

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** Monday, 19 January 2015

Place: Council Chamber, Civic Offices, High Street, Epping **Time:** 7.00 - 10.22 pm

Members Present: Councillors Ms S Stavrou (Chairman), J Philip, D Stallan, Ms H Kane and G Waller

Other Councillors: Councillors K Angold-Stephens, T Church, J Knapman, A Mitchell MBE, G Mohindra, R Morgan, S Murray, Ms S Watson, J M Whitehouse and D Wixley

Apologies: A Lion and C Whitbread

Officers Present: R Palmer (Director of Resources), G Chipp (Chief Executive), D Macnab (Deputy Chief Executive and Director of Neighbourhoods), C O'Boyle (Director of Governance), A Hall (Director of Communities), P Maddock (Assistant Director (Accountancy)), S Alford (Principal Accountant), S Amin (Senior Accountant), J Chandler (Assistant Director (Community Services)), S G Hill (Assistant Director (Governance & Performance Management)), R Wilson (Assistant Director (Housing Operations)), A Hendry (Democratic Services Officer), S Mitchell (PR Website Editor) and R Perrin (Democratic Services Assistant)

35. Webcasting Introduction

The Chairman reminded everyone present that the meeting would be broadcast live to the Internet, and that the Council had adopted a protocol for the webcasting of its meetings.

36. Declarations of Interest

Pursuant to the Council's Code of Member Conduct, Councillors S Stavrou, H Kane, J M Whitehouse, T Church, S Watson, R Morgan, S Murray, J Knapman, J Philip, K Angold-Stephens, A Mitchell, G Mohindra and D Stallan declared a personal interest in item 5 of the agenda, in so far as it relates to the Local Council Tax Support payable to Town/Parish Councils as they are Town/Parish Councillors. They understood that there are no binding decisions being made by the Committee at the meeting and therefore would advise that when the decisions were due on this later in the budget cycle, they would seek a dispensation from the Standards Committee to participate.

37. Minutes

RESOLVED:

That the minutes of the meeting held on 13 November 2014 be taken as read and signed by the Chairman as a correct record.

38. Allocation of Local Council Tax Support Grant

The Director of Resources presented a report on the allocation of Local Council Tax Support Grants and reductions in funding.

Following the introduction of Local Council Tax Support in 2013/14, it had been clear that in 2014/15, the amount of grant relating to local councils would no longer be separately identified and that the overall amount would be substantially reduced. The Committee decided on 19 September 2013 that the grant available to local councils would be reduced by the same percentage as the Council's overall grant and this remained the same policy.

The Director of Finance advised that at the Local Liaison Council Committee on the 7 November 2013, it had been suggested that the amount of grant would reflect the loss of income to each body and the same methodology had been applied for 2015/16. The reduction in grant had now been confirmed as 14.2% and this had been shared with the local councils to enable them to consider their own budgets. Applying the reduction to the 2014/15 grant had given an amount of £240,442, which would be allocated amongst local councils for 2015/16. It was clear that Ministers were becoming frustrated by local councils increasing their charges and could act to prevent this happening again by extending the referendum requirements for significant increases in Band D charges.

Recommended:

(1) That the Local Council tax Support Grant available to Town and Parish Councils be allocated inline with the reduction in their Council Tax income as set out in appendix 1, be recommended to the Cabinet for approval.

Reasons for Decision:

To agree the basis for allocating LCTS Grant and the amounts due to each Town and Parish Council.

Other Options Considered and Rejected:

Members could decide to allocate the grant by reducing the amount payable to each local council by 14.2%. Alternatively, Members could decide to allocate more than the proposed amount, although this would require additional savings elsewhere in the budget to fund the local councils.

39. Engagement of Counsel - Judicial Review Defence

The Assistant Director (Housing Operations) presented a report for a supplementary estimate of £40,000 funded from the Housing Revenue Account (HRA) for the engagement of Stephen Knafler QC, for successfully defending a legal challenge in the High Court against the Council's Housing Allocations Scheme's Residency Criteria and the provision of advice given on the Council's revised Housing Allocations Scheme.

The Council's Housing Allocations Scheme came into force on 1 September 2013 and under the scheme applicants were required to meet the Local Eligibility Criteria, which involved applicants being a resident of the District for a minimum of three consecutive years subject to certain exceptions. The Allocations Scheme was referred to Stephen Knafler QC to review because of his considerable experience in

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housing law and was considered by him to be legal. Following this change the Council received 170 written appeals with one in particular who sought legal advice and applied for a Judicial Review. This case went onto a full Judicial Review hearing as “the matter is of some importance and significance and should be determined as soon as reasonably possible”. The Claimant was awarded Legal Aid allowing her to be represented by a QC and Junior Counsel on the basis that the matter raised issues of some public importance. Prior to the case being heard, Stephen Knafler QC expressed the view that the Council should defend the claim in order to uphold the Council’s policies and to prevent the Housing Allocations Scheme being undermined.

Following the Judicial Review in September 2014, the Judge rejected all aspects of the Claimant’s challenge and although the Judge refused Permission to Appeal, the Claimant could seek leave to Appeal to the higher Court and the Council would have to consider whether to continue to defend its position.

The Assistant Director (Housing Operations) advised that, on 21 October 2014 the Housing Scrutiny Panel considered a review of the Housing Allocations Scheme following 12 months’ operation including the Claimant’s case and would be recommending to Cabinet that the Scheme be amended to absolutely clarify that discretion in exceptional circumstances would only apply to persons already admitted onto the Housing Register and that the Director of Communities would not have discretion to allow any non-qualifying applicants onto the Housing Register.

