

## **EPPING FOREST DISTRICT COUNCIL CABINET MINUTES**

**Committee:** Cabinet **Date:** 18 July 2011

**Place:** Council Chamber, Civic Offices, High Street, Epping **Time:** 7.00 - 8.05 pm

**Members Present:** Mrs L Wagland (Chairman), J Philip (Vice-Chairman), Mrs R Gadsby, Mrs M McEwen, G Mohindra, Mrs P Smith and J Wyatt

**Other Councillors:** R Barrett, R Bassett, Ms R Brookes, K Chana, D C Johnson, S Murray, D Stallan, Ms S Watson, C Whitbread and D Wixley

**Apologies:** J Knapman

**Officers Present:** D Macnab (Acting Chief Executive), I Willett (Assistant to the Chief Executive), A Hall (Director of Housing), C O'Boyle (Director of Corporate Support Services), R Palmer (Director of Finance and ICT), K Durrani (Assistant Director (Technical)), T Carne (Public Relations and Marketing Officer), S G Hill (Senior Democratic Services Officer) and G J Woodhall (Democratic Services Officer)

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### **16. 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.

### **17. DECLARATIONS OF INTEREST**

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

### **18. MINUTES**

#### **Resolved:**

(1) That the minutes of the meeting held on 6 June 2011 be taken as read and signed by the Chairman as a correct record.

### **19. REPORTS OF PORTFOLIO HOLDERS**

There were no verbal reports from the Portfolio Holders in attendance.

### **20. PUBLIC QUESTIONS**

There had been no questions received from members of the public for the Cabinet to consider.

### **21. OVERVIEW AND SCRUTINY**

The Chairman of the Overview and Scrutiny Committee reported that the following items of business had been considered at its meeting held on 12 July 2011:

- (a) a presentation from London Underground regarding their plans for refurbishing the stations and tracks in the District and their plans for the period of the Olympic Games next year;
- (b) a report on the Lee Valley Regional Park Authority and the legacy benefits for the District from the Olympic and Paralympic Games next year; and
- (c) three reports from the Constitution & Member Services Scrutiny Panel concerning:
  - (i) a review of the Referendum and Local Elections earlier this year;
  - (ii) a revision of the jurisdiction of the Members Complaint Panel; and
  - (iii) an amendment to the Member Substitution rules allowing for substitutes to be nominated up to 60 minutes before the start of the meeting.

The Cabinet's agenda was reviewed but there were no specific issues identified on any of the items for consideration.

## **22. LOCAL DEVELOPMENT FRAMEWORK CABINET COMMITTEE - 13 JUNE 2011**

The Leader of the Council presented the minutes from the meeting of the Local Development Framework Cabinet Committee held on 13 June 2011. The Cabinet noted that no recommendations had been made at this meeting.

### **Decision:**

- (1) That the minutes of the meeting of the Local Development Framework Cabinet Committee, held on 13 June 2011, be noted.

### **Reasons for Decision:**

The Constitution required that Cabinet Committees reported the minutes of their meetings to the next available meeting of the Cabinet.

### **Other Options Considered and Rejected:**

As there were no specific recommendations for the Cabinet to consider, there were no other options for action.

## **23. FINANCE & PERFORMANCE MANAGEMENT CABINET COMMITTEE - 20 JUNE 2011**

The Portfolio Holder for Finance & Economic Development presented the minutes from the recent meeting of the Finance & Performance Management Cabinet Committee held on 20 June 2011. The Cabinet Committee had made recommendations to the Cabinet regarding: Amendments to the Corporate Risk Register; the provisional Capital Outturn for 2010/11; and the Provisional Revenue Outturn for 2010/11. Other issues considered by the Cabinet Committee had included: the Key Performance Indicators outturn for 2010/11; the Sundry Income & Debt Policy and Sundry Debtors Performance Indicators; and a Government consultation upon the future of local public audit.

