

Minutes

Cabinet

10th September 2018



These minutes principally record decisions taken and, where appropriate, the reasons for the decisions. A webcast of the meeting is available at www.braintree.gov.uk.

Present:

Portfolio	Cabinet Member	Present
Leader of the Council	Councillor G Butland	Yes
Deputy Leader of the Council	Councillor Mrs W Schmitt	Apologies
Environment and Place	Councillor R van Dulken	Apologies
Planning and Housing	Councillor Mrs L Bowers-Flint	Yes
	Councillor Mrs G Spray	Apologies
Economic Development	Councillor T Cunningham	Yes
	Councillor K Bowers	Yes
Health and Communities	Councillor P Tattersley	Yes
	Councillor F Ricci	Yes
Finance and Performance	Councillor D Bebb	Yes
Corporate Services and Asset Management	Councillor J McKee	Yes

Also present as invitees of the Leader:

Councillor Barlow, Chairman of the Overview and Scrutiny Committee
Councillor Mann, Representative of the Labour Group
Councillor Mrs Pell, Leader of Halstead Residents Association

Councillor Schwier was also in attendance.

24 **DECLARATIONS OF INTEREST**

INFORMATION: There were no interests declared.

25 **MINUTES**

DECISION: That the Minutes of the meeting of the Cabinet held on 9th July 2018 be approved as a correct record and signed by the Chairman.

26 **QUESTION TIME**

INFORMATION: There were no statements made.

STRATEGIC INVESTMENT TEAM – PERMANENT STRUCTURE RESOURCE PROPOSAL

INFORMATION: Consideration was given to a report on the portfolio of projects identified and developed by the Strategic Investment Team.

Members were informed that a permanent structure was required to be put in place of the current transitional staffing arrangement, which would ensure that the Team had sufficient capacity and dexterity in order to deliver the Council's ambitious capital projects within the stated time frame and budget, and to a high standard.

It was advised that the proposed permanent Team would include a mixture of permanent staff for the purposes of continuity and knowledge retention. Temporary consultant staff would cover short term contracts and any skill gaps that could arise. In total, the number of Full-Time Equivalent staff (FTE) would increase to 7.6.

Members were informed that a net additional budget of £2,710,700 was needed in addition to the current approved budget of £737,960 over a four-year period, 2019 to 2023. The increase would help enable the Team to recruit the required number of permanent staff in a market where the need for specialist staff was highly competitive. It was recommended that the additional funding was allocated in part from recharges to capital and the Housing Development Company, a figure of £719,477, and also from the unallocated New Homes Bonus, a figure of £1,991,223. The Authority recognised that a premium would be needed to attract the appropriate staff, and the proposed budget included the anticipated costs of employing recruitment consultants, in addition to the required salary levels.

It was reported that current projects being developed by the Strategic Investment Team included the Manor Street Regeneration Project, the establishment of a Housing Development Company (DevCo), the Great Notley Employment Site (GNES), Witham Enterprise Centre, I-Construct Innovation Centre, the Millennium Way Slip Roads and the identified housing sites. To ensure that sufficient, non-aligned resources were available to identify and progress further commercial opportunities, it was proposed that the current projects be allotted into six key areas of work; Officer and Member engagement, the Manor Street Project, GNES and Commercial, establishment of DevCo and site development, Section 106 opportunities and Infrastructure.

In order to support feasibility work and specialist consultancy services, the Strategic Investment Team budget would include £200,000 per annum to allow the team to exploit new opportunities in advance of formal approvals. The proposed budget also encompassed an allowance of £100,000 to support wider anticipated Council resources. It was added that the £100,000 budget would be managed by the Corporate Director for Resources.

In response to a concern raised about the recruitment of staff from external parties, Members were advised that the Council was becoming increasingly commercial with regard to its development, and job posts intended to help facilitate projects, such as the Manor Street Regeneration, were often being extended to support other initiatives as well.

DECISION:

That Cabinet **Recommends to Full Council:**

- (1) That the budget increase over a four year period, 2019/2023 of £2,710,700 for the Strategic Investment Team be approved as detailed in the report.
- (2) That funding be provided from an allocation of £1,991,223 from the unallocated New Homes Bonus and the balance of £719,477 be capitalised and recharged to the Housing Development Company.