The Assistant Director (Housing Operations) advised that no budget provision had been made for the unforeseen challenge and therefore asked the Committee to recommend to the Cabinet that a Supplementary Estimate be recommended to Council.

Councillor Murray questioned whether the funding should come from the General Fund rather than the HRA. The Assistant Director (Housing Operations) advised that he had taken guidance from Finance colleagues and had been advised that the source of funding should come from the HRA.

Councillor Church asked whether costs could be secured against other possible claimant’s that were privately funded. The Director of Governance advised that the Council would make any applications possible to recover costs.

Recommended:

(1) That a Supplementary Estimate of £40,000 from the Housing Revenue Account for the engagement of Stephen Knafler QC, be recommended to Cabinet for recommendation to the Council for approval.

Reasons for Decision:

In order to secure funding through a Supplementary Estimate funded from the HRA for the engagement of Stephen Knafler QC who successfully defended the Council’s Housing Allocations Scheme’s Residency Criteria under Judicial Review in the High Court and advice on the revisions to the Council’s Housing Allocations Scheme.

Other Options Considered and Rejected:

As the costs for engaging Stephen Knafler QC had already been incurred due to the reasons set out in the report there were no other options for action.

40. Homelessness Legal Expenses Budget

The Assistant Director (Housing Operations) presented a report requesting a Supplementary Estimate in the current year to fund legal costs in the sum of £52,000 regarding challenges to the Council's revised Housing Allocations Scheme and from a particular Homelessness Applicant and a contingency provision of £20,000 District Development Fund (DDF), for the next three year period 2015/16 to 2017/18.

The Assistant Director (Housing Operations) advised that the Council's revised Housing Allocations Scheme came into force on 1 September 2013, which resulted in a new approach to meeting the duty to homeless applicants and a subsequent increase in the number of legal challenges. The Council's Legal Team appointed Counsel to advise on a number of specific legal matters and was unsuccessful in defending a challenge against a homelessness decision on vulnerability, where the claimant's costs were awarded against the Council this financial year and the budget for the current year was insufficient to meet the additional expenditure. Therefore it was recommended to the Committee that a Supplementary Estimate be sought from Council for £52,000 from the DDF, which was required to meet the legal costs incurred in 2013/14 and 2014/15 and a contingency provision for any potential legal costs of £20,000 per annum from the DDF for three year period 2015/16 to 2017/18 be agreed.

The Committee expressed concerns about the contingency provision for the next three years and whether the provision would be enough. The Director of Resources advised that there was uncertainty on the amount of homelessness applicants challenging the Council's decisions and the costs could vary each year. He suggested that the Committee review the funding position after one year.

Councillor Mohindra was concerned about the amount of costs awarded against the Council. The Assistant Director (Housing Operations) advised that he would provide him with details of the exact figures.

Recommended:

- (1) That a Supplementary Estimate of £52,000 from the District Development Fund for seeking specialist legal advice on homelessness cases and defending a homelessness case in the County Court, be recommended to Cabinet to recommend to the Council for approval;
- (2) That a contingency provision for potential legal challenges to the Housing Allocations Scheme for homelessness applicants of £20,000 per annum from the District Development Fund be made for a three year period from 2015/16 to 2017/18; and
- (3) That the budget for potential legal challenges for Housing Allocations Scheme for homelessness applicants be reviewed after one year to ensure that it was sufficient in the long term.

Reasons for Decisions:

In order to make budget provision for defending the Council's case in the County Court in 2013/2014, and the provision of legal advice in 2014/2015, and to provide additional funding to defend the Council's position when legal challenges are made by homeless applicants in future years.

Options Considered and Rejected:

Not to defend legal challenges from homeless applicants, which would result in the Council conceding in all cases.

41. Community Arts - Proposed Budget Saving

The Assistant Director Community Services reported that this Committee had requested the Council's Community Arts Programme budget to be considered as part of the cost savings exercise for the Council's Budget in 2015/16.

The Assistant Director Community Services advised that a previous review of the Arts Service in 2011/12 had resulted in a total savings of £35,000, which resulted in the operational budget being reduced to £24,500 per annum and to make any further reductions in this budget would result in staff redundancies. Therefore the business case proposal for Community Services was to secure a minimum of £10,000 additional funding and income from fees and charges in 2015/16 and if this was not achieved, savings could be found from discontinuing the Arts and Leisure Bursary Award Scheme. Furthermore officers would be investigating whether or not there were any potential opportunities to include elements of the Community Arts Service within the new Leisure Management Contract.

Members raised concerns about whether the Community Arts Programme provided value for money at an operational cost of £24,500 and with recharges to the service area being so high it was a concern.

Recommended:

(1) That Community Services make additional income or savings of £10,000 in 2015/16.

Reasons for Decision:

It was not possible to reduce the Community Arts Budget further, without making forced redundancies.

Other Options Considered and Rejected:

None at present.

42. Detailed Directorate Budgets

The Director of Resources presented the draft General Fund and Housing Revenue Account (HRA) Budgets for the financial year 2015/16. The budgets were presented on a directorate by directorate basis. The Financial Issues Paper which incorporated the Medium Term Financial Strategy (MTFS) was considered in July 2014 and identified £0.5 million savings target for 2015/16, following the savings from the new waste management contract. Although since then, the Cabinet had agreed to a reduced weekly rent for the North Weald Market to prevent closure and supported a growth in Economic Development team, which had increased the target to nearer £1 million. The Directorate budgets were presented to the Cabinet Committee (and Scrutiny Panel) to consider and make recommendations prior to the budget being formerly set during February 2015.

