EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF RESOURCES SELECT COMMITTEE
HELD ON TUESDAY, 13 OCTOBER 2015
IN COMMITTEE ROOM 1, CIVIC OFFICES, HIGH STREET, EPPING
AT 7.30 - 9.56 PM

Members Present:	G Mohindra (Chairman), P Keska (Vice-Chairman), K Angold-Stephens, N Bedford, S Kane, A Patel, S Watson and J H Whitehouse
Other members present:	A Lion, J Philip, D Stallan and S Stavrou
Apologies for Absence:	H Mann and J M Whitehouse
Officers Present	P Maddock (Assistant Director (Accountancy)), J Godden (Principal Planning Officer (Heritage, Enforcement & Landscaping)), A Hall (Director of Communities), D Newton (Assistant Director (ICT and Facilities Management)) and R Perrin (Democratic Services Officer)

10. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

It was noted that Councillor J H Whitehouse was substituting for Councillor J M Whitehouse.

11. NOTES OF THE LAST MEETING

The notes from the meeting on 14 July 2015 were agreed as a correct record.

12. DECLARATIONS OF INTEREST

Pursuant to the Council's Code of Member Conduct, Councillors K Angold-Stephens, N Bedford, P Keska, A Lion, G Mohindra, A Patel, J Philip, D Stallan, S Stavrou and S Watson declared a personal interest in item 7 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 Select 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.

13. TERMS OF REFERENCE AND WORK PROGRAMME

The Select Committee noted the terms of reference and work programme.

14. PLANNING ENFORCEMENT MATTERS

The Principal Planning Officer (Heritage, Enforcement & Landscaping), J Godden, introduced a report on the work of the Planning Enforcement Section.

It was noted that:

- The Planning Enforcement section was a non-statutory discretionary function of the Council, which had historically been actively supported by Councillors;

- Complaints were received from the public, Town and Parish Councils, Councillors and other departments which were responded to within 24 hours of the complaints, if they involved Listed Buildings, Preserved Trees and new Gypsy & Traveller Sites or within 14 days for all other complaints;
- Officers spent a considerable amount of time on and off site investigating, evidence gathering, negotiating and advising with both complainants and complainers' whilst complying with the law and regulations;
- The complaints ranged from the serious and complexed, to trivial and non-planning related with enforcement investigations being completed after a first visit or in more complex cases taking several years; and
- All prosecutions and actions had to be legal, proportionate and expedient. The system allowed appeals on planning and enforcement decisions to go as high as the Supreme Court which took time and often appeared to the public and Members that no action was being taken;
- There was encouragement for complaints to keep in touch for regular updates and progress on the cases;
- The section was adequately resourced and had an active relationship with other Councils sections and the Essex Police;
- Income was generated by the receipt of retrospective planning applications and the pursuit of S106 Planning obligation monies;
- The Council had spent £424,000 in 2014/15, which compared to other Essex authorities was greater, although the District had the largest amount of Green Belt in Essex;
- The additional resources invested in planning enforcement reflected the seriousness of the planning enforcement function and would be detrimental to the authority and its residents if it was not maintained.

Councillor N Bedford asked whether cases were allocated into timescales. J Godden advised that cases varied because of the right to appeal.

Councillor A Patel asked whether costs could be recovered. J Godden advised that the Government set costs centrally, although costs were awarded in some cases.

Councillor Watson asked whether cases were referred on to the relevant department, if the issue was not an enforcement matter. J Godden advised that the team passed on all relevant information and advised the compliant as well.

The Committee enquired whether a drone would be of any use within this department. J Godden advised that this could save officers time and get a real time picture of the events unfolding on a site that was not visibly accessible. The Committee commented that this could be considered through the Save to Invest scheme.

Councillor A Lion asked whether a data base of cases could be produced with update information. J Godden advised that there was not a central data base and this would probably increase the work load, although Members were advised that details of enforcement issues were placed in the weekly Members Bulletin and could always contact the team for further details.

