Supplementary Committee Agenda

Epping Forest District Council

Finance and Performance Management Cabinet Committee
Thursday, 30th March, 2017

Place: Committee Room 1, Civic Offices, High Street, Epping

Time: 7.00 pm

Democratic Services: R. Perrin Tel: (01992) 564532
Email: democraticservices@eppingforestdc.gov.uk

4. KEY PERFORMANCE INDICATORS 2016/17 Q3 PERFORMANCE; 2017/18 REVIEW AND TARGETS (Pages 3 - 4)

(Director of Resources) To consider the attached report (FPM-028-2016/17).

5. QUARTERLY FINANCIAL MONITORING (Pages 5 - 8)

(Director of Resources) To consider the attached report (FPM-029-2016/17).

7. ANY OTHER BUSINESS

Section 100B(4)(b) of the Local Government Act 1972, requires that the permission of the Chairman be obtained, after prior notice to the Chief Executive, before urgent business not specified in the agenda (including a supplementary agenda of which the statutory period of notice has been given) may be transacted.

7.a MINUTES (Pages 9 - 16)

To confirm the minutes of the last meeting of the Committee held on 6 March 2017. (attached)

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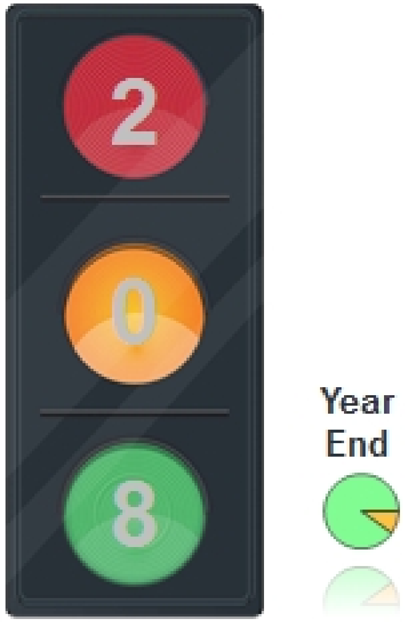
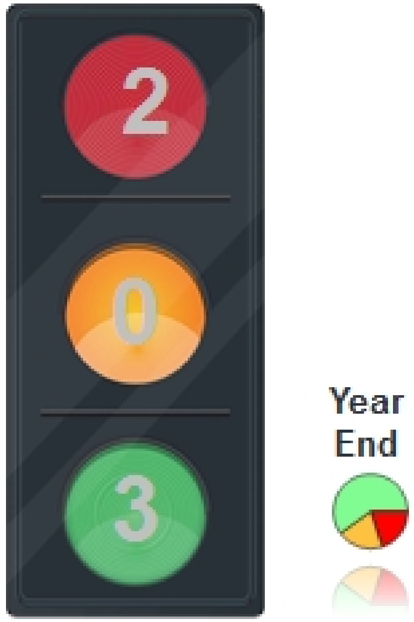
Epping Forest District Council Key Performance Indicators 2016/17 - Summary Dashboard & Performance Report:

Overall summary of KPIs achieving target

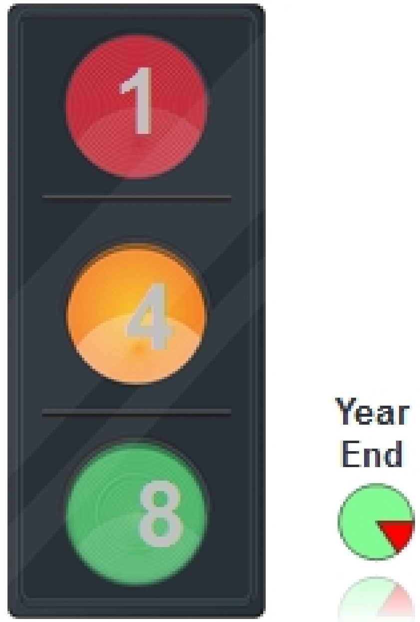
Communities Directorate



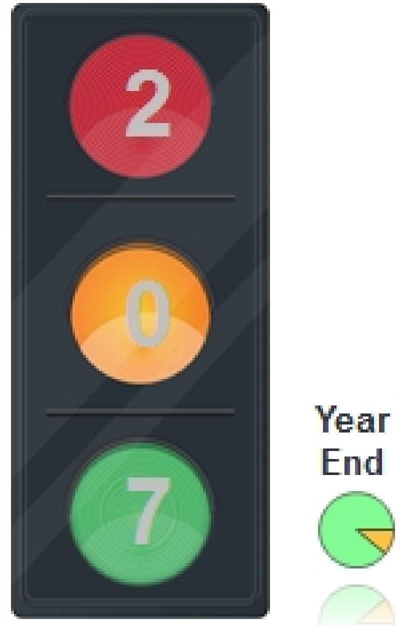
Governance Directorate



Neighbourhoods Directorate



Resources Directorate



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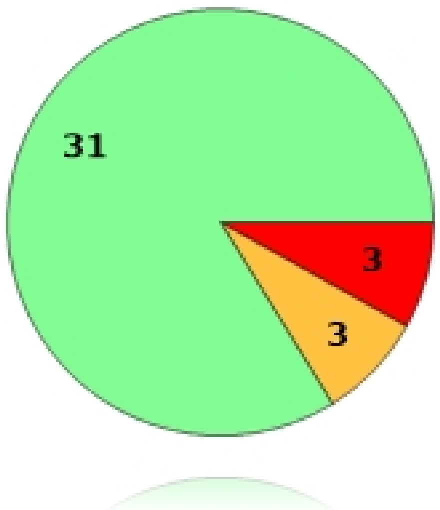
Predicted Level of Year End Target Achievement (All KPIs)



Headlines - Reflecting on our performance

Q3 (2016/17) There are 37 KPIs for this year.

26 (70%) achieved target and 11 (30%) missed target, however of those missing target 4 (36%) performed within their amber tolerance. This is a reduction from Q2 when 28 (76%) achieved target.

31 (84%) are currently anticipated will achieve target at the end of the year, with a further 3 (8%) uncertain if they will reach target at the end of the year. This is the same as Q2 except for 1 fewer indicator is anticipated will achieve target at the end of the year compared with Q2.