REASON FOR DECISION: To enable the recruitment of permanent staff to the Strategic Investment Team's new structure, which will enable the delivery of a wide range of capital projects delivering both capital and revenue income to the Council.

28 ****HOMELESSNESS STRATEGY 2018-2023**

Minutes Published: 18 th September 2018 Call-in Expires: 27 th September 2018
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INFORMATION: Members were asked to consider the new Homelessness Strategy for the period 2018-2023. The Strategy had been composed by the Housing Team in order to take into account the new Homelessness Reduction Act 2017, which came into force in April 2018.

Members were informed that all Local Housing Authorities were required to implement a homelessness review and to formulate and publish a strategy. The new Strategy specified the current resources and expenditure available to the organisation and that the Council was to receive £368,944 in 2018/19 as part of the Flexible Homelessness Support Grant, and in 2019/20 an amount of £103,072 in respect of the New Burdens Grant would also be provided. Additional expenditure revolved largely around staffing which would help to ensure compliance with the new Strategy at an estimated cost of £201,140 in 2018/19 and £237,910 in 2019/20. The possibility of grant funding for the period 2020/21 onwards was to be determined further to the outcome of the Government's 2019 Spending Review, and this position would be reviewed during the 2020/21 budget setting process.

DECISION:

- (1) That the Homelessness Strategy be approved for the period 2018-2023 and published on the Council's website.
- (2) That the accompanying Action Plan be adopted and its actions monitored as set out in the document.
- (3) That the Equalities Impact Assessment be noted and published with the Strategy.

REASON FOR DECISION: To prevent and alleviate homelessness in the Braintree District and to meet the requirements of the Homelessness Reduction Act 2017.

MEDIUM-TERM FINANCIAL STRATEGY 2018-19 TO 2021-22

INFORMATION: Councillor Bebb, Cabinet Member for Finance and Performance, introduced the report to Members and underlined the following information.

The Medium Term Financial Strategy (MTFS) for the period 2018/19 to 2021/22 was agreed by Full Council on 19th February 2018. The projected total shortfall in February 2018 for the MTFS over the three-year period was £0.928million. This was based on savings and additional income identified to be delivered over the period; increases in the level of Council Tax after 2019/20 were based on the previous maximum of 2% and provisional Settlement Funding Assessments (SFA) figures for the period 2019/20 that were announced by the Government. The projected shortfall for 2019/20 was £622,000.

Reference was made to the Technical Consultation by the Ministry of Housing, Communities and Local Government (MHCLG) for the 2019/20 Local Government Finance Settlement and an invitation to Local Authorities to submit an application to pilot the 75% business rates retention scheme in 2019/20.

The technical consultation covered four areas:

- Proposal to confirm the final year of the four-year settlement offer which began in 2016/17. The indicative figures for 2019/20 showed that the Settlement Funding Assessment for the Council would be £3.137million, which represented a reduction of £489,570, or 13.5%, over the current year.
- The New Homes Bonus Scheme - the Government was expecting to increase the national baseline for housing growth in 2019/20 from the current figure of 0.4% due to the continued upward trend for house building. In light of this increase, the Council was unlikely to receive a New Homes Bonus payment for next year.
- With regard to the Council Tax Referendum Principles, the Government intended to apply the same principles in 2019/20 as had been implemented in 2018/19; for Councils and Shire Districts in two-tier areas would be permitted increases of up to 3%, or up to and including £5.00, whichever was higher; it was this principle that the Council was currently applying.
- Negative Revenue Support Grant (RSG) - due to reductions in Core Spending Power, some authorities with high business rates had experienced substantial declines in RSG. A small number of authorities had also exceeded their Core Spending Power and a negative adjustment, "negative RSG" was therefore necessary. The four-year settlement indicated that the Council was subject to a negative RSG of £291,482 in 2019/20; however, the Government proposed to eliminate the negative RSG adjustments in 2019/20.