Chief Executive

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The Chief Executive reported that the budget was made up of mostly recharges from services for corporate and public accountability activities, subscriptions and an Efficiency Challenge Support. The original estimate for 2014/15 had been an expenditure of £1.196 million, with a probable outturn of £1,211 million. The net increase had been attributed to increased recharges from the Directorate Policy Groups as a result of the changing responsibilities of an Assistant Director post. This included £58,000 for the Local Land and Property Gazetteer for 2015/16 and contributions from HRA of £13,000. The £150,000 DDF for the Council Transformation Programme had been re-phased for £75,000 to be spent in 2014/15 and the other half in 2015/16. The residual funding received from the Improvement East was also expected to be spent in this financial year. An increase in corporate subscriptions for £10,000 from CSB funding was for the London Stansted Cambridge Consortium, which was to promote the economic development of the District.

Members were concerned about the transformation project and how it would translate into savings. The Chief Executive advised that detailed businesses cases would be put forward when they had arisen with the suggested savings and this fund would help implement them.

Communities Directorate

The Director of Communities reported that the total original estimate for 2014/15 had been expenditure of £3.555 million, with a probable outturn of £3.463 million for 2014/15 and £3.443 million for 2015/16, which resulted in a decrease of £112,000. The main CSB change was the recharge to the Housing Revenue Account (HRA) for the Anti-Social Behaviour team. The main DDF items were slippage from 2013/14, schemes coming to an end in 2014/15 and the costs of the Safeguarding Audit being allocated to the HRA for 2014/15 and 2015/16, which were being offset by the amounts allocated to the Homeless budgets for legal challenges impending.

The Director of Housing advised that other areas highlighted were as follows;

- Staff allocations had increased due to the increased administration of Disabled Facilities Grants Scheme, Discretionary Grants and other Private Sector Housing matters;
- The Homelessness Advice Service had seen an increase in enquiries as a consequence of the new Housing Allocations Scheme for homelessness claimants and the legal challenges and expert advice required;
- The Welfare Transport Scheme had become independent, in conjunction with approvals of general grants being removed from the budget;
- The expansion of the museum had seen a rise in NNDR and rent in 2015/16;
- General Fund savings had been achieved through the reallocation of costs for the usage of the Limes Farm Hall and other staff allocation issues; and
- The reduction of Support Services owing to the Council reorganisation.

Councillor Kane advised that at the last meeting of this Committee, officers were asked to find a more effective use of the existing budgets relating to youth engagement from 2016. However, in view of the important role that young people play in the community, and the valuable contribution they could make; Councillor Kane proposed that the Committee ask the Overview and Scrutiny Committee to establish a Task and Finish Panel. This would consider the most effective use of the existing budgets relating to youth engagement from 2016/17 and include some representatives from the Youth Council, as co-opted members, to provide the Panel with the views of young people and what they feel was the best use of a relatively small financial resource.

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Housing Revenue Account

The Director of Communities reported that the types of expenditure and income that were allocated to the HRA were governed by legislation and the general premise used to assess the legitimacy of a charge was whether it was 'directly related to, or in support of, the management and maintenance of HRA property.'

The total original estimate for 2014/15 had been expenditure of £27.936 million, with a probable outturn of £26.489 million for 2014/15 and £27.784million for 2015/16. The proposed increase to rents was 2.2% and following the Government's decision to cease the rent re-structuring from April 2015, the re-letting of Council dwellings would generate additional rental income of £50,000 a year. Furthermore the Council's New Modern Home Standards had resulted in the depreciation charge increasing substantially and the Council had agreed with External Auditor a revised method of calculating the depreciation charge to £13.2 million in 2014/15 and £13.5 million in 2015/16.

The Director of Communities reported that the Housing Related Support (HRS) funding by Essex County Council had been reduced by £133,000 per annum from April 2015 for the Council's Careline Service and the Scheme Management Service for sheltered housing and area schemes. Following discussion with the Housing Portfolio Holder regarding the HRA not being able to sustain such a large reduction in HRS funding, a review of the lost income was undertaken. This resulted in a combination of increased charges of 27p per week from April 2015, with an intention to increase charges by a similar amount in April 2016 for both Council tenants and private clients subject to no further reductions in HRS funding. The Director Communities pointed out that this would still result in the Council's charges being the second lowest in the County.

The Director of Communities highlighted the changes to the directorate budget as follows;

- The Supervision and Management General net expenditure had increased by £148,000, which was mainly due to changes in staff allocations under the Council restructure;
- The Supervision and Management Special net expenditure had increased by £26,000;
- The Bad Debt Provision had reduced since some elements of the Welfare Reforms had not proceeded;
- The Capital charged to Revenue also remained at a high level to finance the New Build Programme;
- The surplus HRA cash that had been invested was at a low level because of the low interest rates and the use of fewer counterparties; and
- The transfer to Self-Financing reserve, which puts aside 10% of the variable rate of debt per annum, in readiness for the debt repayment in March 2022.

Councillor Murray commented whether the use of HRA for the Safer Communities Team was just an accounting change. The Director of communities advised that a great deal of the work the Safer Communities Team dealt with was related to Council residents and these had been support costs. Councillor Murray also felt that it was the wrong time to be reducing the Grant to Voluntary Organisations Budget.