Agenda Item 4

Quarterly Indicators		Quarter 1		Quarter 2		Quarter 3		Quarter 4		Is year-end target likely to be achieved?
		Tgt	Actual	Tgt	Actual	Tgt	Actual	Tgt	Actual	
Communities Quarterly KPIs										
COM001	(Housing rent) (%)	99.00%	101.59%	99.00%	100.13%	99.00%	100.07%	99.00%		Yes
COM002	(Void re-lets) (days)	37	49	37	42	37	39	37		Yes
COM003	(Tenant satisfaction) (%)	98.00%	100.00%	98.00%	100.00%	98.00%	99.65%	98.00%		Yes
COM004	(Temp. accommodation) (no.)	140	103	140	111	140	101	140		Yes
COM005	(Non-decent homes) (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		Yes
COM006	(Modern Homes Std) (%)	825	587	1,650	1,414	2,475	2,116	3,300		Uncertain
COM007	(Emergency repairs) (%)	99.00%	99.15%	99.00%	99.14%	99.00%	99.19%	99.00%		Yes
COM008	(Responsive repairs) (days)	7.00	4.87	7.00	5.15	7.00	5.58	7.00		Yes
COM009	(Emergency repairs) (%)	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%		Yes
COM010	(Calls to Careline) (%)	97.50%	99.90%	97.50%	99.80%	97.50%	99.80%	97.50%		Yes
Governance Quarterly KPIs										
GOV004	(Major planning) (%)	90.00%	92.86%	90.00%	95.65%	90.00%	93.33%	90.00%		Yes
GOV005	(Minor planning) (%)	90.00%	88.68%	90.00%	90.71%	90.00%	92.11%	90.00%		Yes
GOV006	(Other planning) (%)	94.00%	94.69%	94.00%	95.85%	94.00%	95.43%	94.00%		Yes
GOV007	(Appeals - officers) (%)	20.0%	21.4%	20.0%	25.0%	20.0%	27.1%	20.0%		Uncertain
GOV008	(Appeals - members) (%)	50.0%	57.1%	50.0%	62.5%	50.0%	70.0%	50.0%		No
Neighbourhoods Quarterly KPIs										
NEI001	(Non-recycled waste) (kg)	95	101	196	195	296	306	400		No
NEI003	(Litter) (%)	8%	8%	8%	8%	8%	9%	8%		Yes
NEI004	(Detritus) (%)	10%	10%	10%	9%	10%	9%	10%		Yes
NEI005	(Neighbourhood issues) (%)	95.50%	98.82%	95.50%	99.16%	95.50%	98.80%	95.50%		Yes
NEI006	(Fly-tip investigations) (%)	92.00%	99.39%	92.00%	99.01%	92.00%	98.63%	92.00%		Yes
NEI007	(Fly-tip: contract) (%)	90.00%	93.72%	90.00%	91.74%	90.00%	91.51%	90.00%		Yes
NEI008	(Fly-tip: non-contract) (%)	90.00%	94.67%	90.00%	95.22%	90.00%	94.24%	90.00%		Yes
NEI009	(Noise investigations) (%)	90.00%	88.76%	90.00%	90.95%	90.00%	92.38%	90.00%		Yes
NEI010	(Increase in homes) (no.)	41	13	69	57	87	85	230		Yes
NEI011	(Commercial rent arrears) (%)	2.5%	2.0%	2.5%	2.0%	2.5%	1.8%	2.5%		Yes
NEI012	(Commercial premises let) (%)	98.00%	98.89%	98.00%	98.15%	98.00%	97.42%	98.00%		Yes
NEI013	(Waste recycled) (%)	30.00%	22.00%	30.00%	26.09%	30.00%	25.00%	30.00%		No
NEI014	Waste composted (%)	30.00%	37.64%	30.00%	35.00%	30.00%	33.15%	30.00%		Yes
Resouces Quarterly KPIs										
RES001	(Sickness absence) (days)	1.90	1.50	3.64	2.98	5.24	5.03	7.50		Uncertain
RES002	(Invoice payments) (%)	97%	98%	97%	97%	97%	97%	97%		Yes
RES003	(Council Tax collection) (%)	27.27%	27.61%	51.99%	52.65%	77.09%	78.00%	97.00%		Yes
RES004	(NNDR Collection) (%)	28.48%	28.83%	53.46%	53.25%	78.67%	78.02%	97.70%		Yes
RES005	(New benefit claims) (days)	22.00	21.28	22.00	22.72	22.00	21.98	22.00		Yes
RES006	(Benefits changes) (days)	6.00	6.91	6.00	7.62	6.00	7.69	6.00		Yes
RES009	(Website Availability) (%)	99.60%	99.82%	99.60%	99.89%	99.60%	99.73%	99.60%		Yes
RES010	(Website Broken Links) (%)	95.00%	99.89%	95.00%	100.00%	95.00%	100.00%	95.00%		Yes
RES011	(Website Navigation) (%)	79.90%	80.51%	79.90%	80.42%	79.90%	80.34%	79.90%		Yes

Report to the Finance and Performance Management Cabinet Committee

Report reference: FPM-029-2016/17
Date of meeting: 30 March 2017

Epping Forest District Council

Portfolio: **Finance**

Subject: **Quarterly Financial Monitoring**

Officer contact for further information: **Peter Maddock (01992 - 564602).**

Democratic Services Officer: **Rebecca Perrin (01992 – 564532)**

Recommendations/Decisions Required:

That the Committee note the revenue and capital financial monitoring report for the third quarter of 2016/17.

Executive Summary

The report provides a comparison between the revised estimate for the period ended 31 December 2016 and the actual expenditure or income as applicable.

Reasons for proposed decision

To note the third quarter financial monitoring report for 2016/17.

Other options for action

No other options available.

Report:

1. The Committee has within its terms of reference to consider financial monitoring reports on key areas of income and expenditure. This is the third quarterly report for 2016/17 and covers the period from 1 April 2016 to 31 December 2016. The reports are presented based on which directorate is responsible for delivering the services to which the budgets relate and the budgets themselves are the Revised Estimate.

2. Salaries monitoring data is presented as well as it represents a large proportion of the authorities expenditure and is an area where historically large under spends have been seen.