The Government had indicated that it wanted to see authorities form business rates pools to apply jointly for pilot status, which would comprise a County Council and the associated District Councils, a group of Unitary Authorities, or a two-tier area and adjoining Unitaries. Members were advised that it was in the interests of the Greater Essex area for the Council to participate in a bid. The deadline for the submission of a proposal to the MHCLG for either a pilot bid or the revocation of the existing Essex Pool and the creation of a new Pool in 2019/20 was 25th September 2018, the

decision of which was to be finalised by the Cabinet Member for Finance and Performance and the Corporate Director (Finance).

Local Government accounts were required to apply the International Financial Reporting Standard (IFRS) 9 – Financial Instruments, which introduced the concept of increased accountability within Local Authorities for their investments. The Council would be required to account for any decrease or increase in the value of its financial assets. Following representations from a number of Local Authorities regarding the potential impact of this change, the MHCLG, on 25th July 2018, issued a consultation on a proposed statutory override for local authorities. It was proposed that the Council responded to the consultation by agreeing to issue a statutory override, but that no time limit be placed on the override.

Funding reforms of Local Governments would be introduced from 2020/21, which would entail a 75% Business Rate Retention Scheme and a reset of Business Rate Baselines which would be as informed by the outcomes of the Fair Funding Review and the Government's Spending Review 2019.

It was explained that the Government would consult on its proposals over the next 12 months, and that there were a myriad of issues to be considered during this time, including; the design of the Business Rate Retention Scheme, the treatment of growth above the baseline achieved under the current scheme, safety net arrangements and the funding of appeals and the mechanics of the Review. It was therefore difficult to anticipate what the impact on the Council's finances for 2020/21 onwards would be, due to the sheer volume of issues under examination by the Government.

Members received an update on the financial assumptions under the current MTFS. Initial work on updating the MTFS had commenced and included a review of the current year's budgets in light of the 2017/18 financial outturn, a review of the savings and additional income proposals to be delivered, a review of other assessments and an assessment of the information received which had financial consequences for the Council. A number of 2018/19 budgetary variations, both positive and negative, were expected to continue and have an impact in 2019/20.

A major variation included Development Management, which was viewed as largely positive as it incorporated a notable increase in development income and the amount of applications received. However, it was acknowledged that additional staff were required to address the increase in pressure on the Planning Department. As such, a virement was proposed between income and staffing budgets. Other variations included Recycling, which as a result of changes in market condition over recent months, the current budget for the gate fees incurred for the disposal of recyclable materials was to be exceeded by £220,000; vehicle fuel costs had also increased which would result in a budget overspend of £50,000; under Asset Management, rental income streams were increasing due to the recent addition of commercial properties such as the Enterprise Centre and Osier House, with predicted additional income of £127,000 in the current year.

A high level assessment of the pressures and/or events that would impact on the Council's financial position over the next four years had identified a number of emerging issues, the majority of which were not currently quantifiable. Amongst the issues was the contract for the maintenance of the Council's vehicle fleets which was due to end on 31st March 2019. Following a review, it was agreed to bring this function

back in-house. This would present a number of advantages for the Council overall, such as financial savings of £45,000 per annum, and the ability for the Council to regain full control and management of its fleet operation, allowing it to protect and safeguard its own legal position in relation to its Operator's Licence. It was requested that a capital provision of £150,000 be allocated in the current year to enable the vehicle workshop to be equipped and ready for operation in April 2019. Reference was also made to the uncertainties surrounding Essex County Council's (ECC) contributions to the Council which comprised a number of income streams such as Waste Collection, Council Tax Sharing Agreement and Community Transport. The Council's financial position in this respect was thus indeterminable until budgetary agreements had been confirmed by ECC.

It was concluded that the changes to the assumptions and the proposed removal of the negative Revenue Support Grant (RSG) would result in an updated financial shortfall for 2019/20 of £465,000.

With regard to the budget and Council Tax for 2019/20 and the MTFs for 2019/20 to 2022/23, the approach to address the anticipated shortfalls would be the delivery of the "Roadmap to 2020," the main focus of which was the expected shortfall of £0.465million for 2019/20, although this did not preclude the identification of cost reductions and additional income for the following three years for the which the shortfall levels likely to occur were not yet determined.