Councillor S Watson asked about the use of internal Building Control. J Godden advised that an applicant could engage their own Building Control company or the Councils. The Governance and Performance Development Portfolio Holder advised that any future Council projects would use Councils Building Control and that costs had be kept competitive.

RESOLVED:

(1) The Committee noted the work of the Planning Enforcement Section; and
(2) That a report be submitted to Management Board for consideration of purchasing a drone to use for enforcement issues from the Save to Invest Scheme.

15. FINANCIAL ISSUES PAPER

The Assistant Director Accountancy, P Maddock introduced the Financial Issues Paper. This provided the initial framework for starting the 2016/17 budget and updated Members on a number of financial issues that would affect the Authority in the short to medium term. The following issues represented the greatest areas of current financial uncertainty and risk to the Authority, which included Central Government Funding, Business Rates Retention, Welfare Reform, New Homes Bonus, Development Opportunities, Income Streams, the Waste and Leisure Contracts and Transformation. The report took the Members through the General Fund Outturn for 2014/15, the updated Medium Term Financial Strategy (MTFS) and Continuing Service Budget (CSB).

- It also went through Central Government funding, noting that over the three years of the new system, funding had reduced by £1.889m or 25.9%. The Local Council Tax Support reductions for 2016/17 were not yet available, so no figures could be recommended at this point. Therefore the same principle was applied as previous years;
- Business Rates Retention had not gone smoothly with authorities taking on liabilities for all outstanding appeals. The deadline for appeals had been set at 31 March 2015, which had produced an influx of appeals and resulted in the provision required by the Council to be doubled to £3m. In addition a further flaw had created by where the General Fund and Collection Fund accounted for items in difference years, which created the appearance of more income in 2014/15 but in reality it was less. Therefore in 2016/17 the business rates deficit of £439,000 was significantly larger than the Council Tax surplus of £170,000, although this had been based on the provisions for appeals and could vary significantly from current predictions. This resulted in extensive financial modelling and an Essex pool was formed, which after the lower levy rate had been achieved, meant that an additional £3.431m had been retained across the pool and resulted in the Council gaining approximately £136,000. Although the late surge of appeals could effect the viability of the pool and this would have to be monitored;
- Welfare Reforms would continue with changes to tax credits, a welfare cap, the requirement for social landlords to reduce rents by 1% each year for the next four years and the introduction of Universal credits;
- New Homes Bonus (NHB) was approximately £230,00 for 2016/17, although it had been thought prudent to cap the NHB CSB figure at £2.2m and take any amount above that to DDF, when certainty about the future of the scheme and the figures were clearer;
- Development Opportunities highlighted for the District were the retail park, Langston Road and the St Johns area in Epping. The income of MTFS had not been adjusted but the capital projections had, which made clear that the retail park would probably use up the available capital receipts. Therefore a different way of thinking would be required as capital would no longer be freely available;

- Income Streams indicated that the improved income position in the second half of 2014/15 had continued in 2015/16, although Land Charges were a concern because of the legal position and the role that local authorities would play in the service. Also the CSB estimates would be adjusted once the future income of the North Weald Market became certain and the new parking fees had been introduced in July 2015;
- Waste and Leisure Contracts were both high profile. The initial problems with the waste contract being reorganised to a four day week had now stabilised with Biffa committing significant additional resources. They were still confident that their obligations would be fulfilled at the price tendered, which had been included with the MTFS. The Leisure Management Contract would be following a similar process to the waste contract. Although it appeared that the leisure contract would be unlikely with the required time frame, therefore further negotiations would be required and the MTFS would need to be kept under review;
- Transformation fund had been re-phased with £75,000 in 2015/16 and £75,000 in 2016/17 with the bulk being spent on a fixed term 18 month contract for additional resource. There was also the Invest to Save budget of £0.5m;
- DDF had a carry forward of £575,000, which represented a decrease of £107,000 on the £682,000 of slippage for 2013/14. The two largest carry forwards were the asset rationalisation programme of £111,000 and the Transformation project of £75,000. The financial forecast showed that nearly £1m of DDF would be available at by April 2020, although a financial update to the Cabinet regarding the Local Plan indicated that it would consume most of the funding;
- Revised MTFS showed that the four-year forecast had target levels of savings close to the policy of keeping the reserves above the 25% of the NBR. The net savings included were £150,000 for 2016/17 and 2017/18 and £350,000 for 2018/19 and 2019/20, which would give a total CSB figure for 2015/16 revised of £13.348m and 2016/17 of £13.003m. Therefore DDF expenditure was at £1.844m for the revised 2015/16 and £550,000 for 2016/17, which was likely to be used up in the medium term.
- Council Tax – There had been no mention of further incentives for local authorities to freeze the Council Tax for 2016/17. Therefore a 2.5% increase had been applied for 2016/17 and subsequent years.

