

## **EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES**

**Committee:** Finance and Performance Management Cabinet Committee      **Date:** Monday, 28 July 2014

**Place:** Committee Room 2, Civic Offices, High Street, Epping      **Time:** 6.30 - 7.45 pm

**Members Present:** Councillors Ms S Stavrou (Chairman), A Lion, J Philip, D Stallan and C Whitbread

**Other Councillors:** Councillors G Waller and J M Whitehouse

**Apologies:**

**Officers Present:** R Palmer (Director of Resources), P Maddock (Assistant Director (Accountancy)) and R Perrin (Democratic Services Assistant)

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### **8. Declarations of Interest**

Pursuant to the Council's Code of Member Conduct, Councillors S Stavrou, J Philip, A Lion, 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 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.

### **9. Minutes**

#### **RESOLVED:**

That the minutes of the meeting held on 26 June 2014 be taken as read and signed by the Chairman as a correct record.

### **10. Risk Management - Corporate Risk Register**

The Director of Resources advised that the Corporate Risk Register had been considered by both the Risk Management Group on 23 June 2014 and Management Board on 9 July 2014, which had reviewed and identified amendments to the Corporate Risk Register and had included no additional risks.

The Director of Resources reported that Risk 1, Local Plan had been updated to reflect the latest position and the risk score remained A1 Very High Likelihood/Major Impact. Risk 5, Economic Development had been increased from B2 High Likelihood/Moderate Impact to A2 Very High Likelihood/Moderate Impact because of the concerns around the target September completion date for the Economic Development Strategy alongside concerns over staffing levels. Risk 8, Partnerships had been increased from D3 Low/Very Low Likelihood/Minor Impact to C3 Medium Likelihood/Minor Impact whilst waiting for the new parking machines to be installed and also the two recent audit reports received from Colchester Borough Council advising a Limited Assurance for the North Essex Parking Partnership (NEPP) due to

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a shortfall in data quality. Work had been carried out to improve data quality resulting in a further audit report upgrading the Assurance Rating to Substantial.

The Portfolio Holder for Safer, Greener and Transport, Councillor Waller advised that there were concerns over the failure to make collections and whether there were enough Civil Enforcement Officers, which could result in the Council having to make up the losses. Although NEPP had made a profit of £150,000 in 2013/14 which had been put aside for future losses.

The Committee had concern over the future financial status of NEPP and felt that they should be regularly informed of any changes at future meetings of this Committee.

The Portfolio Holder for Technology and Support Services, Councillor Lion felt that North Weald Airfield and possible other large scale development sites should feature by name on Risk 2, Strategic Sites. The Director of Resources advised that this could be done.

The Portfolio Holder for Governance and Development Management, Councillor Philip also raised concerns over the risk of Area Planning Sub-Committees refusing planning application made by the Council and the Councils policy on not challenging their own decisions, which would perhaps need to be addressed on the risk register and dealt with by a scrutiny panel.

**RESOLVED:**

- (1) That the updated Corporate Risk Register would be noted;
- (2) That the Committee considered there were no new risks that were not on the current Corporate Risk Register; and
- (3) That a report be brought forward to the next Finance Performance Management Cabinet Committee regarding the financial status of NEPP.

**Reasons for Decisions:**

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.

**11. Financial Issues Paper**

The Director of Resources advised that the report provided a framework for the Budget 2015/16 and updated Members on a number of financial issues that would affect the Authority in the short to medium term. The greatest areas of current financial uncertainty and risk to the Authority were;

- Central Government Funding – the assumption that the overall reductions of 12.5% and 15.4% were common to each element of the Funding Assessment and on that basis it had been proposed that reduced funding to parish councils of 15.4% (£42,604) would be applied for 2015/16.

