

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** 10 December 2007

Place: Committee Room 1, Civic Offices, High Street, Epping **Time:** 6.30 - 7.15 pm

Members Present: C Whitbread (Chairman), M Cohen, Mrs D Collins, Mrs A Grigg and D Stallan

Other Councillors: D Jacobs

Apologies: Mrs M Sartin

Officers Present: P Haywood (Chief Executive), D Macnab (Deputy Chief Executive), I Willett (Assistant to the Chief Executive), R Palmer (Director of Finance and ICT), J Boreham (Assistant Public Relations and Information Officer), G J Woodhall (Democratic Services Officer), S Mitchell (PR Website Editor) and S G Hill (Senior Democratic Services Officer)

33. WEBCASTING INTRODUCTION

The Chairman made a short address to remind all present that the meeting would be broadcast on the Internet, and that the Council had adopted a protocol for the webcasting of its meetings.

34. MINUTES

RESOLVED:

That the minutes of the meeting held on 19 November 2007 be taken as read and signed by the Chairman as a correct record.

35. DECLARATIONS OF INTEREST

There were no declarations of interest pursuant to the Council's Code of Member Conduct.

36. PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2008-09 TO 2010-11

The Chairman had determined, in accordance with Section 100(B)(4)(b) of the Local Government Act 1972 and paragraphs (6) and (24) of the Council's Procedure Rules, that a report concerning the Provisional Local Government Finance Settlement for 2008-09 to 2010-11 could be considered as urgent business due to its effect upon the Draft General Fund Budget to be considered later in the meeting.

The Director of Finance and ICT reported that the Department of Communities and Local Government had announced the provisional Local Government Finance Settlement for the period 2008-09 to 2010-11 on Thursday 6 December 2007. The 'four block' system that had been introduced for the 2006-07 settlement had remained in place, however the model had been reviewed and the grants that had previously been paid separately for Waste Performance and Efficiency, Contaminated Land, New Conduct Regime, and Stray Dog Control were now included in the overall settlement. This had resulted in the Council's formula grant for 2007-08 being restated to £9,229,386. The provisional Formula Grants had given grant increases of only 1% (against the adjusted figure), 0.5% and 0.5% for the three years of the settlement, which had represented a poor settlement for the Council in comparison to the 9% and 6.2% increases granted in the preceding two years. The settlements were also below that which had been forecast for the next four years, resulting in a deficit in excess of £500,000 against the forecasted grant for 2010-11.

The Director of Finance and ICT advised that the total amount of finance available to the Council for 2008-09, assuming a 2.5% increase in the Council Tax, would now be £17.009million. The current estimated Continuing Services Budget expenditure for 2008-09 was £16.503million, which was within the agreed budget guideline of £17.314million. However, as the budget guideline now exceeded the funding available, the Cabinet Committee had been advised to consider a reduction in the guideline to £16.8million. It was agreed that the effects of the Provisional Local Government Finance Settlement would be considered when the draft General Fund Budget was considered later in the meeting.

The Director of Finance and ICT explained that the Floor Damping Block ensured a minimum grant increase for all authorities. However, with the Council's floor support reducing to £36,000 by 2010-11, it would in real terms be effectively removed. The fluctuations in the Council's Formula Grant had been difficult to comprehend, and required the re-issue of the Medium-Term Financial Forecast. The Cabinet Committee was disappointed that the continual changing of the formula by the Government made financial planning for the future by the Council extremely difficult.

RESOLVED:

- (1) That the details of the Provisional Local Government Finance Settlement for the period 2008-09 to 2010-11 be noted; and
- (2) That the effects of the Settlement upon the Draft General Fund Budget for 2008-09 be considered under item 7 of the agenda.

37. NATIONAL FRAUD INITIATIVE - SUPPLY OF ELECTORAL REGISTER

The Electoral Registration Officer presented a report concerning the request by the Audit Commission for the Council to supply a copy of the Electoral Register as part of the National Fraud Initiative. The Cabinet Committee was informed that the Audit Commission had requested an electronic copy of the electoral register from each District Council as part of the National Fraud Initiative. The intention was to crosscheck those persons claiming Council Tax discounts or Housing Benefit in order to identify any possible cases of fraud. The request was presented to Councils as pertaining to information that the Commission was entitled to under the Audit Commission Act 1998. However, the request had provoked considerable controversy. Many Councils had complied with the request but a number had not, supported by the Association of Electoral Administrators and the legal opinions of numerous Monitoring Officers due to the possible conflict with the Representation of the People Regulations 2001. Other issues had also arisen, including:

- (i) the need to give Council Tax payers notice under the fair processing rules;
- (ii) possible conflicts with the Data Protection and Human Rights Acts;
- (iii) electors who had specified that their personal data should not appear in the published register; and
- (iv) the position of the Council as custodian of the register rather than the Electoral Registration Officer to whom the request had been addressed.