Councillor Philip questioned the income and costs associated with the Lowewood Museum and the service agreement with Broxbourne Borough Council. The Director

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of Communities advised that costs for the museum were fully covered and they would look at the service agreement when or if it was renewed.

Members also raised concerns on the support charges for office accommodation and the recharges related to the Communities Directorate and Hemnall Street.

Councillor Murray advised that pursuant to the Council's Code of Member Conduct, he declared a personal interest in this item of the agenda, in so far as his mother is in receipt of the Careline service.

Governance Directorate

The Director of Governance reported that the budget had been complied based on the new structure and included budgets for the Estates and Economic Development. The total original estimate for 2014/15 had been expenditure of £1.717 million, with a Probable Outturn of £864,000 for 2014/15 and £752,000 for 2015/16, which resulted in a decrease of £112,000. The net decrease in the Total CSB from £1.346 million in 2014/15 to £456,000 in 2015/16 was largely due to the increased rental income on the Land and Property, increased Fee income on Development Control, departmental restructures and reallocation of support services. The movement in DDF original estimate was £371,000 in 2014/15 to £155,000 for the probable outturn to £296,000 in 2015/16, which was most probably due to the shared costs for Council Elections in May 2014, increased Development Control and Land charges income and back dated property rental income resulting from rent reviews.

The Director of Governance highlighted the changes within the directorate budget as follows;

- Elections – The efficiency savings in the cost of May 2014 elections resulted in a decrease for the 2014/15 probable outturn and would continue into 2015/16 for the May 2015 elections. There were also DDF amounts of £77,000 and £49,000 income and expenditure for Individual Registration in 2014/15 and 2015/16;
- Governance Support Services – The costs were recharged to direct services across all Directorates and include both General Fund and HRA expenditure. The increase in CSB budget was due to the restructure of Estates, Economic Development Group and creation of Corporate Fraud team in Internal Audit, which was offset by restructures in Legal Services and Governance and Performance Management and resulted in £24,000 CSB savings across two years and £39,000 for the discontinuing of the publication of The Forester;
- Land and Property – An increased CSB rental income on a commercial property of £282,00 mainly for the re-acquisition of the lease of the property at 2-18 Torrington Drive and DDF amounts of £301,000 in 2014/15 and £217,000 in 2015/16 for Council Asset rationalisation and various Economic Development Projects;
- Member Activity – A reduction of £125,000 year on year for the reduction of support service recharges to members, which had been picked up by Corporate Management budgets;
- Compliments and Complaints which was now charged out to the services; and
- Planning and Development – The reduction of £215,000 from Planning Appeals and Enforcement. Also costs had been diverted to Development Control, which for 2014/15 the probable outturn included £120,000 CSB additional income for fees and charges and £128,000 DDF income that would be used to fund additional resources in development management for three years from 2015/16.

Neighbourhoods Directorate

The Detailed Directorate Budget for the Neighbourhoods Directorate revealed that the original estimate for 2014/15 had been £11.140 million, with a probably outturn of £11,375 million for 2014/15. The current draft estimate for 2015/16 was £10.774 million which represented a decrease of £366,000. The CSB net expenditure increased from the original 2014/15 to probable outturn due to an increase in Recycling spend and a smaller reduction in Emergency Planning internal charges. The decrease between the probable outturn and original 2015/16 was due to a saving of £541,000 on the waste contract which comprised £335,000 depreciation and a real saving of £232,000. The DDF items had a decreasing spend on the original 2014/15; the Local Plan budget had reduced and in 2015/16 Severance Pay had dropped out.

The panel noted the highlighted the changes within the directorate budget as follows;

- Environmental Health - The budget had not changed significantly, despite the detailed staff allocations changing;
- Hackney Carriage Licences - Net income had fallen in the original 2015/16;
- Leisure Management – The fall in net expenditure from original in 2014/15 to the proposed outturn was due to net effects of contribution received from SLM Ltd. And changes in building maintenance costs;
- North Weald Airfield – The airfield strategic review would conclude in 2014/15 with no net expenditure for 2015/16. The Market rents had a continuing major effect on the operations side of the airfield with a loss of £310,000;
- Land Drainage & Sewerage – Staff allocations accounted for the movements in estimates;
- Parks & Grounds – There had been fluctuations due to changes in staff allocations and reduced public liability insurance with the original 2015/16 increased because of a one off DDF expenditure for a survey in respect of River Roding erosion;
- Technical Services Other – Penalty Charge income for 2015/16 was expected to rise and the Fleet Operations was budgeted to break even in 2015/16;
- Forward Planning and Economic Development – The estimates were affected by fluctuations in the Local Plan enquiry and production phases and the Local Plan DDF items had suffered slippage due to the complex nature of the process which compiles the Local Plan; and
- Support and Trading Services – The various elements of employee costs due to the restructure were the main cause of fluctuations in estimates in this area and from 2015/16 onwards, the fluctuations should settle down.

Resources Directorate

The Director of Resources reported that that the original estimate decreased the total spend from £2.645 million in 2014/15 to a probably outturn of £2.334 million for 2014/15. The DDF budgets decreased from £196,000 in the original budget to £120,000 in 2015/16 with a saving of £131,000 in the probable outturn, which was mainly attributable to various Council Tax and Benefits Support grants, inclusion of Housing Benefit overpayments and the claw back of previously granted Council Tax benefit.