The Leader of the Council added that, in respect of the Sundry Income & Debt Policy, a Magistrates Court could not deal with civil debts, only statutory debts, so the Council had no option but to use either the County Court or the High Court.

**Decision:**

Risk Management – Corporate Risk Register

- (1) That the review of risk 9, Depot Accommodation, by the Risk Management Group and the Corporate Governance Group and their conclusion that the score should be reduced to 'Low Likelihood, Critical Impact' (D2) be agreed;
- (2) That a new risk 36, North Weald Airfield Bund, be added to the Corporate Risk Register and be scored as 'Low Likelihood, Marginal Impact' (D3);
- (3) That the potential risks arising from the Council not agreeing and implementing a Local Development Framework be reviewed and added to the Corporate Risk Register;
- (4) That the Required Management Action for risk 17, Significant Amounts of Capital Receipts Spent on Non Revenue Generating Assets be updated;
- (5) That the entry for risk 29, Gypsy and Traveller Provision, be reviewed and amended to reflect the current situation;
- (6) That the entry for risk 8, Business Continuity Management, be reviewed and expanded to incorporate further risks arising from the recent exercise, including the 40-day recovery period for the Council's ICT systems;
- (7) That the current tolerance line on the risk matrix be considered satisfactory and not be amended; and
- (8) That, incorporating the above agreed changes, the amended Corporate Risk Register be approved;

Provisional Capital Outturn 2010/11

- (9) That the provisional outturn report for 2010/11 be noted;
- (10) That the over and underspends on certain capital schemes in 2010/11, as identified within the report, be retrospectively approved;
- (11) That the carry forward of unspent capital estimates relating to schemes upon which slippage had occurred be approved; and
- (12) That the funding of the capital programme in 2010/11 be retrospectively approved; and

Provisional Revenue Outturn 2010/11

- (13) That the following District Development Fund allocations carried forward into 2011/12 from the previous year be deleted:
  - (a) Essential Works to the Civic Offices - £5,000 agreed in 2005;
  - (b) Local Development Framework - £19,000 agreed in 2007; and

(c) Improvements Grant for Waltham Abbey Town Council - £6,000 agreed in 2007; and

(14) That a report be submitted to the next scheduled meeting of the Cabinet Committee regarding the £23,000 allocation for Remedial Works to Principal Ordinary Watercourses agreed in 2006.

**Reasons for Decision:**

The Cabinet was satisfied that the Cabinet Committee had fully addressed all the relevant issues in relation to the recommendations and that these should be endorsed.

**Other Options Considered and Rejected:**

The Cabinet was satisfied that the Cabinet Committee had considered all the relevant options in formulating their recommendations. The Cabinet did not consider that there were any further options.

**24. SELF-FINANCING FOR THE HOUSING REVENUE ACCOUNT**

The Portfolio Holder for Finance & Economic Development presented a report on self-financing for the Housing Revenue Account, as proposed by the Government.

The Portfolio Holder reminded the Cabinet that it had agreed a revised Treasury Management Strategy at its previous meeting to allow the Council to borrow up to £200million, the first step in the Housing Revenue Account (HRA) becoming self-financed. However, before determining the exact nature of the loans the Council would take on as part of the change to self financing for the HRA, the Cabinet was requested to re-confirm its previous decision, in principle, to commence a new affordable house-building programme on Council-owned HRA land, subject to further detailed financial appraisals confirming the viability of such a programme.

The Portfolio Holder stated that local authority borrowing had traditionally been financed through the Public Works Loans Board (PWLB), as it had been the cheapest source of finance available to councils. However, it might now be possible to obtain cheaper funding from issuing bonds, either by means of a public bond issue or through a private placement. For any bond to be attractive to the financial markets, and in order to obtain the best possible interest rates, the Council would need to have a credit rating.

The Portfolio Holder concluded that borrowing up to £200million would be the largest and most complex financial transaction for the Council. In making recommendations about the borrowing, it was essential that the work of Officers was supported by specialist consultancy and treasury management advice. The 2011/12 HRA budgets did not include funds for either obtaining a credit rating or external advice and so a supplementary estimate in the sum of £50,000 had been requested for recommending to the Council at its next meeting.

