EPPING FOREST DISTRICT COUNCIL
COMMITTEE MINUTES

Committee:	Finance and Performance Management Cabinet Committee	**Date:**	Monday, 20 January 2014
Place:	Council Chamber, Civic Offices, High Street, Epping	**Time:**	7.00 - 9.40 pm

Members Present: Councillors Ms S Stavrou (Chairman), R Bassett, D Stallan, G Waller and C Whitbread

Other Councillors: Councillors D Jacobs, J Knapman, A Lion, G Mohindra, J Wyatt, K Angold-Stephens and J Philip

Apologies:

Officers Present: R Palmer (Director of Finance and ICT), C O'Boyle (Director of Corporate Support Services), J Gilbert (Director of Environment and Street Scene), D Macnab (Deputy Chief Executive), A Hall (Director of Housing), P Maddock (Assistant Director (Accountancy)), S Alford (Principal Accountant), S Amin (Senior Accountant), D Newton (Assistant Director (ICT)), N Richardson (Assistant Director (Development Control)), A Hendry (Democratic Services Officer) and R Perrin (Democratic Services Assistant)

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30. 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.

31. Declarations of Interest

Pursuant to the Council's Code of Member Conduct, Councillors S Stravrou, J Knapman, J Philip, K Angold-Stephens, A Lion and D Stallan declared a personal interest in item 9 of the agenda, in so far as it relates to the Local Council Tax Support payable to Parish Councils as they are 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.

32. Minutes

RESOLVED:

That the minutes of the meeting held on 14 November 2013 be taken as read and signed by the Chairman as a correct record.

33. Recharge of Support Services

The Assistant Director (Accountancy) presented a report regarding the Cross Charging sub-group findings on the recharge of support services.

At the Finance Cabinet Committee on 21 January 2013, questions were raised by members about the reasons for recharging costs and a desire to understand the process.

The Chartered Institute of Public Finance and Accountancy (CIPFA) produce a document on an annual basis called the Service Reporting Code of Practice (SeRCOP), which gives guidance on how costs should be reported in an effort to get some degree of consistency across Local Authorities. The Main General Fund headings applicable to the Council were Central Services, Cultural Related Services, Environmental and Regulatory Services, Highways and Transport Services, Housing Services and Planning Services. The Housing Revenue Account (HRA) had to be accounted for separately by law. These were the headings that appear in the Comprehensive Income and Expenditure Statement within the Statutory Statement of Accounts. SeRCOP also required a subjective analysis of each Service budget heading. A subjective heading refers to the type of expenditure, for example Salaries, Electricity, Car Allowances, Stationery, Contracted Services and Support Services to name but a few. There was also a requirement to report the 'total cost of a service' and this was defined as including all expenditure attributable to the service/activity. Both direct costs and support costs must be included and this was the reason for the recharge process that was carried out. The Council, because it was a Democratic organisation, had additional costs and this was referred to as the Corporate and Democratic Core which was a sub heading within Central Services. This was initially a General Fund cost but other accounts such as the HRA or Pension Fund, if applicable, were required to contribute toward their share of the cost. This needed to be based on a reasonable estimate of the time spent on HRA matters by those involved in the democratic process.

The Sub Group had met and examined some of the Support Service budget sheets which show the individual budgets at subjective level. All Revenue budgets were constructed in this manner so that each Service budget was made up of a number of smaller subjective budgets. The budget was monitored at the subjective level as well as the Service total level and all Support Services were fully allocated to the services that they supported. The process was a financial accounting process intended to calculate the total cost of each service, although the total cost as defined by the code may or may not be relevant for decision making purposes but would depend on the type of decision to be made.

Resolved:

(1) That the Cross Charging Sub Group report be noted.

Reasons for Decision:

To note the work carried out.

Other Options Considered and Rejected:

No other options available.

34. ICT Facilities for Councillors

The Assistant Director (ICT) presented a report regarding the ICT facilities for Councillors.

The Assistant Director (ICT) reported that following a request from the Finance and Performance Management Scrutiny Panel on 12 March 2013, a Members workshop was held to ascertain the general ICT facilities needed for Members and development of the new EFDC website. Following this, Members were requested to complete an electronic questionnaire which received 16 replies. From the responses received, Members felt the Virtual Private Network (VPN) tokens required improvement and the majority of respondents only use the VPN to view agendas but would like to access restricted documents. It was therefore felt that the Mod.gov application would offer a better solution than VPN access. Regarding the provision of a Council email address, it had been felt that a capital cost of £25,600 and ongoing maintenance costs of £5,480 would need to be added to the ICT maintenance budget as a growth item for all members and this would be difficult to justify, particularly in the current financial climate.