The Director of Resources highlighted the changes within the directorate budget as follows;

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- Housing Benefits – The decreases in 2014/15 of £237,000 related in part to the claw back of Council tax benefit granted in previous years of £78,000, the amount of housing benefit overpayments identified to date for both rent allowances and rent rebates and a reduction in the administration and fraud investigation costs. The 2015/16 budget included restructure saving for the Benefits section including savings for staff to be transferred to the Single Fraud Investigation Service;
- Local Taxation - The total decrease in budget from £1.16 million to £1.09 million for 2014/15 probable outturn was due to additional new burdens grant funding being made available by the DCLG. The increase in the 2015/16 original budget could be attributed to the increase in salaries and support services and a reduction in the expected technical agreement funding;
- Other Activities – The vacancy allowance remained unchanged at 1.5% of total salaries for 2015/16. It was inappropriate to make a comparison on Finance Miscellaneous, as the previous year total included savings that had now been allocated to services. The 2014/15 probable outturn and 2015/16 budgets include all unallocated surpluses and deficits arising from changes to allocations resulting from the directorate restructure;
- Support Services – The costs were recharged to Direct Services across all Directorates and include both General Fund and HRA expenditure;
- Office Accommodation – The movement in budget between 2014/15 original and probable outturn was due mainly to the increase in depreciation charges of £168,000 and an adjustment on NDR relating to a revaluation of the Civic offices. The reduction in the 2015/16 budget was due to CSB savings identified for building maintenance, energy savings and duty officers;
- Finance Support Services - The increase from £2.70 million to £2.78 million was primarily due to Support Service recharges, in particularly the website which was previously charged to services and compliments and complaints previously accounted for as a direct service. These increases were partly offset by reduction in External Audit Fee and restructure of Directorate admin sections;
- ICT – The combination of all ICT and Communications budgets had resulted in elimination of recharges within the service headings although the costs were still recharged out to the services; and
- Human Resources - The decrease to £1.40 million from £1.47 million was mostly attributable to restructure reallocations for support services and the 2015/16 budgets include CSB savings of £31,000 from HR and the corporate improvement budget.

Recommended:

- (1) That the detailed Directorate budget for the Chief Executive be recommended to the Cabinet for approval;
- (2) That the detailed Directorate budget for Communities be recommended to the Cabinet for approval;
- (3) That the detailed Directorate budget for Governance be recommended to the Cabinet for approval;
- (4) That the detailed Directorate budget for Neighbourhoods be recommended to the Cabinet for approval;
- (5) That the detailed Directorate budget for Resources be recommended to the Cabinet for approval;

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(6) That the detailed Directorate budget for the HRA be recommended to Cabinet, including the following amendment in respect of the Council's Careline Service and the Scheme Management Service for sheltered housing and area schemes;

(a) That the loss of £133,000 per annum Housing Related Support (HRS) funding from Essex County Council be noted;

(b) That the charges for the Council's Careline Service be increased by £0.27 per week, for both Council tenants and private clients, with effect from 6th April 2015 and that the Cabinet's previous decision to increase the charge for private clients by £0.20 per week from 6th April 2015 be rescinded;

(c) That following a review of the duties undertaken by Scheme Managers, 10% of their time previously attributed to Housing Related Support be re-classified as Intensive Housing Management and charged as a Service Charge accordingly (which was eligible for housing benefit);

(d) That the charges for the Council's Scheme Management Service (funded from Housing Related Support Charges and Intensive Housing Management Service Charges) be increased by 5% from 6th April 2015;

(e) That the increased charges for the Careline and Scheme Management Services provided to Council tenants in receipt of housing benefit not be met through any increase in compensating Housing Related Support Credit and that, furthermore, the Housing Related Support Credit currently received by such tenants be reduced by 8% with effect from 6th April 2015;

(f) That there was an intention;

- (i) For the Careline Service to break-even; and
- (ii) That the loss in HRS funding for the Scheme Management Service would be fully recovered from April 2016, as a result of spreading the required increases in charges over two years; and
- (iii) That the HRA would be subsidising the Careline Service and Scheme Management Service by around £58,000 during 2015/16;

(g) That the potential for further reductions in HRS by Essex County Council in 2015/16 and/or 2016/17 be noted.

(6) That the Overview and Scrutiny Committee be asked to establish a Task and Finish Panel to consider the most effective use of our existing budgets relating to youth engagement from 2016/17 and that the membership includes some representatives from the District's Youth Council, as non voting co-opted members; and

(7) That the Leisure and Community Services Portfolio Holder develops her proposal in more detail, through the submission of the PICK form.

Reasons for Decisions:

To give Members an opportunity to review and provide recommendations on the detailed budget prior to adoption by Council.

Other Options Considered and Rejected:

Other than deciding not to review the budget there are no other options.

43. Corporate Risk Update

The Directorate of Resources presented a report regarding the Council's Corporate Risk Register.

The Corporate Risk Register had been considered by both the Risk Management Group on 1 December 2014 and Management Board on 9 December 2014. These reviews identified amendments to the Corporate Risk Register but no additional risks or scoring changes. These were as follows;

(a) Risk 1 - Local Plan

Key dates within the Action Plan had been updated to advise the target dates for Cabinet review and consultation period of the draft plan. The part implementation of the new staffing structure was advised with a target of full implementation by the end of January 2015.

(b) Risk 2 - Strategic Sites

Management Board identified an additional Vulnerability, Trigger and Consequence relating to a reliance on a key individual involved in the strategic site projects. The Effectiveness of controls/actions had also been updated for the identified sites to reflect progress to date.