The Electoral Registration Officer added that the Corporate Governance Group had considered the issue at its meeting held on 3 October 2007, where reservations had been expressed about the legal basis under which the register was to be supplied to the Audit Commission. The Corporate Governance Group agreed to refuse the request and the Chief Internal Auditor wrote a letter dated 15 October 2007 to the Audit Commission explaining the Council's position. The Cabinet Committee was reassured that the Council was participating fully in all other aspects of the National Fraud Initiative and remained committed to anti-fraud measures.

RESOLVED:

- (1) That the response of the Corporate Governance Group, the Electoral Registration Officer and the Monitoring Officer to not supply the details of the electoral Register to the data matching National Fraud Initiative of the Audit Commission be noted; and
- (2) That the Corporate Governance Group be requested to review the situation and report back to the Cabinet Committee when necessary.

38. DRAFT GENERAL FUND BUDGET SUMMARY

The Director of Finance and ICT presented a report regarding the Draft General Fund Budget Summary, including the Continuing Services Budget (CSB) and District Development Fund (DDF) lists. The Cabinet Committee were informed that the current CSB growth list revealed net savings of £171,000 for 2008-09, to give a total budgeted expenditure of £16.5million. As the ceiling for the CSB had previously been set at £17.314million, the draft budget was currently within the Council's limit. Following the small increase in the Formula Grant for the Council announced by the Government last week, as considered earlier in the meeting, it had been recommended that the current CSB ceiling of £17.314million be reduced to £16.8million. Even with this proposed reduction, it was felt that the CSB target for 2008-09 should still be achieved.

The Director of Finance and ICT reported that the current DDF budget had estimated expenditure of £822,000. The ceiling for DDF expenditure for 2008-09 had been set at £186,000 with an estimated net DDF expenditure for 2007-08 of £1,679million. However, the DDF programme had been reviewed and a number of items had now been re-profiled, with an estimated reduction in expenditure for 2007-08 of £701,000. Thus, DDF expenditure for 2008-09 could not be contained within the original target of £186,000, and it was proposed to amend the target for 2008-09 to net DDF expenditure of not greater than £1million.

The Director of Finance and ICT advised the Cabinet Committee that the previous budget guideline of aligning balances to the Council's net budget requirement, and that balances should not be permitted to fall lower than 25% of this requirement

should remain, along with target of increasing the District Council Tax by no more than the rate of increase of the Retail Price Index. The Cabinet Committee were requested to recommend that the items listed in the CSB and DDF schedules be included in the revenue budgets for 2008-09, subject to any additional late growth bids or further savings being necessary.

In response to questions from the Cabinet Committee, the Director of Finance and ICT highlighted that the additional investment income earned by the Council had been prudently split such that £312,000 had been allocated to the DDF budget, with only £102,000 allocated to the CSB budget. The Cabinet Committee were also informed that the Council had invested funds in Northern Rock, however all but one of the term deals had matured and the payments had been honoured. The Cabinet Committee were reassured that Butlers, the Council's Treasury Management advisors, used three separate credit rating agencies when advising the Council upon how to maximise its investment income without putting funds at risk.

RECOMMENDED:

- (1) That the previously agreed budget guidelines be amended as follows:
 - (a) the ceiling for Continuing Services Budget net expenditure for 2008-09 be no more than £16.8million, including net growth;
 - (b) the ceiling for District Development Fund net expenditure for 2008-09 be no more than £1million;
 - (c) balances be aligned to the Council's net budget requirement and be allowed to fall no lower than 25% of the net budget requirement; and
 - (d) the District Council Tax be increased by no more than the rate of increase in the Retail Price Index; and
- (2) That, subject to any additional late growth bids or further savings being necessary, the items listed in the CSB and DDF schedules reported to the Cabinet Committee be included in the revenue budgets for 2008-09.

CHAIRMAN