Finally, it was remarked that the Council's approach to the Housing Growth Agenda included two key areas; the Garden Communities Project, and the potential establishment of a housing development company. If agreed, this approach would have a significant impact on the Council's medium to long-term financial projections. However, as the projects were currently in the development stages, the only financial requirements thus far had been contributions to the feasibility work, the set-up of the North Essex Garden Communities (NEGC) Ltd and the three Local Development Vehicles. Two contributions of £250,000 had been allocated for the Garden Communities with indications that a request to the four councils would be received for additional short-term working capital to fund the on-going activities of the NEGC Ltd for 2018/19 into 2019/20, whilst the longer term costs were also being considered. An allocation of £130,000 had also been approved for the preparation of a full business case in respect creating a Housing Development Company, for which official recommendations were expected to be made in February 2019.

DECISION:

(1) That the 2019/20 budget process timetable be noted as detailed in the report.

Business Rates Retention:

- (2) That it was agreed, in principle, the Council participates in an Essex bid to be a Business Rates pilot and, if either the bid is unsuccessful, or no bid is submitted, to participate in an Essex Business Rates Pool for 2019/20.
- (3) That it was agreed that authority is delegated to the Cabinet Member for Finance and Performance and the Corporate Director (Finance) to give final agreement to the Council's participation in an Essex pooling arrangement.

That Cabinet **Recommends to Full Council:**

General Fund Revenue Account 2018/19:

- (4) A virement of £181,500 from the Planning Application Fees budget to the Development Management Staffing budget.

Capital Programme 2018/19

- (5) A capital provision of £150,000 in the current year for the equipping and fitting out of the vehicle maintenance workshop to be ready for operation in April 2019, the provision of which would be funded from capital receipts.

REASON FOR DECISION: To ensure that there are good governance arrangements through the proactive management of the Council's finances over the short and medium term.

30 **STATEMENT OF ACCOUNTS 2017-18**

INFORMATION: Consideration was given to a report on the Council's Statement of Accounts for 2017/18.

Members were informed that the Council's External Auditor, Ernst & Young LLP, had commenced the audit of accounts on Monday, 4th June 2018 which was six weeks earlier than the previous year. The accounts had been available for public inspection between 1st June and 12th July 2018, during which period no requests had been received for their inspection or questions posed for the External Auditor. The Statement of Accounts for 2017/18, together with the External Auditor's Audit Results Report had been received and approved by the Governance Committee on 25th July 2018.

The External Auditor's Audit Results Report made reference to the following; an unqualified opinion that the financial statements gave a true and fair view of the financial position of the Council as at 31st March 2018, and of its expenditure and income for the year then ended and an unqualified conclusion that the Council had in place proper arrangements to secure value for money in its use of resources.

DECISION: That Members receive and note the Council's Statement of Accounts for 2017/18.

REASON FOR DECISION: To formally receive the Council's Statement of Accounts for 2017/18 following the external audit and approval by the Governance Committee.

31 **RECOMMENDATION FROM GOVERNANCE COMMITTEE – 25TH JULY 2018 – TREASURY MANAGEMENT ANNUAL REPORT 2017-18**

INFORMATION: The Council's treasury management activities were regulated by statutory requirements and by a Code of Practice issued by the Chartered Institute of Public Finance (CIPFA). One of the key requirements of the Code was that, along with an annual strategy to be approved prior to the commencement of the financial year, and at least one mid-year report, the Council should also receive an annual report after the financial year-end.

The Treasury Management Strategy Statement (TMSS) for 2017/18 had been approved by Full Council on 22nd February 2017 as part of the overall Budget and Council Tax setting for the forthcoming financial year. The annual report contained an external context which provided an economic and credit background from the Council's treasury management advisors, Arlingclose, as to key events that had taken place over the course of the financial year.

The Corporate Director (Finance) confirmed in the report that all treasury management activities undertaken during 2017/18 had complied fully with the CIPFA Code of Practice and the Council's approved TMSS.