(c) Risk 3 - Welfare Reform

Additional controls had been added to the Action Plan following Cabinet approval of the restructure of Benefits and Internal Audit for the implementation of the Single Fraud Investigation Service.

(d) Risk 5 - Economic Development

The key date had been updated to reflect the service reverting to Neighbourhoods Directorate on 31 March 2015.

(e) Risk 6 - Data/Information

Consolidation of Data Protection and Freedom of Information was now an existing control, having previously been a required further management action. An additional item, separation of Environmental Information Requests, had been added for consideration under required further management actions and an additional success factor had also been added.

Members were asked to consider the updated Corporate Risk Register and whether the risks listed were scored appropriately and if there were any additional risks that should be included.

Recommended:

- (1) That Risk 1 - Local Plan be updated with the Key dates and the staffing structure implementation;
- (2) That Risk 2 - Strategic Sites, to include the additional Key Individual vulnerability;
- (3) That Risk 3 - Welfare Reform to include the additional controls;

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- (4) That Risk 5 - Economic Development, be updated with the key dates;
- (5) That Risk 6 - Data/Information, be updated with the existing control, further management action and success factors;
- (6) That, including the above agreed changes, the amended Corporate Risk Register be recommended to Cabinet approval.

Reasons for Decisions:

It was essential that the Corporate Risk Register was regularly reviewed and kept up to date.

Other Options Considered and Rejected:

Members may suggest new risks for inclusion or changes to the scoring of existing risks.

44. Any Other Business

Resolved:

(1) That, in accordance with Section 100B(4)(b) of the Local Government Act 1972, together with paragraphs (6) and (24) of the Council Procedure Rules, the Chairman had permitted the following item of urgent business to be considered following the publication of the agenda:

- (a) Council Budget 2015/16.

45. Council Budgets 2015/16

The Director of Resources presented a report detailing the proposed Council Budget for 2015/16, which would add £30,000 to the reserves and enable the Council's policy on the level of reserves to be maintained throughout the period of the Medium Term Financial Strategy. The budget was based on the assumption that Council tax would be frozen and that average Housing Revenue Account rents would increase by 2.2% in 2015/16.

The annual budget process commenced with the Financial Issues Paper (FIP) being presented to this Committee on 28 July 2014. The paper was prepared two months earlier than usual because of the concern over cumulative effect of reductions in public expenditure and highlighted uncertainties associated with Central government Funding, Business rates Retention, Welfare Reform, New Homes Bonus, Development Opportunities, income Streams, Waste and Leisure Contract renewals and Organisational Review.

In setting the budget for the current year Members had anticipated using £243,000 from the General Fund reserves, which was possible as the MTFS approved in February 2014 showed a combination of net savings targets and limited use of reserves that still adhered to the policy on reserves over the medium term. The limited use of reserves in 2014/15 was not significant as the MTFS at that time was predicting the use of just over £1.7 million of reserves to support spending in the following three years.

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The revised MTFS presented with the FIP took into account all the changes known at that point and highlighted the additional reductions in support grant. This projection showed a need to achieve net savings of £500,000 on both the 2015/16 and 2016/17 estimates, followed by £300,000 in 2017/18 and £200,000 in 2018/19 to keep revenue balances comfortably above the target level at the end of 2018/19. The FIP established the following budget guidelines for 2015/16: The ceiling for CSB net expenditure be no more than £13.15m including net growth/savings; the ceiling for DDF net expenditure be no more than £0.204m; and the District Council Tax to be frozen.

The Director of Resources reported that the 2013/14 financial year had seen new locally retained business rates, vastly reduced Revenue Support Grant and Local Council Tax Support (LCTS).

The annual reductions began in 2011/12 reducing by £2.66 million or 31% over three years and from 2014/15 Formula Grant had not been separately identified so a different comparison was needed. The draft figure for 2015/16 of £5.467 million was slightly higher than the figure of £5.393 million provided this time last year. Therefore three years under this new system, funding reduced by £1.815 million or by 24.9% and that over 5 years, funding had fallen by nearly 60%. The funding position in 2015/16 was £74,000 better than had been anticipated in the February 2014 MTFS. In updating the MTFS the changes had been allowed for but the lack of figures beyond 2015/16 required a larger element of educated guesswork than usual.

The reduction in Local Council Tax Support had been based on the overall reductions of 12.5% and 14.2% which were common to each element of the Funding Assessment. Funding to parish councils was therefore reduced on that basis in 2014/15 and a consistent approach was proposed to reduce this by 14.2% for 2015/16 (£39,793). These amounts need to be seen in the light of the total parish precepts for 2014/15 being over £3 million.

The 2013/14 figures for the total amount of non-domestic rate income fell approximately £1 million short of the £31.9 million target, translating into a shortfall of just under £400,000 in the Council's funding. However, part of the reason for the overall shortfall was the late changes made to the system to extend small business rate relief, cap increases in bills and introduce retail rate relief. These changes were not part of the original system design and as they were reducing business rate income for local authorities a compensation system of grants was constructed. The DCLG were very late confirming the amounts and dates of payments for the compensatory grants and this complicated the budgeting process. Ultimately though the compensatory grants meant the combined income from the various sources under business rates retention for 2013/14 was £56,852 higher than the baseline funding level and this meant in addition to the £9.85 million of tariff already paid, a levy of £28,426 also had to be paid on this excess income.

The other aspect of the system to reflect on was cash collection, which was important as the Council was required to make payments to the Government and other authorities based on their share of the rating list. These payments were fixed and had to be made even if no money was collected. Members recognised the increasing importance of cash collection in the new system and increased the CSB budget by £25,000 to fund legal action in difficult, high value cases, which provided a collection rate of 98.09%.