Revenue Budgets (Annex 1 – 6)

3. Comments are provided on the monitoring schedules but a few points are highlighted here as they are of particular significance. The salaries schedule (Annex 1) shows an underspend of £148,000 or 0.9%. At the third quarter last year the underspend was 1.8%.

4. Neighbourhoods is showing the largest underspend of £64,000, this relates mainly to Forward Planning and Grounds Maintenance. Resources shows an underspend of £59,000 relating to Revenues and Housing Benefits.

5. The investment interest is a little lower than the budget partly due to a delay in the

payment from Biffa for the loan. There is little speculation now about when rates might go up more about whether they will go lower still or even negative.

6. Development Control income at Month 9 is continuing the recent upward trend. Fees and charges were £59,000 higher than the budget to date and pre-application charges are in line with the updated position. By the end of Month 11 fees overall were £35,000 higher than expectations so it does look likely that the full year budget will be exceeded.

7. Building Control income was £6,000 lower than the budgeted figure at the end of the third quarter. By the end of month 11 income was only £1,000 down. The revised position on the ring-fenced account was a lower in year deficit than originally predicted but there is a surplus from previous years to draw upon. There is a lot of scanning work required to Building Control files and it is proposed to use some of the accumulated surplus to finance this work over the next few years.

8. Although Public Hire licence income and other licensing is above expectations, the Public Hire figures shown include £27,000 relating to future years so in reality income relating to 2016/17 is £7,000 down.

9. Income from MOT's carried out by Fleet Operations is £9,000 below expectations. Income has been affected by the uncertainty around the relocation to Oakwood Hill. Income levels have recovered slightly since the autumn. The account itself is budgeted to be in deficit by £40,000. This is due to the additional security costs at Oakwood Hill which are a temporary measure. Going forward these costs won't be required and the deficit should reduce accordingly.

10. Car Parking income was £14,000 below the estimate as at month 9. However there was some income relating to this period that was not received until February.

11. Local Land Charge income is £1,000 above expectations. The budget has been reduced as there have been fewer searches undertaken recently.

12. Expenditure and income relating to Bed and Breakfast placements is on the increase. Most are eligible for Housing Benefit and although some will be re-imbursed by the Department for Work and Pensions it is only around 50%, leaving a similar amount to be funded from the General Fund. Growth of £28,000 has been included in 2016/17 for the additional costs though this does now look insufficient.

13. The actual for Recycling income is low when compared to expectations. The October credits expected in month 9 were not received until January.

14. December Cabinet agreed some additional funding for the Waste Management contract. Expenditure is below the profiled budget as some of this expenditure is still due to be invoiced.

15. The Housing Repairs Fund shows an underspend of £510,000. There are underspends showing on both Planned Maintenance and Voids work. There is also a variance on HRA Special Services which relate partly to grounds maintenance and sheltered units.

16. Income from Development Control, Building Control and probably Car Parking look likely to exceed the budget. Others are less certain. MOT income is below expectations and whilst a slight recovery has been seen in recent weeks it is unlikely to reach the budgeted level.

Business Rates

17. This is the fourth year of operation for the Business Rates Retention Scheme whereby a proportion of rates collected are retained by the Council.

18. There are two aspects to the monitoring, firstly changes in the rating list and secondly the collection of cash.

19. The resources available from Business Rates for funding purposes is set in the January preceding the financial year in question. Once these estimates are set the funding available for the year is fixed. Any variation arising from changes to the rating list or provision for appeals, whilst affecting funding do not do so until future years. For 2016/17 the funding retained by the authority after allowing for the Collection Fund deficit from 2015/16 is £3,435,000. This exceeded the government baseline of £3,050,000 by some £385,000. The actual position for 2016/17 will not be determined until May 2017.

20. Cash collection is important as the Council is required to make payments to the Government and other authorities based on their share of the rating list. These payments are fixed and have to be made even if no money is collected. Therefore, effective collection is important as this can generate a cash flow advantage to the Council. If collection rates are low the Council is left to finance these payments from working capital and so has to reduce investment balances. At the end of December the total collected was £27,901,642 and payments out were £25,910,238, meaning the Council was holding £1,991,404 of cash and so the Council's overall cash position was benefitting from the effective collection of non-domestic rates.