In response to questions from the Members present, the Portfolio Holder added that the Department of Communities & Local Government had been lobbied by the Council and were aware of the Council's concerns about the possible impact of these proposals upon the General Fund. It was imperative that the General Fund was not heavily impacted by these measures and the Government intended to respond to the Council's concerns in the autumn. The aim of the report was to give the Council the

maximum possible flexibility, and it was believed that Pension Funds would purchase any bonds issued by the Council, although the option of a loan from PWLB was also available. The Portfolio Holder acknowledged that the Council did not have a guarantee that the Government would not ask for further monies once its estimated debt allocation of £180million had been paid off. The Portfolio Holder was willing to submit a further report detailing the credentials of the Council's treasury management advisors Arlingclose and Consult CIH, the consulting and business support division of the Chartered Institute of Housing, to allay the Cabinet's concerns if necessary.

The Cabinet was concerned that it did not have enough information available in the report to agree the amount of funding to be allocated to house building at this stage and to consider whether this should be financed from borrowing alone or through surpluses generated by the HRA. Therefore, it was agreed that this should be the subject of a further, detailed report to the Cabinet at a future meeting before any firm decisions were taken.

**Decision:**

- (1) That the Cabinet's previous decision, in principle, to commence a new affordable house-building programme once the Housing Revenue Account (HRA) had moved to a self-financing basis be confirmed, subject to financial appraisals confirming the viability of such a programme;
- (2) That the agreement in principle of the potential amount of resource to be allocated to house building, and whether this should be financed from borrowing or through surpluses generated on the HRA, be subject to the consideration of a further report to the Cabinet;
- (3) That the Housing Scrutiny Panel be requested to consider the detailed issues relating to the feasibility of undertaking and the best way of implementing such a house-building programme and to make recommendations to the Cabinet accordingly;
- (4) That, as part of the borrowing process, a credit rating be obtained for the Council;
- (5) That in order to cover additional consultancy and treasury management advice and the initial cost of obtaining a credit rating:
  - (a) a supplementary Housing Revenue Account revenue estimate in the sum of £50,000 be recommended to the Council for approval; and
  - (b) the requirements of Contract Standing Orders C3 and C4 be waived.

**Reason for Decision:**

A decision was needed on the commencement of any house-building programme, to inform subsequent decisions on the size and composition of the Council's loan portfolio.

To give the Council the greatest range of options for borrowing and to obtain the borrowing at the cheapest rate, it was necessary to obtain a credit rating. Having a credit rating would improve investor confidence and make any bonds issued by the Council more attractive.

To provide Officers with the appropriate external advice when making recommendations to the Cabinet of such financial significance to the Council.

**Other Options Considered and Rejected:**

To not undertake a new house-building programme.

To agree a maximum cost of any programme, for example £10 million.

To finance the programme either from additional borrowing at the start of self-financing or through surpluses generated by the HRA.

To not obtain a credit rating and to minimise the use of external advisers, however this would be unlikely to secure the best possible outcomes for the Council.

**25. FLEET OPERATIONS - NEW EQUIPMENT**

The Portfolio Holder for Support Services introduced a report regarding the purchase of new equipment for Fleet Operations.

The Cabinet was reminded that Fleet Operations, based at the Langston Road depot, was responsible for maintaining, servicing and repairing the Council's fleet vehicles, carrying out taxi and private hire vehicle inspections and was also a registered vehicle testing station (VTS) with the Vehicle and Operator Services Agency (VOSA). MoT testing was undertaken for a number of local franchised car dealerships and small local garages, as well as staff, Councillors and the public. In 2010/11, the service made an operating surplus of £85,544.