Members queried the costs associated with the email addresses and that if the Good application was made available to Councillors, they would not necessarily need Microsoft accounts. The promotion of the Mod.gov app and a pilot scheme for members using their own mobile devices would give a better understanding of how these ICT facilities could work for all members. Also with a pilot scheme, any spare Good accounts could be used resulting in no further costs.

Resolved:

(1) That the responses and conclusions from the questionnaire were noted;

(2) That additional funding in 2014/2015 for Member ICT facilities was not required;

(3) That support enhancements were from existing resources; and

(4) That a pilot scheme of the Good application and the Mod.gov application be agreed and the results from the pilot scheme reported back to the Finance and Performance Management Scrutiny Panel.

Reasons for Decision:

FPMSP Members requested the questionnaire be distributed and the results fed back.

Other Options Considered and Rejected:

Council email accounts could be provided for Members at an initial cost of £25,600 and with an annual maintenance cost of £5,480. A case could have been made for this investment if the survey had produced a much higher response rate and consistent results. The fact that only 27% of Members completed the survey and of those only 56% wanted a Council email address would make it difficult to justify the significant investment needed, particularly in the current financial climate.

35. Detailed Directorate Budgets

The Assistant Director (Accountancy) presented the draft General Fund and Housing Revenue Account (HRA) Budgets for the financial year 2014/15.The budgets were presented on a directorate by directorate basis in line with the new directorate structure coming into force on 1 April 2014. In September 2013 it had been identified that a saving target for 2014/15, of £0.7 million had been set, which had been achieved through £354,000 savings from the Directorate restructure and additional income from the purchase of the lease of 2-18 Torrington Drive, which should bring in an additional income of £224,000 and a number of more minor items. 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 2014.

Chief Executive

The Director of Finance and ICT reported that the directorate restructure had resulted in the chief executives budget now only consisting of charges defined as corporate activities by the CIPFA accounting code of practice and service reporting code of practice. The original estimate for 2013/14 CSB had been an expenditure of £1.048 million, with a probably outturn of 0.994million. The current draft estimate for 2014/15 was 0.956million, which followed a more detailed analysis of activity of Democratic Services and the on costs being allocated into the Governance Directorate.

The Director of Finance and ICT advised that the CSB budget showed planned savings of £22,000 in relation to salary savings from the directorate restructure. The District Development Fund (DDF) budget included £61,000 for Local Land & Property Gazetteer (LLPG) works, including the remainder of the £100,000 for LLPG funds previously allocated and a £150,000 for the transformation programme.

Councillor Knapman enquired whether the transformation programme would translate into savings. The Director of Finance and ICT advised that the funding would include ICT usages, head to desk ratio, the one-stop shop idea and a amalgamation of the reception areas and that the Chief Executive would produce business cases, prior to any spending.

Communities Directorate

The Director of Housing reported that the total original estimate for 2013/14 had been expenditure of £3.857 million, with a probable outturn of £3.458million. The current draft estimate for 2014/15 was £3.525million, which represented a year on year decrease of £332,000.

The Director of Housing advised that the main CSB change between periods was the slippage of commissioning the Town Mead All Weather Pitch. Other areas highlighted were as follows;

- The way Public Sector Housing Grants were accounted for had altered.
- Officers in the Housing Options Team had spent more time on homelessness issues in the current year, leading to an increased allocation of staffing costs.
- Slippage in Voluntary Sector Support items within the Welfare Transport Scheme had seen £16,000 carried forward to 2014/15 and a fall in income on the museum budget due to its closure for refurbishments meant that net expenditure was expected to increase by £19,000.
- Within Sports Development and Other Miscellaneous Activities there was an increase due to the new Safeguarding team being set up. Also the Sports Development service had increased by £41,000 due to external funding being received in earlier periods.

Housing Revenue Account

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

The Director of Housing reported that the total original estimate for 2013/14 had been expenditure of £32.5 million, with a probable outturn of £26.9million. The current draft estimate for 2014/15 was £27.4million, which represented a decrease of £5.1million.

