Holder stated that Glyn Hopkin Ltd operated a motor car dealership located on the corner of Brooker Road and Cartersfield Road in Waltham Abbey. The current lease was due to expire on 29 April 2068, and had approximately 52 years remaining. Negotiations had been underway with their representatives for the surrender of their existing lease and the terms of a renewal, and it had been agreed that Glyn Hopkin Limited was to surrender to the Council the current lease dated 30 April 1969 in consideration of a payment of £990,000, to be paid by the Council to Glyn Hopkin on completion of the surrender. Immediately following completion of the surrender, the Council was to grant to Glyn Hopkin a new Lease for the whole of the premises demised by the existing Lease dated 30 April 1969. The principal terms of the new Lease were reported to the Cabinet; the new lease would be for a term of 25 years, with upwards-only rent reviews every five years.

The Portfolio Holder reported that there was no existing provision within the Council's Capital Programme for the proposed payment of £990,000 to Glyn Hopkin and therefore a supplementary estimate was required and requested. However, the

Council had recently benefitted from a windfall capital receipt of £2million, as a result of negotiations last year to grant landlord consent for the change of use on the former Golden Lion Public House in Loughton. This payment was conditional on planning permission being granted for residential development on the site, which had now been obtained. Therefore, it was recommended that the £990,000 sought to achieve the surrender of the current lease with Glyn Hopkin was funded from this other asset management generated capital receipt.

Cllr Mohindra, as Finance Portfolio Holder, endorsed the recommendations as it supported the principle of utilising capital investment to generate future revenue for the Council.

Decision:

(1) That the surrender of the balance of the Lease to Glyn Hopkin at a consideration of a payment of £990,000 be agreed and, immediately following completion, a new 25-year lease be entered into, as per the terms outlined in the report; and

(2) That a Capital supplementary estimate in the sum of £990,000 be recommended to the Council for approval, to be funded from the £2million premium for landlords consent for development at the former Golden Lion Public House in Loughton.

Reasons for Decision:

To maximise the benefit of the Council's estate and in accordance with Council policy to generate revenue returns from capital investment.

Other Options Considered and Rejected:

To not agree to the renewal of the lease. However, this might compromise the future of the business, which was a prominent local employer.

CHAIRMAN