The Portfolio Holder declared that an average of 20 tests per week were being turned away because of a lack of capacity, which represented a potential £46,000 loss of income per annum. Therefore, it was proposed to invest in a new lift/ramp and ancillary equipment to provide an additional bay for MoT tests, at an estimated cost of £24,000. There would be no additional staffing costs associated with the proposal, and the equipment would be easily transportable to the new depot on Oakwood Hill Industrial Estate.

The Portfolio Holder added that the cost of moving the new lift in isolation to the new depot at Oakwood Hill had been estimated at £5,400; this cost would be reduced if all the lifts were moved at the same time. A total estimated cost of the move had not yet been calculated.

**Resolved:**

(1) That a supplementary Capital estimate in the sum of £24,000 for 2011/12 for the purchase of a new vehicle lift and ancillary equipment to increase capacity for undertaking MoT Tests by Fleet Operations be recommended to the Council for approval.

**Reasons for Decision:**

To increase the capacity for undertaking MoT tests, which would in turn generate more income for the Council.

**Other Options Considered and Rejected:**

To do nothing, however this would result in work being regularly refused due to

insufficient capacity and a resultant loss of income.

**26. TRANSFER OF THE COUNCIL'S FLOOD WARNING SYSTEMS TO THE ENVIRONMENT AGENCY**

In the absence of the Environment Portfolio Holder, the Leader of the Council presented a report concerning the proposed transfer of the Council's flood warning telemetry systems to the Environment Agency.

The Leader reported that the Environment Agency was the national authority responsible for managing flood risk in England and Wales and, as such, had a network of flood warning telemetry systems in place around the country and a team of specialists to frequently monitor the systems. In addition, the Agency had staff and contractors who were able to respond in times of flooding. The Agency was in the process of renewing all of the telemetry systems and considered it sensible to include the systems currently operated and managed by the Council. The Agency had proposed to incorporate the four Council monitored sites into their national network and to take over the upgrading, operation, maintenance and monitoring of the flood warning systems. The Agency would upgrade the systems to a modern standard, which should produce an improvement to flood risk management at the sites.

The Leader added that the Agency was unable to guarantee future funding levels, and if insufficient funding was available in future years, the responsibility for the systems would revert back to the Council. The Agency was not seeking any financial contributions from the Council at the current time for the updating of and transfer of the systems. It was still intended for the Council to retain the emergency flooding out-of-hours standby service to enable it to respond to local flooding incidents within the District.

The Assistant Director (Technical) added that the proposal was only concerned with the four reservoirs within the District, whereas the out-of-hours standby service could respond to all possible flooding incidents within the District. Officers had requested a dual warning system be set up that would inform both the Agency and the Council of any incidents, but this proposal had been refused.

The Cabinet expressed concern about the proposals, and particularly the notification of incidents by the Agency to the Council. The speed of response to flooding incidents was very important and that there had been previous incidents in the District when the Agency had not responded particularly promptly. Whilst agreeing to the proposals, the Assistant Director (Technical) was requested to write to the Environment Agency and inform them of the Cabinet's concerns regarding the lack of access to the telemetry systems, the slow response by the Agency to some of the previous flooding incidents within the District and the Council's own out-of-hours standby service would provide a valuable local resource that the Agency could utilise.

**Decision:**

(1) That the transfer of the Council's flood warning telemetry systems, associated maintenance and monitoring activities to the Environment Agency, including appropriate protocols for the Agency to inform the Council when a flood alarm was raised by these systems be agreed;

(2) That the retention of the emergency flooding out-of-hours standby service to enable the Council to respond to local flooding incidents within the District be noted; and

(3) That the Assistant Director (Technical) be authorised to write to the Environment Agency to express the following concerns of the Cabinet:

- (a) the lack of access to telemetry systems for Council Officers;
- (b) the strength of feeling over the lack of a prompt response by the Agency to previous flooding incidents within the District; and
- (c) the Council would provide a valuable local presence which the Agency should utilise.