In conclusion the Council remained in strong financial position as the overspend in 2014/15 had not been significant and the Council had substantial reserves. Following the General Election a greater political certainty had been created although there were a lot of funding and financial uncertainties for the Council. The Council would be awaiting the autumn spending review to find out where the £20 billion of savings were to come from and it had been clear that Local Government would be playing apart in the reduction of the deficit.

Councillor Patel commented on information he had received from a Chamber of Commerce regarding the 40% of business rates that authorities could keep, compared to the figures within the report. P Maddock advised that there was a difference between the 40% figure suggested and what the Council actually received. P Maddock advised that he would provide Members of committee with an explanation note on this matter.

There were still concerns over the final settlement figures on the business rate appeals and whether pooling had proved a success and whether the new leisure contract and the tender exercise of the market at North Weald would prove productive.

The Committee asked when further financial details would be available. P Maddock advised that it would hopefully be around November 2015, although the Finance Portfolio Holder, S Stavrou advised that how this effected the Council wouldn't be known till December 2015.

RESOLVED:

1. The Committee agreed to recommend to the Cabinet the establishment of a new budgetary framework including the setting of budget guidelines for 2016/17 covering:

(a) The Continuing Services Budget, including growth items;

(b) District Development Fund items;

(c) The use of surplus General Fund balances; and

(d) The District Council Tax for a Band 'D' property.

2. That a revised Medium Term Financial Strategy for the period to 2019/20, and the communication of the revised Medium Term Financial Strategy to staff, partners and other stakeholders be recommend to the Cabinet;

3. That a reduction in parish support, in line with the reduction in the central funding that the Council received be recommended to the Cabinet;

4. That P Maddock would provide the Committee Members with an explanatory note on the 40% business rates received by the Council.

16. ENERGY SAVINGS AND IMPROVED MANAGEMENT PROCESS UPDATE

The Assistant Director ICT and Facilities Management, D Newton introduced the progress update on energy savings and improved management processing. He advised that the management and payment of energy supplies had historically been spread across numerous Directorates and the information had become fragmented therefore an energy consultant, Smith Bellerby (SB) had been approached to produce an accurate consolidated database, identify potential savings and streamline working practices.

The Select Committee noted that;

- SB were energy cost reduction specialists;
- The invoice processing element alone utilised at least 2 weeks of a full time post each month which now took 3 hours to process;
- SB dealt directly with the energy companies on behalf of the Council;
- The largest savings were from gas and electric supplies changing to cheaper tariffs which resulted in anticipated saving of £13,000, a scope to reduce available capacity charges yielding £3,300 per year and two additional savings of £500 per year for meter operator and data collector contracts; and

- The majority of savings had been identified during the first year, however the use of SB for a further year would provide time savings and a conclusion to the numerous ongoing disputes.

The Select Committee were in agreement with the use of SB, although concerns were raised about whether the consultants would need to be used continuously. They were advised that costs associated with consultants would reduce because of the initial work carried out and it would have to be reviewed.

Councillor N Bedford asked whether the Invest to Save funding could be used. D Newton advised that he would look into it.