The depreciation due to the introduction of the new component replacement cycles had increased significantly year on year. However, the Council had agreed with the External Auditor a revised method of calculating the depreciation charge lowering it to £13.2m in 2014/15.

The income estimated for 2013/14 was £34million; with a probable outturn of £33.9million and current draft estimate for 2014/15 was £34.6million. It was proposed to increase rents by 4.91% and the Government's Rent Convergence Policy was currently being consulted upon, with a proposal to cease its rent convergence regime from April 2015. There was also additional income in 2013/14 as it was a 53 week year. There was a proposal put forward at the meeting that Council Dwellings should be let at "target rents", instead of the same rent charged to the previous tenant. It thus was accepted, there would be additional rental income of £0.25million.

The Supervision and Management General original estimate expenditure had increased year on year by £383,000. The costs were predominately employee related and the services were provided to all tenants or the HRA as a whole. The main reason for the increase was due to increased Sales of Council Houses and New Build Costs, which was a new heading for revenue costs that could not be charged to capital and was recognised as an asset.

The Supervision and Management Special original estimate expenditure had increased year on year by £330,000. Reasons were that some enhancement expenditure had been allocated here, the Grant for Supporting People had been lost and that Employee costs had increased.

The Rents, Rates Taxes original estimate expenditure had increased year on year by £21,000. The expenditure related to the types of costs borne by the HRA and the main reason for the increase was due to a 9% increase in Public Liability Insurance for HRA Land and empty property relief on Rates and Council tax which had been greatly restricted.

The transfer to Self Financing Reserve included an amount of 10% of the variable rate debt per annum which would be set aside and available when the debt was due to be repaid in March 2022.

<u>Governance Directorate</u>

The Director of Corporate Support Services reported that directorate restructure had resulted in services from the Corporate Support Services Directorate being amalgamated with services previously in Planning & Economic Development, the Office of the Chief Executives and Deputy Chief Executives Offices. The net decrease in total CSB from £3.2million in 2013/14 to £3.09million in 2014/15 was largely due to salary saving from the restructure. The total DDF moves from a probable outturn saving in 2013/14 of £104,000, which was mostly due to the 'break' in Council elections, to net expenditure in 2014/15 of £211,000. The DDF expenditure identified in 2014/15 was the rephrased claims for Land Charge Searches, additional Document scanning for Planning, costs for severance and a new Assistant Director post identified in the restructure.

The Director of Corporate Support Services highlighted the changes within the directorate budget as follows;

- Elections - The costs were previously in OCE directorate and the increase in net expenditure in 2014/15, was attributable to one third of the district elections scheduled for May 2014 (DDF saving in 2013/14) and incremental cost of European Elections which would be only 75% reimbursed by central government. Also included in 2013/14 and 2014/15 were DDF amounts of £7,000 and £33,000 income and expenditure for Individual Registration.
- Member Activities – The costs were previously in OCE directorate and the total increase in CSB budget were due to re-allocation of charges of Democratic Services (savings identified on Chief Executive Budgets).
- Planning Services – The costs were previously in PED directorate. There was no net change in the total budget which remained at £1.56million. The most significant change was the increase in the cost of specialist conservation advice from Essex CC. Other decreases in service costs were offset by additional conservation staffing funded from Section 106 monies.
- Other Activities – The costs were previously in OCE, DCE and CSS directorates. The total original estimate decreased in CSB from £273,000 to £228,000, with the most notable change being the cessation of depreciation to Local Land charges for IT systems, and an increase in income for search charges.
- A net saving of £27,000 was included in 2014/15 as a result of the Directorate restructure, which was made up of salary savings less any severance pay due.

<u>Neighbourhoods</u>

The Deputy Chief executive reported that the total original estimate for 2013/14 had been £9.327million, with probable outturn for 2013/14 at £9.508million. The current draft estimate for 2014/15 was £9.369million, which represented a decrease of £139,000 on the probable outturn. The CSB net expenditure increased from original estimate 2013/14 to the probable outturn due to further strain on market rental income and a fall in other forms of income, which had been offset slightly by an increase in the rents on industrial estates. The increase between probable outturn and the original outturn for 2014/15 was due to a further rental increase on other Industrial Estates, an increase in Pay & Display income and savings generated from the recent restructure of Council Services. The DDF items included the additional works, which needed to be carried out in relation to the Local Plan and severance payments due to the restructure of services and given rise to the increase of spend from original estimate for 2013/14 to the probable outturn.