The LCTS continues largely unchanged into 2015/16 and both the Benefits Cap and the Spare Room Subsidy had now been in place a little while not causing major problems for many residents. There had been some demand amongst those deemed to be under-occupying to downsize but many have decided to stay where they were

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and pay a higher proportion of their rent themselves. A change that was currently being implemented was the Single Fraud Investigation Service (SFIS), this requires staff who investigate housing benefit fraud to transfer to the DWP. To prepare for this transfer in 2015/16 both the Internal Audit and Housing Benefit functions had restructures approved by Cabinet on 1 December 2014. There was no further update on the Universal Credit Scheme.

The New Homes Bonus (NHB) had seen the Council receive nearly £2.1 million for the first 5 years of NHB in 2015/16, although the future shape and possibly existence of NHB may depend on who wins the general election. If the scheme was entirely scrapped an alternative allocation system may not be as generous to this Council but the funding would not be completely lost as any new allocation system normally had floors and ceilings to prevent large fluctuations in funding in any one year. NHB for future years was not anticipated in the MTFS and given the uncertainty beyond the general election this was still a prudent assumption. The inclusion of the additional £252,000 in 2015/16 takes the NHB income in the CSB to just over £2m.

With regards to development opportunities the Heads of Terms for the re-development of the Winston Churchill public house site had been re-negotiated for ongoing revenue. An agreement had been reached to buy Essex County Council's land in the St Johns area of Epping, making it easier to take forward the mixed use re-development of that area. The largest single scheme was the Langston Road shopping park development and on 16 December 2014 the Cabinet agreed an appropriate legal structure and associated documents to progress the scheme. Other possibilities for Waltham Abbey and North Weald were further off but should not be forgotten. The revenue benefits of the schemes had not been anticipated in the MTFS but some development budgets had been approved by Members and these were included in the capital and DDF programmes as appropriate.

The income position had improved further on the combined potential surplus of £60,000 reported in the FIP. In particular for Development Control which was likely to see £80,000 of CSB growth and an additional £40,000 coming from pre-application charges. Last year saw the first change to parking fees for many years and a detailed study was underway to consider how the charging scheme might be amended in future to ensure short term spaces were available for shoppers. As part of the consideration of various business cases earlier in the budget cycle, Members agreed that a modest increase in income of £100,000 should be targeted for this area for 2015/16. The other key income stream worth commenting on was the market at North Weald. As the operator was experiencing financial difficulties the Council agreed to move away from a fixed rent to an income share, which should place the market on a more sustainable basis going forward but had meant that the estimate for CSB income from the market had been reduced by £310,000.

Two of the Council's high profile and high cost services are provided by external contractors, Biffa for waste and SLM for leisure. The new waste contract commenced in November 2014 following a competitive dialogue procedure to achieve innovation and efficiency in the provision of this service. It was possible to procure the service at a lower cost than the previous contract and Biffa have made an encouraging start. Effective monitoring of the contract will be necessary to ensure it delivers the service improvements and cost savings that were included in the winning tender.

The leisure management contract was due to expire in January 2013 but an option was exercised that extended the contract for three years. A Leisure Strategy was approved by Cabinet in December 2014 to provide a vision for a new contract and achieve significant efficiencies and CSB reductions of £250,000, which had been included in the later years of the MTFS.

The Organisational Review was in phase two of the restructure and each directorate had now evaluated both opportunities to improve efficiency and areas that had been

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historically under resourced. This process has yielded some savings but also highlighted some additional funding requirements, such as economic development. The MTFs has been adjusted for the changes to the organisation from this second phase. Although it is likely that the further amendments will continue during 2015/16.

A budget of £150,000 was included in the DDF for 2014/15 to allow the Chief Executive to take forward Transformational Projects although none of this money had been spent to date. The Chief Executive was taking forward a flexible working and accommodation review. Early in the budget cycle he presented a business case and the projected saving of £100,000 had been included in the MTFs in 2016/17.

Members had indicated that the Council should benefit from the Council Tax freeze grant for 2015/16.

The Cabinet Committee were reminded that the MTFs was based on a number of important assumptions, including the following:

- Future Government funding would reduce by 10% for both 2016/17 and 2017/18, with a smaller reduction of 5% for 2018/19;
- CSB growth had been restricted and the adjusted CSB target for 2015/16 of £13.33m had been achieved. Known changes beyond 2015/16 had been included but if the new leisure contract and the accommodation review did not yield the predicted savings other efficiencies would be necessary;
- All known DDF items were budgeted for, and because of the size of the Local Plan programme the closing balance at the end of 2018/19 was anticipated to reduce to £1.5 million; and
- Maintaining revenue balances of at least 25% of NBR. The forecast shows that the deficit budgets during the period would reduce the closing balances at the end of 2018/19 to £9.3m or 74% of NBR for 2018/19, although this could only be done with further savings in 2016/17 and subsequent years.

The Director of Resources reported that the balance on the HRA at 31 March 2016 was expected to be £2.01 million, after a deficit of £1.01 million in 2014/15 and a surplus of £0.05 million in 2015/16. The estimates for 2015/16 had been compiled on the self-financing basis and so the negative subsidy payments had been replaced with borrowing costs. The rent increase was set with an average rent increase of 2.2% for Council dwellings. Both the Housing Repairs Fund and the Major Repairs Reserve were expected to have positive balances throughout the medium term.