Capital Budgets (Annex 7 - 11)

21. Tables for capital expenditure monitoring purposes (annex 7 -11) are included for the nine months to 31 December. There is a commentary on each item highlighting the scheme progress.

22. The full year budget for comparison purposes is the Budget set when the Capital Programme was reviewed at Cabinet in December.

Major Capital Schemes (Annex 12)

23. There are three projects included on the Major Capital Schemes schedule these relate to the House Building packages 1 and 2 and The Epping Forest Shopping Park. Annex 12 gives more detail. The variance reported is a comparison between the anticipated outturn and approved budget.

Conclusion

24. With regard to revenue, income is generally up on expectations and expenditure down. The increased income levels are very much welcome, in particular Development Control income. Expenditure being below budget is not surprising as expenditure is usually heaviest in the last quarter.

25. The Committee is asked to note the position on both revenue and capital budgets as at Month 9.

Consultations Undertaken

This report will be presented to the Resources Select Committee on 28 March and an update will be provided to cover any comments made by that Committee.

Resource Implications

There is little evidence to suggest that the net budget will not be met.

Legal and Governance Implications

Reporting on variances between budgets and actual spend is recognised as good practice and is a key element of the Council's Governance Framework.

Safer, Cleaner, Greener Implications

The Council's budgets contain spending in relation to this initiative.

Background Papers

Various budget variance working papers held in Accountancy.

Impact Assessments

Risk Management

These reports are a key part in managing the financial risks faced by the Council. In the current climate the level of risk is increasing. Prompt reporting and the subsequent preparation of action plans in Cabinet reports should help mitigate these risks.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

Date / Name	**Summary of equality analysis**
07/03/17 Director of Resources	The purpose of the report is to monitor income and expenditure. It does not propose any change to the use of resources and so has no equalities implications.

EPPING FOREST DISTRICT COUNCIL
COMMITTEE MINUTES

Committee:	Finance and Performance Management Cabinet Committee	**Date:**	Monday, 6 March 2017
Place:	Council Chamber, Civic Offices, High Street, Epping	**Time:**	7.00 - 8.52 pm

Members Present: Councillors G Mohindra (Chairman), R Bassett, A Lion, S Stavrou and C Whitbread

Other Councillors: Councillors K Chana, B Surtees, G Waller, J H Whitehouse

Also in Attendance W Marshall (Epping Forest Tenants and Leaseholders Association)

Apologies: Councillors B Rolfe, H Whitbread (Communities Select Committee)

Officers Present: A Hall (Director of Communities), R Palmer (Director of Resources), P Pledger (Assistant Director (Housing Property)), T Brown (Senior Finance Officer), S Tautz (Democratic Services Manager) and D Bailey (Head of Transformation)

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46. DECLARATIONS OF INTEREST

No declarations of interest were made by members of the Committee pursuant to the Council's Code of Conduct.

47. MINUTES

RESOLVED:

That the minutes of the meeting of the Committee held on 19 January 2017 be signed by the Chairman as a correct record, subject to the correction of the reference to Councillor J. M. Whitehouse in Minute 42(d) (Risk Management – Corporate Risk Register (Risk 9 – Safeguarding)), to read 'Councillor J. H. Whitehouse'.

48. ANY OTHER BUSINESS

The Committee noted that there was no other urgent business for consideration at the meeting.

49. HOUSING REVENUE ACCOUNT - FINANCIAL OPTIONS REVIEW (STAGE 1)

The Director of Communities reported that, in April 2014, the Council Housebuilding Cabinet Committee had reviewed the resources available for the Council's Housebuilding Programme and options available for expanding and accelerating the programme. Members noted that one of the drivers for the review had been the increasing amount of one-for-one replacement Right to Buy (RTB) capital receipts (141 Receipts) that were accumulating and which needed to be spent if the Council was to avoid paying over such receipts to the Government. The Committee was advised that the Cabinet had subsequently decided to:

- increase the number of affordable homes developed in Phases 3-6 of the programme from 20 to 30 per year;
- extend, in principle, the programme by a further 4 years to 10 years with an additional 30 new affordable homes provided each year;
- make no decision on the most appropriate way of funding an extended Housebuilding Programme, but that consideration be given at an appropriate time in the future, and before any commitments are made or expenditure incurred;
- seek grant funding from the Homes and Communities Agency (HCA), initially, for Phase 2 of the Housebuilding Programme at Burton Road, Loughton; and
- re-profile the Council's HRA Self-Financing Reserve, in order to release funds for the Housebuilding Programme in earlier years of the HRA Business Plan, by increasing contributions to the reserve in later years, whilst ensuring that sufficient resources have been accumulated within the Reserve to repay the first loan on maturity; and
- develop a contingency plan to purchase properties from the open market, should the amount of 141 Receipts still be in excess of the maximum amount that can be spent on the Housebuilding Programme, in order to avoid having to pass any 141 Receipts to the Government, with interest.

Members were reminded that, in September 2015, the Committee had considered a report on the options available to ensure that the HRA did not fall into deficit, as a result of the Government's requirement that all social landlords reduce rents by 1% per annum for four years from April 2016. The estimated loss in rental income to the HRA had been assessed at that time at around £14m over the following four years and around £228m over the following 30 years and the Committee had considered a number of options to recast the HRA Financial Plan for the future, including:

- ceasing some or all of the funding currently available within the Financial Plan for future housing improvements and service enhancements for HRA services;
- reducing investment in improvements to the Council's housing stock and reducing the Council's Modern Home Standard accordingly;
- reducing/ceasing the Housebuilding Programme; and
- further borrowing for the HRA, repaid by the end of the Financial Plan period.

The Director of Communities reported that the Committee had concluded that, since no immediate corrective action was required at that time, no major decisions should be made to re-cast the HRA Financial Plan until further information became available on the effect of the Government's separate proposal to require the sale of higher value void properties. The Committee had also agreed that the HRA Financial Plan and the options available should be reviewed again, once the financial implications for the Council of the requirement to sell higher value void properties were known, and that decisions for the future should be made at that time.

The Committee noted that the current position with the Housebuilding Programme was that:

- Phases 1 and 2 were on site, with the first properties at Phase 1 due to be handed-over in March 2017;
- Section 106 affordable properties at Roydon were also on site, with development agreements signed with the developer;
- contractors had been appointed for the 34 homes in Phase 3 (Epping, Coopersale and North Weald);
- planning permission had been granted for all the development sites in Loughton planned for Phase 4;

- planning applications were currently being determined for the sites planned for Phase 5 (Buckhurst Hill); and
- planning applications were being submitted and determined for sites planned for Phase 6 (at various locations).

The Director of Communities reported that, under the Housing and Planning Act 1996, the Government intended to charge an annual Higher Value Voids Levy funded from the sale of higher value void council properties, calculated individually for each local authority. Members noted that details of how such arrangement would operate were still awaited and that the earliest that the proposed levy would be introduced was during 2018/19.

It was reported that, in order to progress with investment decisions for the HRA, the Housing Portfolio Holder had agreed to undertake the further HRA Financial Options Review in two stages, as follows:

- Stage 1: Based on what the Council knows now – to enable the Cabinet to make decisions on the future of the Council Housebuilding Programme (Phases 4 to 6) and whether or not it wishes to reduce investment in the existing stock from the Council's Modern Homes Standard back to the Decent Homes Standard; and
- Stage 2: If and when a decision is made by the Government on the proposed introduction of the High Value Voids Levy, the implications will be modelled at that time to identify the required actions to mitigate the assessed financial impact.

The Director of Communities explained that the Decent Home Standard had been introduced by the Government in 2000 to ensure that all social housing met standards of decency. Members noted that, following the introduction of self-financing for the HRA in 2012, when significant additional financial resources became available to the HRA, the Council had introduced its own Modern Home Standard, which was achieved through the delivery of the thirty-year maintenance programme to ensure that none of the authority's housing stock had any building components that failed or lacked any reasonable modern facilities or services.