The Deputy Chief Executive highlighted the changes within the directorate budget as follows;

- Environmental Health – The main reason for the decrease from original estimate 2013/14 to the probable outturn was due to costs from a recent court case being awarded to the Council. The increase between years related to an increase in employee costs and staff allocations to the various services.
- Hackney Carriage Licences – New regulations had increased costs over the period of the estimate to £86,000.
- Leisure Management – The fall in net expenditure from original in 2013/14 to proposed outturn was due to staff allocations and a lower than expected inflationary increase on the contract. The contract

inflation and Building Maintenance recharges brought the original for 2014/15 back in line with original 2013/14 levels.
- North Weald Airfield – The airfield strategic review was due to conclude in 2013/14 which would be a reduction in net expenditure for 2014/15 and the market rents had continued to have a major effect on the operations side of the airfield.
- Waste Management – A fall in net expenditure from original 2013/14 to the proposed outturn arose due to contract inflation not being as large as expected.
- Land Drainage & Sewerage – Staff allocations accounted for the movements in estimates.
- Parks & Grounds – The major reason for increases in the budget was the new procedures in the way in which the Council accounted for commuted sums, which could no longer class the sum as income to reduce net expenditure. There was also a DDF amount included for service level agreements in place for the Countrycare service.
- Technical Services Other – Between the original 2013/14 and probable outturn, the income levels had decreased, mainly for Penalty Charge Notices in car parks, and MOT income in Fleet Operations. These had been off-set slightly by fluctuations in staff allocations. For 2014/15 budgets, the first rise in Pay and Display for 5 years had helped to negate the fall in income from the previous year.
- Forward Planning and Economic Development – The estimates were affected by fluctuations in the Local Plan enquiry and production phases, which were dependant upon items raised by the public. From the original estimate to the probable outturn for 2013/14, there was a DDF item in Highways Infrastructure for Waltham Abbey Regeneration Projects.
- Land & Property – This was higher than expected, due to the void units at Oakwood Hill Industrial Estate and Workshop units, which had seen a fall in income, placing strain on the net income receivable. This had been off-set by increase from rent reviews at Brooker Road and the increased income from the David Lloyd centre. Additional purchases of business units were also assisting in keeping the net income higher than original 2013/14 estimates.
- 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.

The Directorate of Environment and Street Scene advised that a report would be presented shortly to the Cabinet Committee concerning the Parking charges and the generation of £150,000 that would be required.

<u>Resources Directorate</u>

The Director of Finance and ICT reported that the directorate restructure had resulted in services from the Finance and ICT Directorate being amalgamated with services previously in Corporate Support Services. The original estimate increased the total CSB from £1.87million in 2013/14 to 2.22miliion in 2014/15, of which £135,000 was attributable to salary & pension cost increases across the services. The DDF budgets increase from £171,000 to £218,000 across the two years, with a reversal in the 2013/14 probable outturn, which was mainly attributable to the NNDR reassessment of the Civic Offices building, various Council Tax & Benefits Support grants and increased Technical Agreement Contributions.

The Director of Finance and ICT highlighted the changes within the directorate budget as follows;

- Housing Benefits – The decrease in 2014/15 of £155,000 related to the change in the subsidy to total cost ratio, resulting in an increase in the amount of subsidy paid by the DWP for both rent allowances and rent rebates.
- Local Taxation – The total increase in the CSB budget from £1.18million to £1.25million was due in part to a reduction in court cost income on council tax collection and salary and pension cost increases.
- Other Activities – The decrease in vacancy allowance of £136,000, as this had been dropped to 1.5% of total salaries (previously 2.5%).
- Finance Support Services - It would have been inappropriate to make a comparison on Finance Miscellaneous, as the prior year total included savings that had now been allocated to services. The 2014/15 budget included all unallocated surpluses and deficits arising from changes to the first draft of the budgets including movements resulting from the directorate restructure.

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, including:

(a) An Average Rent Increase for Council Dwellings of 4.91%; and

(b) From 7th April 2014, vacant Council properties be re-let at their Target (Formula) Rent, and not the rent necessarily charged to the previous tenant;

(3)

(4) That the detailed Directorate budget for Governance be recommended to the Cabinet for approval;

(5) That the detailed Directorate budget for Neighbourhoods be recommended to the Cabinet for approval; and

(6) That the detailed Directorate budget for Resources be recommended to the Cabinet for approval.