RESOLVED:

(1) That the progress made by the energy consultants, Smith Bellerby, with energy saving and data consolidation was noted; and
(2) That retaining Smith Bellerby for an additional year be recommended to the Cabinet.

17. CALL HANDLING

The Assistant Director ICT and Facilities Management, D Newton introduced a report on the first quarter for telephone monitoring statistics 2015/16, which included the percentage of abandoned calls and the number of calls sent directly to the voicemail system.

D Newton advised that the figures for quarter 1 had been skewed because of problems with the new waste contract, which had now settled down and certain figures needed to be removed as they were related to answer phone services.

The Committee asked for more detailed information regarding the departments, teams and issues that had affected the call rates, which should come back to the Committee.

RESOLVED:

That the telephone monitoring statistics for Quarter 1 - 2015/16 be noted.

18. CARELINE AND HOUSING RELATED CHARGES

The Director of Communities, A Hall introduced a report on a proposed Charging Plan for Housing Related Support (HRS) services.

The Committee noted that:

- HRS covers the Careline Service, Scheme Management Service and the provision of Intensive Housing Management;
- For 2015/16, the Council had increased the HRS charges by 50% of the amount that was expected to be required, in order to recover reductions in funding from Essex County Council (ECC) and for the service to become self funding;
- ECC had decided very late not to proceed with the planned reductions in funding in 2015/16, but because the charges had been increased and tenants affected had been advised they remained;

- The Housing Portfolio Holder had previously presented the Cabinet with 5 options on what action could be taken with the increased income, although even after increasing the charges for 2015/16, it had been noted that to provide the Scheme Management Service there had been a £50,250 deficit;
- The Council also relied on the HRS funding from ECC, which had been expected to reduce in 2016/17 and was likely to continue to reduce in further years;
- Therefore the Cabinet had previously decided that the Housing Portfolio Holder should produce a Charging Plan on how the HRS charges should be increased each year from April 2016 until the cost of the Scheme Management Service became self-funded and included the potential for annual reductions in funding from ECC;

Accordingly, the Housing Portfolio Holder reported on the Charging Plan that he intended to present to the next meeting of the Finance and Performance Management Cabinet Committee, and sought the views of the Select Committee on the proposals. The Epping Forest Tenants and Leaseholders Federation had considered the proposals the previous evening and had supported the Charging Plan and associated methodology.

The Housing Portfolio Holder, D Stallan advised that HRS services had been supported by the HRA for over 10 years and that there were other financial pressures on the HRA, therefore it was fairer for all, that the costs were spread over the users of the service.

Councillor J H Whitehouse asked what the difference was between residents on Housing Benefits (HB) and residents who paid; and whether it was fair, as the costs should really be spread fairly across all users of the service and that in most cases there was a very fine line between HB receipts and non HB receipts in this case. A Hall advised that the funding received from ECC was intended to support tenants in receipts of HB, hence the reason why such tenants were now being charged for HRS services, albeit at a much lower charge than those not in receipt of HB.

Councillor S Watson commented that it was a very good idea to spread the cost over a period of time in order to reduce the impact on residents.

RESOLVED:

That the Select Committee considered the proposals of the Housing Portfolio Holder for a Charging Plan for future charges in respect of the Housing Related Support (HRS) Support Services and recommends to the Finance and Performance Management Cabinet Committee:

(1) That the separate charges for the Council's Careline Service, Scheme Management Service and Intensive Housing Management Support be increased annually in accordance with the following principles:

(a) The expected amount of reduction in ECC funding for the forthcoming year should be added to the current service deficit (or subtracted from the current service surplus) - which was the total deficit/surplus to be recovered/repaid;

(b) The deficit for the Scheme Management Service should be recovered over a 10 year period and should therefore be divided by the number of years remaining between April 2016 and April 2026 - which was the service deficit to be recovered in the forthcoming year;

(c) Any deficit/surplus for the Careline Service should be recovered/repaid in the following year - which was the service deficit/surplus to be recovered/repaid in the forthcoming year;