DECISION: That Cabinet accepts the Treasury Management Annual Report 2017/18, prior to its submission to Full Council.

REASON FOR DECISION: The Council had adopted the CIPFA Code of Practice for Treasury Management in Public Services, which required that the Council received an annual report on the treasury management function. This report is considered first by the Governance Committee in order to exercise its responsibility for scrutiny over treasury management activities. The report is then considered by Cabinet before submission to Full Council with the benefit of any proposed changes and/or comments of the Governance Committee.

32 **FIRST QUARTER PERFORMANCE MANAGEMENT REPORT 2018-19**

INFORMATION: Consideration was given to a report that summarised the performance of the Council at the end of the first quarter (April 2018 to June 2018).

Members were informed that a total of four projects had been completed and a further 57 projects were performing well, whilst five projects had experienced delays which resulted in the end dates being deferred and this included the Local Plan. Nine performance indicators had achieved or exceeded target, two had missed the target by less than 5% and three had missed the target by more than 5%. The performance indicators that had missed the target by less than 5% were attributed to the percentage of residual household waste not recycled and the percentage of invoices paid within 30 days, whereas the targets which had missed by more than 5% were in relation to the tonnage of residual household waste not recycled, average waiting time for disabled facilities grants and the time taken to process housing benefit claim changes.

It was reported the percentage of household waste sent for re-use, recycling and composting which had been achieved was 54.47% against a target of 54.78%. The percentage of invoices paid within 30 days was 99.19% against a target of 99.25%.

With regard to financial performance, there was a negative variance projected for the year of £87,000 (+0.6%) against the budget. In contrast to this variance, there were also positive results to announce, including 667 planning applications that were passed during the previous quarter and 67 fly tips cleared within 24 hours.

DECISION: That the report be noted and endorsed.

REASON FOR DECISION: To inform the Cabinet of the performance of the Council.

33 **LEADER'S UPDATE**

The Leader of the Council updated Members on the progress of the Local Plan. The Council, in conjunction with Tendring District Council, represented a unified approach toward the Local Plan moving forward. Colchester Borough Council (CBC) were taking the Local Plan to the meeting of CBC's Local Plan Committee on the 13th September 2018.

Following the last meeting of Full Council, the Leader felt it prudent to address recent comments in the press that the Council had been undemocratic in the manner that it had approached the Local Plan issues. The Leader explained the democratic procedures that had been undertaken by the Authority with regard to the Local Plan, including the establishment of the Local Plan Sub-Committee, which allowed Members of minority groups to be represented if they so wished. After receipt of the Inspector's letter, the Leader had made a full statement whereby all Members were invited to broach any questions they had. The importance of securing County-wide and Government support for the provision of future infrastructure improvements was also stressed.

The Leader's update was noted.

34 **REPORT OF MEMBER WORKING GROUP**

INFORMATION: The Leader of the Council gave apologies on behalf of the Chairman of the Member Working Group who was unable to attend. The Member Working Group had been asked to review a range of issues with a view to obtaining feedback from Members. The Group had met regularly over a six-month period to review the Terms of Reference and consider what, if any areas required further work or development. The first Recommendation of the Member Working Group was reported to have been implemented.

Members were asked to consider the future engagement of the Group in light of the upcoming new administration in May 2019. The use of written questions was mentioned as a key method for engagement that was not detailed in the report or Constitution, and the concept of Member Statements was another method that had had limited usage over the course of the current administration.

Although it was acknowledged that a number of Members made use of the Member's Hub, its usage by the majority was not as high as expected. This was partly attributed to the volume of information available on the main website.

DECISION:

Cabinet received the recommendations and thanked the Member Working Group for its work.

PURPOSE OF DECISION: That the recommendations of the Member Working Group be received for consideration.

35 **CABINET MEMBER DECISIONS MADE UNDER DELEGATED POWERS**

DECISION: That the delegated decision set out in the report be noted

PURPOSE OF DECISION: The reasons for the decision can be found in the individual delegated decision.

The meeting commenced at 7.15pm and closed at 8:28pm.

COUNCILLOR G BUTLAND
(Leader of the Council)