Reasons for Decision:

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.

36. Corporate Risk Update

The Director of Finance and ICT presented a report regarding the Council's Corporate Risk Register.

The Corporate Risk Register had been considered by both the Risk Management Group on 3 December and the Corporate Governance Group on 18 December 2013.

These reviews identified amendments to the Corporate Risk Register and an additional risk for inclusion. These were as follows;

(a) Risk 1 - Local Plan

The risk and supporting Action Plan had been redefined to promote a more comprehensive overview, and the risk score remained A1 Very high Likelihood/Major Impact.

(b) Risk 6 – Information/Data

Work had been carried out to improve awareness of data protection requirements, therefore the risk score would be changed from C1 Medium Likelihood/Major Impact to C2 Medium Likelihood/Moderate Impact.

(c) New Risk – Risk 9 Safeguarding

The Risk Management Group and the Corporate Governance Group considered the Safeguarding risk, which highlighted a number of areas where the Council must achieve a more widespread awareness of the responsibilities for safeguarding children and vulnerable adults, which had been scored at B2 high Likelihood/Moderate Impact.

Members were asked to consider the updated Corporate Risk Register and whether the risks listed were scored appropriately and the additional risk be included.

Recommended:

(1) That Risk 1, Local Plan, be redefined to promote a more comprehensive overview;

(2) That the rating for Risk 6, Information/Data be reduced to a score of C2 (Medium Likelihood/Moderate Impact);

(3) That a new risk, Risk 9, Safeguarding be included in the Risk Register; and

(4) That, incorporating the above agreed changes, the amended Corporate Risk Register be approved.

Reason for Decision:

It is essential that the Corporate Risk Register is 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.

37. Local Council Tax Support Grant

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

Last year the Council had decided to top up the grant relating to local councils of £312,812 by an additional £7,460 in order to leave local councils no worse off following the introduction of Local Council Tax Support.

From the initial grant figures provided in late July, it had been clear that the amount of grant relating to local councils would no longer be separately identified and that the overall grant received 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 had been reduced. It had been anticipated that the grant paid to each body in 2013/14 would be reduced by 13.6% for 2014/15. At the Local Councils Liaison meeting it had been suggested that, for the allocation to be as fair as possible, the amount of grant should reflect the loss of income to each body. The tax base had been set and the likely reduction in overall grant had been confirmed as 12.5%, which by applying the reduction to the 2013/14 grant gives an amount to be allocated amongst local councils of £280,236 for 2014/15.

Recommended:

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

Reasons for Proposed Decisions:

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

Other Options for Action:

Members could decide to allocate the grant by reducing the amount payable to each local council by 12.5%. 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.

38. Any Other Business

Resolved:

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 2014/15.

39. Budget 2014/15 - Draft Budget

The Director of Finance and ICT presented a report detailing the proposed Council Budget for 2014/15, which would 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 4.91% in 2014/15.

The annual budget process commenced with the Financial Issues Paper (FIP) being presented to this Committee on 19 September 2013. The paper was prepared against the background of cuts in public expenditure, ongoing difficulties within the economy and highlighted the uncertainties associated with Central Government Funding, Business Rates Retention, Welfare Reform, New Homes Bonus, Development Opportunities, Reducing Income Streams, Waste and Leisure Contract Renewals and Organisational Review.

In setting the budget for the current year it had been anticipated using £44,000 from the general fund reserves. The limited use of reserves in 2013/14 was not significant as the MTFS at that time was predicting the use of just over £1.3 million of reserves to support spending in the following three years.

The revised four year forecast presented with the FIP took into account all the additional costs known at that point and highlighted the additional reductions in support grant and the potential top-slicing of New Homes Bonus. The projection showed a need to achieve net savings of £700,000 on the 2014/15 estimates, followed by £700,000 in 2015/16 and 2016/17 and £200,000 in 2017/18 to keep revenue balances above the target level at the end of 2017/18. The FIP established the following budget guidelines for 2014/15: the ceiling for CSB net expenditure be no more than £14.07million including net growth/savings; the ceiling for DDF net expenditure be no more than £0.142million; and the District Council Tax would be frozen.