**Reason for Decision:**

The Council's current systems were nearing the end of their design lifespan and upgrading was required. The transfer of the systems to the EA at this time would remove the need to spend money on upgrading the existing systems.

**Other Options Considered and Rejected:**

To refuse the offer of the transfer, however the systems were in need of a significant upgrade in the very near future with estimates in the range of £10,000-£20,000 for upgrading of all the sites.

To discontinue the out-of-hours standby service and realise a saving of up to £9,500 per annum, however this would mean that the Council would not be able to provide assistance to the public during any flooding incident that the Agency could not respond to, and would contravene the Council's duties under the Civil Contingencies Act 2004.

**27. RE-ALLOCATION OF EXISTING WASTE AND RECYCLING BUDGETS**

In the absence of the Environment Portfolio Holder, the Leader of the Council presented a report on the reallocation of existing Waste and Recycling budgets.

The Portfolio Holder reminded the Cabinet that the Council had first introduced wheeled bins for refuse collection in 2005. Additional wheeled bins and containers had been introduced in 2009 for the collection of food and garden recycling. Wheeled bins were expected to last at least seven years before requiring replacement, however they could become damaged sooner. On some occasions, the damage was minor and repairable, for example the bin lid could break or a wheel could come off, and in such instances a repair was more cost effective than replacement.

The Portfolio Holder stated that currently all necessary repairs and replacements were carried out by swapping usable parts from damaged bins. However, this was now proving difficult as the number of bins requiring repairs was continually increasing. An ongoing budget provision to purchase spare parts for repairing damaged bins would enable the reuse of damaged wheeled bins and extend the life of the Council's wheeled bin stock. An underspend had been identified in the existing Waste Management Publicity Budget and a reallocation of £10,000 from this budget would enable the provision of the bin repair service.

**Decision:**

(1) That the reallocation of £10,000 from existing publicity budgets within the waste service for the purchase of spare parts to repair damaged wheeled bins where possible, and purchase new bins where not, be agreed.



**Reasons for Decision:**

To enable the reuse of wheeled bins that suffer minor damage.

**Other Options Considered and Rejected:**

To not carry out repairs, discard slightly damaged bins and replace them with new ones, however this would result in the Council incurring significant financial costs. Similarly to not buy new replacement bins from the same manufacturer, where repair was not possible, would make it difficult to reuse parts of damaged bins.

To not purchase spare parts from the same manufacturer and try to fit parts made by other suppliers would result in additional costs due to time lost in attempting to fit incompatible parts.

**28. SPRINGFIELDS IMPROVEMENT SCHEME - FINAL ACCOUNT**

A report on the Final Account for the Springfields Improvement Scheme was introduced by the Housing Portfolio Holder.

The Portfolio Holder reminded the Cabinet that it had agreed in July 2007 to enter into a contract with Apollo London Ltd to undertake a major improvement scheme at Springfields in Waltham Abbey. Since then, the Cabinet had received regular quarterly progress reports until October 2009, when it was reported that practical completion had been achieved. The Final Account for the scheme had now been prepared and showed an overall saving of £40,000 against the approved budget of £4.524million.

The Portfolio Holder stated that it was also a requirement of Contract Standing Orders that for all contracts in excess of £1million, a post contract review be undertaken to understand any lessons that the Council might learn for future contracts. The review had identified two lessons:

(i) the original contingency allocation represented 1.5% of the contract value, whereas it had become apparent that a contingency allocation of 5% would have been more appropriate; and

(ii) the contract had been let on a partnering basis that did not allow for payment deductions if the contractor failed to complete the work in time, which could have been of benefit with the need to keep the contract period to a minimum so as not to disrupt the residents unnecessarily.

The Cabinet noted that the contract had been completed on budget and the lessons from the contract review. It was highlighted that a partner contract could be considered again in the future for such a project but with stricter criteria. The Director of Housing explained that the cost to leaseholders of the works would have been expensive, hence the Council's offer to buy the properties back with the option for the leaseholder to remain as a tenant; only one leaseholder did not take up the Council's offer.