Finally, the Director of Resources drew the Cabinet Committee's attention to the Council's Capital Programme which currently indicated £113 million of expenditure over the next five years with nearly £2 million of usable capital receipt balance at the end of the period. The £190 million of debt for the HRA self-financing had meant that the Council was no longer debt free and the Prudential Indicators and Treasury Management Strategy had been amended.

Councillor Knapman commented on the amount of reserves and that perhaps the Cabinet Committee should consider reducing that figure. The Cabinet Committee commented that where savings could be achieved it was better to do this than use up reserves.

Recommended:

- (1) That in respect of the Council's General Fund Budgets for 2015/16, the

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following guidelines be adopted:

- (a) the revised revenue estimates for 2014/15, and the anticipated increase in the General Fund balance by £112,000;
 - (b) an increase in the target for the 2014/15 CSB budget from £13.15 million to £13.29 million (including growth items);
 - (c) an increase in the target for the 2015/16 DDF net spend from £0.204 million to £0.976 million;
 - (d) no change in the District Council Tax for Band 'D' property to retain the charge at £148.77;
 - (e) the estimated increase in General Fund balances in 2015/16 of £30,000;
 - (f) the four year capital programme 2015/16 -18/19;
 - (g) the Medium Term Financial Strategy 2014/15 – 18/19;
 - (h) the Council's policy on General Fund Revenue Balance to remain that they are allowed to fall no lower than 25% of the Net Budget Requirement.
- (2) That, including the revised revenue estimates for 2014/15, the 2015/16 HRA budget be recommended for approval;
 - (3) That the application of the rent increases for 2015/16, by an average overall increase of 2.2% be noted; 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 2015/16 budgets and the adequacy of the reserves be noted.

Reasons for Decisions:

The decisions were necessary to assist Cabinet in determining the budget that would be placed before Council on 17 February 2015.

Other Options Considered and Rejected:

Members could decide not to approve the recommended figures and instead specify which growth items they would like removed from the lists, or Members could ask for further items to be added.

46. Exclusion of Public and Press

The Cabinet Committee noted that there were no items of business on the agenda that necessitated the exclusion of the public and press from the meeting.

CHAIRMAN

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Local Council	LCTS Grant	Band D Charge	Reduction in Tax Base	Income Lost	% of Total Loss	LCTS Grant	Change in Grant	Taxbase	Taxbase	Increase/ (Decrease)
	2014/15 £	2014/15 £	2015/16 Band D Equivalents	2015/16 £	%	2015/16 £	2015/16 £	2014/15	2015/16	
Abess, Berners and Beauchamp Roding	218	24.70	8.40	207.48	0.07	161	-57	202.4	207.7	5.3
Buckhurst Hill	20,576	68.89	314.30	21,652.13	7.00	16,829	-3,747	5,016.0	5,028.5	12.5
Chigwell	15,323	47.16	347.20	16,373.95	5.29	12,727	-2,596	5,737.7	5,894.7	157.0
Epping Town	33,771	83.84	437.90	36,713.54	11.87	28,536	-5,235	4,828.3	4,915.3	87.0
Epping Upland	492	36.84	16.90	622.60	0.20	484	-8	403.0	401.1	-1.9
Fyfield	455	26.66	19.20	511.87	0.17	398	-57	404.4	407.9	3.5
High Ongar	1,063	23.58	49.00	1,155.42	0.37	898	-165	527.5	541.0	13.5
Lambourne	2,883	35.48	103.10	3,657.99	1.18	2,843	-40	825.0	830.6	5.6
Loughton Town	58,358	49.18	1,295.70	63,722.53	20.60	49,529	-8,829	11,828.2	11,938.7	110.5
Matching	759	32.70	23.80	778.26	0.25	605	-154	415.5	422.0	6.5
Moreton, Bobbingworth and the Lavers	1,084	25.22	50.60	1,276.13	0.41	992	-92	541.2	552.4	11.2
Nazeing	4,436	34.50	136.50	4,709.25	1.52	3,660	-776	1,975.9	1,996.1	20.2
North Weald Bassett	12,464	57.27	226.60	12,977.38	4.20	10,087	-2,377	2,422.4	2,443.2	20.8
Ongar Town	20,889	102.56	248.40	25,475.90	8.24	19,801	-1,088	2,609.1	2,618.9	9.8
Roydon	1,329	22.43	70.20	1,574.59	0.51	1,224	-105	1,264.7	1,266.8	2.1
Sheering	1,559	24.38	80.40	1,960.15	0.63	1,524	-35	1,274.0	1,290.0	16.0
Stanford Rivers	1,126	57.92	27.00	1,563.84	0.51	1,216	90	343.6	348.0	4.4
Stapleford Abbots	269	11.56	25.30	292.47	0.09	227	-42	493.8	511.3	17.5
Stapleford Tawney	37	19.47	1.80	35.05	0.01	27	-10	77.4	79.3	1.9
Theydon Bois	3,811	51.14	86.80	4,438.95	1.43	3,450	-361	1,938.3	1,953.6	15.3
Theydon Garnon	24	12.00	2.00	24.00	0.01	19	-5	81.3	76.4	-4.9
Theydon Mount	13	13.10	0.90	11.79	0.00	9	-4	108.7	111.7	3.0
Waltham Abbey Town	99,007	99.34	1,100.20	109,293.87	35.33	84,950	-14,057	7,131.1	7,223.0	91.9
Willingale	289	18.24	17.30	315.55	0.10	245	-44	229.9	227.1	-2.8

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