The Director of Finance and ICT reported that the 2013/14 financial year had new locally retained business rates, vastly reduced Revenue Support Grant and Local Council Tax Support (LCTS). The Formula Grant had reduced by £2.66million or 31% over the last three years and from 2014/15 the Formula Grant had not been separately identified so a different comparison was needed. The draft figure for 2014/15 of £6.375million was slightly higher than the previous figure of £6.290million but the 2015/16 figure at £5.393million was slightly lower than the previous figure of £5.40million. The funding position in 2015/16 was £735,000 worse than had been anticipated in the February 2013 MTFS and this had been allowed for in the MTFS. Local Council Tax Support based on the draft settlement, was proposed to reduce the funding to parish councils by 12.5% for 2014/15 (£40,034) and 15.4% for 2015/16 (£43,156).

The predicted total amount of non-domestic rates for 2013/14 had been set as £31,888,336, from which the Council retained less than £3million, due to the tariffs imposed by Central Government. These tariff amounts within the system were now fixed for an extended period and the DCLG had stated that the system would not be re-set until 2020. Although the tariff payments would be increased annually by inflation, the Council had been given an indicative tariff figure for 2014/15 of £10.148 million. The unexpected changes to the system in the Autumn Statement included reducing the annual increase from the RPI value of 3.2% to 2%, providing a discount of £1,000 for some retail premises and extending the doubling of small business rate relief, which should be fully compensated.

The Director of Finance and ICT reminded the Cabinet Committee that the final LCTS scheme for 2013/14 aimed to reduce expenditure of £8.95 million to £7.68 million to provide a saving of 14%. The settlement figures for 2013/14 included sufficient grant to compensate authorities for the reduction in tax base and to cover both the loss to the local councils and the loss to this Council. The scheme had been carefully monitored through the year and the revised estimate for the year was £7.56million, a reduction of approximately £120,000 or 1.6%. Both the Benefits Cap and the Removal of Spare Room Subsidy had now been introduced and the full effects of these changes would not be evident for some time.

For the New Homes bonus, the Council was due to receive approximately £550,000; it was proposed to add this to CSB income. There were concerns in September with a DCLG consultation proposing to top slice £400million of funding from the NHB, for the Local Growth Fund which would have been administered by Local Enterprise Partnerships (LEPs), but this would not now be happening and the MTFS was adjusted.

The re-development of the Winston Churchill in Debden would bring additional income from NHB and retain business rates and the long lease for the Sainsbury's site at Torrington Drive, had meant it was possible to make adjustments to the capital and revenue budgets. There were several other schemes still in progress such as the possibility of a retail park in Loughton and a mixed use redevelopment of the St Johns area in Epping, but given the lack of certainty about which of the potential sites would progress, the MTFS and capital projections did not include either any capital financing requirement or any revenue projections.

The income position had improved in the subsequent four months with Development Control which had seen a potential shortfall of £40,000 turn into a potential surplus of £40,000. The combined potential shortfall was still significant at £85,000 but this was an improvement of £145,000 on the previous position. The CSB income from the North Weald Market would need to be reduced by £200,000. The pay and display charges in the Council's off-street car parks had not been increased for five years and the study by Price Waterhouse Coopers in 2011/12 predicted that modest changes in the fee structure could boost income by more than £300,000. A charging structure which provided £150,000 of additional income had been requested by Cabinet.

The current waste contract expires in November 2014 and a procurement exercise was underway for the new contract. The leisure management contract had been extended for the three years, although the net expenditure of over £2million for leisure facilities was not sustainable in the long term given the Council's financial position.

The organisational review would take effect from April 2014 and would be based on a four directorate structure which would provide a CSB saving of approximately £350,000, although in order to achieve this, a one-off cost of £370,000 had been incurred. Each Director would be reviewing their new directorate to identify both savings and areas in need of additional investment and some adjustments to resources may be necessary during 2014/15. The Chief Executive was still to set out in detail his plans for transformation and a budget of £150,000 had been included at this stage.

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

- No council Tax increase for 2014/15 and 2015/16
- Future Government funding will reduce by 3% for 2016/17 and 2017/18.
- CSB growth has been restricted and the CSB target for 2014/15 of £14.07 million has been achieved. Known growth beyond 2014/15 has been included but will be subject to a further review to help identify savings.
- All known DDF items are budgeted for, and because of the size of the Local Plan programme the closing balance at the end of 2017/18 is anticipated to reduce to £0.48m.
- Maintaining revenue balances of at least 25% of NBR. The forecast shows that the deficit budgets throughout the period will reduce the closing balances

at the end of 2017/18 to £7.5m or 59% of NBR for 2017/18, although this can only be done with further savings in 2015/16 and subsequent years.