The Committee noted that the Council's HRA Business Planning Consultant, Simon Smith, had been commissioned to undertake the Stage 1 HRA Financial Options Review. Mr. Smith attended the meeting to present the findings arising from his review, which analysed the HRA projections and impact of a range of options.

Mr. Smith reported that the financial modelling detailed in his report was based on data from 2015/16, in order to keep the analysis consistent with the reviews undertaken in the latter part of last year. It was noted however, that the modelling had been updated to take account of the following:

- the latest HRA and capital forecasts for 2016/17;
- the proposed HRA and capital budgets for 2017/18
- right to buy sales for Quarter 3 and revised estimates for the coming quarters; and
- the latest cash forecasts for Phases 1 to 3 and the Section 106 and market purchase acquisitions.

Mr. Smith indicated that the key changes between the 2017/18 position that was forecast in October 2016 and the current review were:

- rental Income was forecast to be lower on account of new build properties for Phases 1 and 2 not coming on stream as quickly as expected and the higher number of right to buys that have occurred/projected;
- higher management costs, matched with reduced expenditure to the repairs account (as a result of past erroneous coding);
- Repairs Forecast Costs had been increased for voids and planned improvements;
- interest charges were lower on account of reductions in the base rate, rather than increases that were previously modelled; and
- interest received was lower on account of percentage rates used for the calculations reducing from over 1% to 0.3% - based on latest performance and estimates.

The Chairman reported that members of the Communities Select Committee had been invited to attend the meeting in view of the significance of the HRA Financial Options Review for the future strategy of the Housing Revenue Account, the Council Housebuilding Programme and whether the Council continues with implementation of its Modern Homes Standard for existing Council properties. Mr. W. Marshall, the Chairman of the Epping Forest Tenants and Leaseholders Federation and a co-opted member of the Communities Select Committee, presented the views of the Federation with regard to the options considered by the Committee.

Option 1: Continuing with the full Housing Building Programme (at least until the completion of Phase 6) and maintaining the Modern Homes Standard for existing Council homes (the current policy)

This option would deliver the highest level of affordable housing, whilst maintaining the existing stock at a good standard, higher than that prescribed by Government as a minimum. The option also ensured that the Council maximised the 1-4-1 receipts it had and would gain as a result of increased right to buy sales, without paying any to the government.

Members noted that this option was likely to result in a capital shortfall of £30.016m in years 3 to 7 of the HRA Business Plan and that the Council would therefore be unable to achieve the modern standard for its properties during this time, unless the existing ten-year variable HRA loan was re-profiled or additional short term borrowing was undertaken.

Option 2: Continuing with the full Housing Building Programme and reverting to the Decent Homes Standard for existing Council homes

This option sought to deliver the highest level of affordable housing on identified sites but, in order to assist funding of the Council Housebuilding Programme, the level of investment on existing stock dropped from the Modern Standard to the Government's minimum Decent Homes Standard.

Members noted that this option was likely to result in a capital shortfall of £12.213m in years 3 to 5 of the HRA Business Plan and that the Decent Homes Standard would not be able to be achieved in this timescale, unless the existing ten-year variable HRA loan was re-profiled or additional short term borrowing was undertaken.

Option 3: Ceasing the current Housing Building Programme and maintaining a Modern Homes Standard for existing Council homes

This option maintained stock investment in line with current plans, but continued the moratorium on the Council Housebuilding Programme and short to medium-term capital budgets.

Members noted that this option was likely to result in a capital shortfall of £15.918m in years 4 to 7 of the HRA Business Plan and that the Council would therefore be unable to achieve the modern standard for its properties during this time, unless the existing ten-year variable HRA loan was re-profiled or additional short term borrowing was undertaken.

Option 4: Ceasing the current Housing Building Programme and reverting to the Decent Homes Standard for existing Council homes.

This option would reduce both expenditure on the new build programme and the capital financing. Members noted that there was no capital shortfall arising from this option.

The Director of Communities indicated that it was also necessary for the Committee to formulate detailed recommendations to take forward its preferred option forward.

Members were reminded that outline planning permission had been granted in March 2016 for the development of 36 new homes, including 40% (14) affordable homes, at the site of the Council's Nursery in Pyrles Lane, Loughton. Members considered arrangements for the future acquisition of the affordable homes element of the development, for which the Financial Options Review Report had demonstrated that sufficient financial resources were available within the Housing Revenue Account, whichever option was chosen.