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- Business Rates Retention – the basic amounts within the system had been fixed for an extended period until 2020 with an indicative tariff figures of £10.038 million and £10.315 million for 2014/15 and 2015/16 respectively. The major concern was that all appeals and refunds were to be accounted for in the new system and that in getting to a predicted level of non-domestic rates for 2013/14, allowance had to be made for the amounts of money which were anticipated to be paid out in appeals and refunds. The cash collection in the new system and the CSB budget increase of £25,000 for legal action on difficult, high value cases had proved a sound investment and boosted the collection rate to 98.09%. The current Secretary of State had indicated to an increase in percentages retained and alongside various developments opportunities in the District, the Council could be self-sufficient and not rely at all on revenue support grants within 5 years. There was also a possibility of pooling with other authorities to share the risk and possibly reduce levy payments through the Essex Leaders Strategic Finance Group which should be in place for 2015/16.
- Welfare Reform - the Local Council Tax Support settlement figures had been sufficient to cover the loss with a small surplus. The other welfare reforms Benefit Cap and Spare Room Subsidy had not caused major problems with many residents deciding to pay a higher proportion of their rent themselves. The Universal Credit had been subjected to delays and therefore clarity would still be required on the Councils role.
- New Homes Bonus - The Council would approximately receive £130,000 in 2015/16, which would be allocated to the Continuing Services Budget. A prudent position had been adopted for future years with £130,000 taking the NHB income in the CSB to £1.95 million.
- Development Opportunities – the Winston Churchill public house site, St Johns area, Epping and the Langston Road shopping development are moving forward but it would not be prudent to include them in the Medium Term Financial Strategy until firm decisions on the different projects had been made.
- Income Streams; The actual figures up to date had been encouraging and the improved position in the second half of 2013/14 had continued into 2014/15. The North Weald Market remained on a reduced rent, with the profit share element not being triggered so far, which would reduce the CSB income and would be kept under review.
- Waste and Leisure Contract Renewals - The waste contract had been procured at a lower cost than the current contract and the savings had been included in the Medium Term Financial Strategy. The Leisure Management Contract had been extended for another three years, whilst a Leisure Strategy was being prepared and the Council's role in leisure provision was considered as it was not sustainable in the long term given the Council's financial position.
- Organisational Review – The 2014/15 budget had included the effects of the first stage of the organisational restructure and each Directorate was now evaluating both opportunities to improve efficiency and areas that had been historically under resourced.

The Director of Resources reported that the Council was in a stronger financial position than had been anticipated with the General Fund Reserve increasing, despite the reductions in funding. The Council was also better informed about LCTS and retained business rates with a realistic prospect of becoming self-financing over the medium to long term. If the percentage of rates retained locally were increased and the strong progress on our development sites continued the Council would be very well placed, although the General Election and possible change of Government creates a greater uncertainty overall for the medium term.

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The four-year forecast would give the total CSB figures for 2014/15 revised of £13.699m and 2015/16 of £13.146m, which set the net DDF expenditure at £2.269m for the revised 2014/15 and £204,000 for 2015/16 and it was likely that the DDF would be used up in the medium term. Over the period of the MTFs the balance on the Capital Fund reduces significantly from £17.462m in 2014 to £5.702m in 2019.

**Recommended:**

- (1) That the establishment of a new budgetary framework including the setting of budget guidelines for 2015/16 be set including:
  - (a) The ceiling for Continuing Services Budget net expenditure be no more than £13.146million including net growth;
  - (b) The ceiling for District Development Fund expenditure be no more than £204,000;
  - (c) The balances continue to be aligned to the Council's net budget requirement and that balances be allowed to fall no lower than 25% of the net budget requirement; and
  - (d) The District Council Tax not be increased, with Council Tax for a Band 'D' property remaining at £148.77.
- (2) That a revised Medium Term Financial Strategy for the period to 2018/19 be developed accordingly:
- (3) That communication of the revised Medium Term Financial Strategy to staff, partners and other stakeholders be undertaken;
- (4) That a detailed review of fees and charges, specifically parking charges be undertaken; and
- (5) That reductions of 15.4% in parish support, in line with the reductions in the central funding this Council receives be taken forward.

**Reasons for Decisions:**

By setting out clear guidelines at this stage, the Committee establishes a framework to work within in developing growth and savings proposals. This should help avoid late changes to the budget and ensure that all changes to services had been carefully considered.

**Other Options Considered and Rejected:**

Members could decide to wait until later in the budget cycle to provide guidelines if they felt more information, or a greater degree of certainty, were necessary in relation to a particular risk. However, any delay will reduce the time available to produce strategies that comply with the guidelines.

**12. Any Other Business**

It was noted that there was no other urgent business for consideration by the Sub-Committee.

**13. Exclusion of Public and Press**

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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**