Members had indicated that the Council should benefit from the Council Tax freeze grant for 2014/15 and 2015/16.

The Director of Finance and ICT reported that the balance on the Housing Revenue Account (HRA) at 31 March 2015 was expected to be £3.084million, after a surplus of £210,000 in 2013/14 and a deficit of £0.5million in 2014/15. The estimates for 2013/14 had been compiled on the new 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 4.91% 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 Finance and ICT drew the Cabinet Committee's attention to the Council's Capital Programme, which currently indicated £91million of expenditure over the next five years with £3million of usable capital receipt balances at the end of the period. The £190million 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.

Recommended:

(1) That in respect of the Council's General Fund Budgets for 2014/15, the following guidelines be adopted:

(a) the revised revenue estimates for 2013/14, and the anticipated reduction in the General Fund balance by £160,000;

(b) a reduction in the target for the 2014/15 CSB budget from £14.07million to £13.77m (including growth items);

(c) an increase in the target for the 2014/15 DDF net spend from £0.142million to £1.6million;

(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 General Fund balances in 2014/15 of £243,000;

(f) the four year capital programme 2014/15 – 17/18;

(g) the Medium Term Financial Strategy 2013/14 – 17/18; 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, including the revised revenue estimates for 2013/14 be agreed, the 2014/15 HRA budget be agreed;

(a) That the application of the rent increases and decreases proposed for 2014/15, in accordance with the Government's rent reforms and the Council's approved rent strategy, by an average overall increase of 4.91% be noted;

(b) That vacant properties be rented out at the target rent from 5.04.14; and

(3) That the Chief Financial Officer's report to the Council on the robustness of the estimates for the purposes of the Council's 2014/15 budgets and the adequacy of the reserves be noted.

Reasons for Decisions:

The decisions are necessary to assist Cabinet in determining the budget that will be placed before Council on 18 February 2014.

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.

40. Exclusion of Public and Press

The Sub-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

Local Council	LCTS Grant	Band D Charge	Reduction in Tax Base	Income Lost	% of Total Loss	LCTS Grant	Change in Grant
	2013/14 £	2013/14 £	2014/15 Band D Equivalents	2014/15 £	%	2014/15 £	2014/15 £
Abbess, Berners and Beauchamp Roding	206	23.26	10.90	253.53	0.08	218	12
Buckhurst Hill	24,840	68.90	346.60	23,880.74	7.34	20,576	-4,264
Chigwell	14,551	47.69	372.90	17,783.60	5.47	15,323	772
Epping Town	40,034	83.84	467.50	39,195.20	12.05	33,771	-6,263
Epping Upland	679	28.54	20.00	570.80	0.18	492	-187
Fyfield	505	24.77	21.30	527.60	0.16	455	-50
High Ongar	1,078	23.46	52.60	1,234.00	0.38	1,063	-15
Lambourne	3,614	32.45	103.10	3,345.60	1.03	2,883	-731
Loughton Town	69,526	49.18	1,377.20	67,730.70	20.82	58,358	-11,168
Matching	896	32.50	27.10	880.75	0.27	759	-137
Moreton, Bobbingworth and the Lavers	997	24.87	50.60	1,258.42	0.39	1,084	87
Nazeing	5,233	34.37	149.80	5,148.63	1.58	4,436	-797
North Weald Bassett	13,265	57.61	251.10	14,465.87	4.45	12,464	-801
Ongar Town	22,770	90.80	267.00	24,243.60	7.45	20,889	-1,881
Roydon	1,574	22.26	69.30	1,542.62	0.47	1,329	-245
Sheering	1,923	22.73	79.60	1,809.31	0.56	1,559	-364
Stanford Rivers	886	48.42	27.00	1,307.34	0.40	1,126	240
Stapleford Abbotts	313	12.45	25.10	312.50	0.10	269	-44
Stapleford Tawney	41	19.66	2.20	43.25	0.01	37	-4
Theydon Bois	4,715	51.14	86.50	4,423.61	1.36	3,811	-904
Theydon Garnon	30	12.29	2.30	28.27	0.01	24	-6
Theydon Mount	20	13.46	1.10	14.81	0.00	13	-7
Waltham Abbey Town	112,256	96.92	1,185.60	114,908.35	35.33	99,007	-13,249
Willingale	319	18.24	18.40	335.62	0.10	289	-30

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