(d) The prevailing level of annual pay increases, as calculated by the Office of National Statistics (ONS), should then be applied to the total current income received from current charges and added/deducted to/from the service deficit/surplus to be recovered/repaid, in the forthcoming year - this results in the total amount to be recovered/repaid in the forthcoming year;

(e) The total amount to be recovered/repaid should then be spread across service users, in the same proportions as currently, as follows:

- Scheme management and intensive housing management charges - Sheltered tenants and area tenants; and
- Careline charges – Council tenants and private users;

(f) The resultant monetary increase (but not the percentage increase) for those both in receipt and not in receipt of housing benefit should be the same;

(g) The increase for those not in receipt of housing benefit should be no more than 10% in any one year; and

(h) The methodology used to calculate the increases in accordance with the above principles should be as set out at Appendices 2 and 3;

(2) That only 50% of the expected ECC HRS funding reduction in 2016/17 was taken into account when calculating HRS charges for 2016/17; and

(3) Accordingly, using the above principle and the methodology at Appendices 2 and 3, the HRS charges for 2016/17 be set as follows:

<u>Careline</u>

Council tenants:	
Self-funders	- £3.60 per week
In receipt of housing benefit	- £0.55 per week
Private users	- £112 per annum

<u>Scheme Management</u>

Sheltered tenants:	
Self-funders	- £8.30 per week
In receipt of housing benefit	- £1.26 per week
Area tenants:	
Self-funders	- £2.09 per week
In receipt of housing benefit	- £0.32 per week

<u>Intensive Housing Management *(not paid by those in receipt of housing benefit)*</u>

Sheltered tenants	- £1.46 per week

Area tenants - £0.37 per week

19. FEES AND CHARGES 2016/17

The Assistant Director Accountancy, P Maddock introduced the report which provided details on the fees and charges that the Council levies and what scope, if any, there was to increase any particular charges. This was an annual report produced as part of the annual budget process.

It was noted that:

- The Medium Term Financial Strategy (MTFS) had identified the need for savings around £1m over the four year period with £150,000 falling in 2016/17, which was based on an assumed reductions in Government funding of 10% per annum;
- Increasing existing fees and charges was fairly limited and introducing charges where they were not levied was also limited;
- The traditional use of the September Retail Index (RPI) and Consumer Prices Index (CPI) had been widely used as a guide to inflation but it was thought that the Labour inflation rate was now more relevant as employee costs represented the largest element of the expenses, which was currently 2.8%.

The Director of Communities advised that the Tenants and Leaseholder Federation supported the proposed housing-related fees and charges for 2016/17, which were generally increased by the labour Inflation rates, which were currently 2.8%.

P Maddock advised that increasing fees for Building Control could be possible but as the service operated in a competitive market it had not been considered. The Governance and Performance Management Portfolio Holder, J Philip advised that the Council would be using Building Control for any business that the Council conducted as well.

Councillor K Angold-Stephens enquired whether the MOT costs could be more competitive to increase business. G Mohindra felt that this would be something that the Cabinet would have to look into.

Councillor K Angold-Stephens asked whether the charges for registered charities at the Limes Centre could be put into line with charges for Scale 1, which included Epping Forest House Residents on Income support/Housing benefits. G Mohindra suggested that this suggestion should be passed onto the Leisure and Community Services Portfolio Holder to consider and to comment on within the report on to the Finance and Performance Management Cabinet Committee.

RESOLVED:

(1) That the Committee agreed with the proposed level of fees and charges for 2016/17;
(2) That the Leisure and Community Wellbeing Portfolio Holder consider the charges at the Limes Centre for registered charities to included with Scale 1; and
(3) That the Environment Portfolio Holder be asked to consider a more competitive rate for MOT costs.

20. QUARTERLY FINANCIAL MONITORING

The Assistant Director Accountancy, P Maddock introduced the Quarterly Financial Monitoring reports on key areas of income and expenditure, proving a comparison between the original estimates for the period 1 April 2015 to 30 June 2015 and the actual expenditure or income applicable.