The Committee considered the options identified and the position of each with regard to the availability of 141 Receipts and their usage.

Recommended:

(1) That, having had regard to the views of the Epping Forest Tenants and Leaseholders Federation and members of the Communities Select Committee in attendance at the meeting, Option 2 within the Housing Revenue Account Financial Options Review Report prepared by SD Smith Consultancy Ltd (being the continuation of the Council Housebuilding Programme up to at least Phase 6 of the current programme and the reversion to the Government's Decent Home Standard), be the preferred option of the Committee;

(2) That the current moratorium on the Council Housebuilding Programme be lifted and that Phases 4-6 of the programme now be undertaken;

(3) That, if possible, the 141 Receipts 'temporarily' paid to the Department for Communities and Local Government be recovered as soon as possible, in order to help fund the Housebuilding Programme;

(4) That financial contributions received by the Council from developers through Section 106 Agreements, in lieu of on-site affordable housing provision, continue to be utilised for the Council Housebuilding Programme;

(5) That, in the first instance, tenders be invited to undertake Phase 4 of the Housebuilding Programme;

(6) That the phasing of the Housebuilding Programme be appropriately paced, with an acceptance that, in view of the anticipated continuation of a high rate of 141 Receipts for the foreseeable future, it is likely that some such receipts will still need to be paid to the Government;

(7) That the Council revert to the Government's Decent Homes Standard as soon as practicably possible, with reduced levels of stock investment, having regard to existing contractual commitments arising from Framework Agreements;

(8) That the Director of Resources report to a future meeting of the Committee on the most appropriate way to arrange the required additional Housing Revenue Account borrowing;

(9) That, at such time as the Cabinet consider the marketing strategy for the proposed sale of land at the Pyrles Lane Nursery development site in Loughton, consideration be given to whether the proposed sale should be subject to a requirement that the purchaser must enter into a separate Development Agreement with the Council requiring the affordable housing element of the development to be sold to the authority on practical completion, and how this could best be practically achieved; and

(10) That SD Smith Consultancy Ltd be requested to undertake the Stage 2 of the Housing Revenue Account Financial Options Review at such time as a decision is made by the Government on the proposed introduction of the High Value Voids Levy, and that the review report be considered by the Committee in order to consider the issues, implications and action required to mitigate the assessed financial impact.

Reasons for Decision

The Cabinet had previously agreed recommendations of the Council Housebuilding Cabinet Committee for the expansion and acceleration of the Housebuilding Programme. In September 2015, the Finance and Performance Management Cabinet Committee had undertaken a review of the options to ensure that the Housing Revenue Account (HRA) did not fall into deficit as a result of the requirement that social landlords reduce rents by 1% per annum for four years from April 2016. At that time, the Committee had concluded that no major decisions should be taken until further information was available on the effect of the proposed requirement that local authorities must sell higher value void properties, but that the options be reviewed again once the financial implications of this Government proposal were known.

The Housing Portfolio Holder had decided to undertake the HRA Financial Options Review in two stages, with Stage 1 based on the currently available information, to enable decisions to be made on the future of the Housebuilding Programme (Phases 4 to 6) and whether the Council wished to reduce investment in the existing housing stock back to the Decent Homes Standard. It was not possible to fund the Council's current policy to both undertake the Housebuilding Programme and maintain existing properties to the Modern Homes Standard, without reviewing borrowing requirements and/or reducing capital expenditure, so it was necessary to review the options available and make decisions for the future.

Other Options Considered and Rejected:

All available options were set out in the Stage 1 HRA Financial Options Review Report considered by the Committee. The following options were considered and rejected:

Option 1: Continuing with the full Housing Building Programme (at least until the completion of Phase 6) and maintaining the Modern Homes Standard for existing Council homes (the current policy)

Option 3: Ceasing the current Housing Building Programme and maintaining a Modern Homes Standard for existing Council homes

Option 4: Ceasing the current Housing Building Programme and reverting to the Decent Homes Standard for existing Council homes.

CHAIRMAN

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