**Decision:**

(1) That, in accordance with Contract Standing Orders, the agreement of the Final Account for the Springfields Improvement Scheme in the sum of £3.66million,

which was £40,000 below the budget previously agreed by the Cabinet, be noted; and

(2) That the lessons learnt from the post contract review, regarding the level of contingency to be allocated and the most appropriate form of contract to be used for large and complex refurbishment projects be noted.

**Reasons for Decision:**

To satisfy the requirements of Contract Standing Orders and note the outcome of the Final Account and the project review.

**Other Options Considered and Rejected:**

There were no other options for action.

**29. ANY OTHER BUSINESS**

There was no other urgent business for the Cabinet to consider.

**30. EXCLUSION OF PUBLIC AND PRESS**

**Resolved:**

(1) That, in accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the item of business set out below as it would involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12(A) of the Act indicated and the exemption is considered to outweigh the potential public interest in disclosing the information:

<u>Agenda Item</u>	<u>Subject</u>	<u>Exempt Information Paragraphs</u>
17	Post CEV06T Graduate Surveyor	1 & 2

**31. ESTATES & VALUATION SECTION - POST CEV06T GRADUATE SURVEYOR**

The Portfolio Holder for Finance & Economic Development presented a report concerning the Graduate Surveyor post.

The Portfolio Holder reported that a full time appointment was made to the Graduate Surveyor post in July 2009 for a temporary period of 2 years. The post holder, under supervision, had undertaken a mixed and increasing case load of rent reviews, lease renewals and other work associated with managing the commercial and operational portfolios, and was currently responsible for a mixed portfolio of 111 properties generating income in excess of £1million per annum. The post holder had made excellent progress with his studies and would sit the final examination for his Royal Institute of Chartered Surveyors (RICS) qualification in October 2011. The current temporary contract had been extended until August 2011.

The Portfolio Holder stated that It was proposed to convert the Graduate Surveyor post CEV06T into a full time permanent post of Valuer and Estates Surveyor on a career grade spanning salary grades 5 to 8. This would be funded by virements of £13,120 from savings in the continuing services budget for Local Land Charges, and a further £1,000 saving in the salary budget for Fleet Operations. The post holder

would be appointed to the permanent post on a career grade commensurate with his experience and qualifications.

**Decision:**

- (1) That post CEV06T Graduate Surveyor be converted into a full time permanent post of Valuer and Estates Surveyor on a career grade spanning salary grades 5 to 8;
- (2) That a virement of £13,120 from the Continuing Services Budget for Local Land Charges to the Continuing Services Budget for Estates and Valuation be approved to fund the additional salary cost required;
- (3) That a virement of £1,000 from the Continuing Services Budget for Fleet Operations to the Continuing Services Budget for Estates and Valuation be approved to fund the additional salary cost required; and
- (4) That the current holder of post CEV06T be assimilated into the permanent post with immediate effect at a point on the career grade commensurate with his experience and qualifications.

**Reasons for Decision:**

To maintain the required staff resource in this key area of the Council's operations.

To capitalise on the investment the Council had made in assisting the current post holder to work towards achieving his RICS qualification during 2011.

To create a post qualification career path for the current post holder and to provide flexibility for the future should the post become vacant to be able to consider a range of candidates for appointment at a commensurate point within the career grade dependent on qualifications and experience.

**Other Options Considered and Rejected:**

To leave the post as it was, however this would mean that the post holder when reaching the end of his temporary contract in August 2011 would leave the Council's employ and the Council would have lost the benefit of the investment it had made in providing post graduate work experience and assistance with training to achieve an RICS qualification. The Council would seek to engage another graduate trainee on a temporary contract and start the process again.

To revert the post back to a part-time post of 21.6 hours per week on the same grade as the existing Valuers and Estate Surveyors, however this proved to be a difficult post to fill and for over a year had to be covered by an agency placement at significant extra cost.

**CHAIRMAN**