Revenue Budgets
It was noted that;

- The salaries schedule showed an underspend of £191,000 or 3.6%. The variance this time last year was 2.0% and an allowance of 1.5% had been allowed for but vacancies were running at a rather higher level with the exception of the Chief Executive showing a degree of underspend;
- Investment interest levels were slightly below expectations in the first quarter due to the payment made to Polofind for the land at Langston Road in July 2015 and for the second half of the financial year, when construction of the retail park commences;
- Development Control was continuing the recent upwards trend and was £118,000 above expectations by the end of July 2015. Fees and charges were £71,000 higher and pre-application charges were £15,000 higher than budgeted;
- Building Control income was £18,000 higher than the budgeted figure at the end of the first quarter with the ring-fenced account showing an in-year surplus of £34,000;
- Hackney Carriages income was £4,000 above expectations and other licensing activities were in line with the budget;
- Income from MOT's carried out by Fleet Operations was £3,000 above expectations, although the budget was expected to breakeven in 2015/16;
- Car Parking income was £51,000 below the estimate and based on the current information there could be a shortfall and it would need to be kept under review;
- Local Land Charges income was below expectations because of the reductions in searches undertaken which had continued from 2014/15 and would be kept under review;
- The new waste management contract recycling credits paid for dry recycling had been delayed and in order to reduce the administration time and speed up the payments times, it had been agreed that a fixed sum be paid. After initial difficulties with no payments being received in the first quarter the payments were now running smoothly; and
- The Housing Repairs Fund showed an underspend of £320,000, which was likely to be fully spent within the year.

Business rates
It was noted that;

- There were two aspects to monitor which were the changes in the rating lists and the cash collections;
- The NNDR1 form set out the non-domestic rate estimated for the year started with a gross yield of £41,552,448 which was then reduced by the various reliefs for charities and small businesses and an allowance for appeals to get to a net rate yield of £35,883,949. At the end of June 2015 the net rate yield had increased by £242,358 and as the Council retains 40% of the gains or losses this had meant an increase in funding of £96,943. However given outstanding appeals and a number of claims for small business rates and other reliefs being received, it had been expected that it would reverse; and

- The cash collections had collected a total of £10,334,743 and payments out were £8,538,069, which had meant that the Council held £1,796,674 of cash and therefore benefited from the effective collection of non-domestic rates.

RESOLVED:

That the revenue and capital financial monitoring report for the first quarter of 2015/16 be noted.

21. KEY PERFORMANCE INDICATORS - 2015/16 - QUARTER 1

The Assistant Director of Accountancy, P Maddock introduced the Key Performance Indicators 2015/16 for Quarter 1 Performance. The Committee noted the overall position for all KPI's at the end of Quarter 1 was as follows:

- 22 (61%) indicators achieved the target at the end of Quarter 1;
- 14 (39%) indicators had not achieved the target;
- 3 (8%) indicators performed within their tolerated amber margin; and
- 27 (75%) indicators were currently anticipated to achieve their cumulative year-end target.

Nine of the Key Performance Indicators fell within the Resources Select Committee's area of responsibility. The overall position with regards to the achievement of target performance at the end of Quarter 1 for these nine indicators was as follows:

- 6 (67%) – achieved the first quarter target;
- 3 (33%) – did not achieve the first quarter target;
- 1 (11%) – were within the tolerated amber margin; and
- 7 (78%) – were anticipated to achieve their cumulative year-end target.

P Maddock advised that KPI RES-002 – the percentage of invoices received and paid for within 30 days had improved to 96% and would probably meet the end of year target.

RESOLVED:

That the Committee noted the Quarter 1 Performance in relation to the Key Performance Indicators 2015/16.

22. REPORTS TO BE MADE TO THE NEXT MEETING OF THE OVERVIEW AND SCRUTINY COMMITTEE

The Committee noted that a general update would be going to the next O&S Committee.

23. FUTURE MEETINGS

The dates of the Select Committee's future meetings were noted.

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