

Executive – 8 July 2015

Present: Councillor Williams (Chairman)
Councillors Beale, Berry, Edwards, Habgood, Mrs Herbert, Parrish and
Mrs Warmington

Officers: James Barrah (Director – Housing and Communities), Paul Fitzgerald (Assistant Director – Resources), Steve Plenty (Finance Manager), Paul Harding (Corporate Strategy and Performance Manager), Tim Burton (Assistant Director – Planning and Environment), Julie Moore (Major Applications Co-ordinator) and Richard Bryant (Democratic Services Manager)

Also present: Councillor Coles

(The meeting commenced at 6.15 pm.)

36. Minutes

The minutes of the meeting of the Executive held on 10 June 2015, copies of which had been circulated, were taken as read and were signed.

37. Declarations of Interest

Councillor Beale declared personal interests as a Board Member and Director of Tone FM, Chief Executive of the 'Think Amy' Charity and as a Governor of the South West Ambulance NHS Trust. Councillor Mrs Herbert declared a personal interest as an employee of the Department of Work and Pensions. Councillor Edwards declared a personal interest as the future Chairman of Governors of Queens College. This appointment would commence with effect from 1 September 2015.

38. Financial Outturn 2014/2015

Considered report previously circulated, concerning the Council's financial outturn for revenue and capital expenditure in 2014/2015 for the Council's General Fund (GF), Housing Revenue Account (HRA) and trading services.

Effective financial management formed an important part of the Council's overall performance management framework. It was also vital that the Council maintained strong financial management and control in the face of continuing and unprecedented financial pressures as funding for Council services was squeezed, and the community continued to face up to effects of wider economic pressure.

The outturn figures were provisional at this stage. The financial outturn would be taken into account when preparing the Council's Statement of Accounts, which was due to be approved by the Strategic Director (Section 151 Officer) by the end of June, and would then be subject to review by the Council's External Auditor. Should

the External Auditor identify any changes to the Accounts these would be reported to the Corporate Governance Committee later in the year.

The outturn position reported for the General Fund contained some estimated figures for Government subsidies on Housing Benefit and the total of Business Rates Retention funding. These were based on unaudited claims, and it was possible that final figures post-audit could change.

2014/2015 Financial Performance

Reported that the position could change between 'in year' projections and the final outturn position. As with any forecast there was always a risk that assumptions and estimates would differ from the eventual outcome, and a number of risks and uncertainties had been highlighted in previous quarterly reports. The outturn had been reasonably close to forecast in the majority of budgets. However, there were high value differences on a small number of budgets that had contributed to the overall change since Quarter 3.

There had been a number of significant challenges faced by the Council this year, and these had had an impact on the overall financial position for the authority. These included:-

- The new Business Rates Retention scheme had presented some challenges during the year for the authority. There had been a huge increase in appeals by rate payers to the Valuation Office in March 2015, which has adversely affected the funding position at the year end.
- Forecasting for demand-led services had continued to be a challenge especially in the current economic climate. The Council has directed more focus on the higher risk / more volatile areas in an effort to further improve forecasting in the future.
- The Council had undertaken major restructuring throughout the year with the implementation of joint management and shared services (JMASS) with West Somerset. This had required significant changes to accounting arrangements to support the new structure of the Councils.

A summary of the Outturn was as follows:-

General Fund Revenue

The General Fund (GF) Revenue Outturn for 2014/2015 was a Net Expenditure position of £13,901,000, which was a £222,000 (1.7%) underspend against the Final Net Budget for the year. The financial position in respect of Retained Business Rates had again highlighted the significant risks to this funding stream through appeals and refunds, with net outstanding appeals increasing from Gross Rateable Value £34,000,000 in March 2014 to £48,000,000 in March 2015. Provisions related to a large increase in appeals lodged in March 2015 had effectively fully allocated the Council's contingency for Business Rate funding volatility. It was therefore proposed to allocate the £222,000 underspend to the Business Rates Smoothing Reserve. Carry Forwards of £443,000 were also proposed.

The GF Reserves balance as at 31 March 2015 stood at £2,109,000. This balance would reduce to £1,887,000 if the allocation of the 2014/2015 underspend to the Business Rates Smoothing Reserve was approved. The balance remained above the minimum reserves expectation within the Council's Budget Strategy (£1,500,000).

The Earmarked Reserves balance as at 31 March 2015 was £15,308,000, representing funds that had been set aside for specific purposes to fund expenditure in 2015/2016 or later years. This had grown largely in respect of funds committed to support future capital programme spending, a new Business Rates Smoothing Reserve, and funding set aside to support service restructuring and transformation projects and provide service resilience. The majority of this was planned to be spent in 2015/2016.

Deane DLO Trading Account

The DLO had made an overall profit of £109,000 after contributing £101,000 to the General Fund. This surplus had been transferred to the DLO Trading Account Reserves increasing the reserve balance to £314,000.

Deane Helpline Trading Account

The Deane Helpline had reported a net deficit of £49,000 for the year, which was an underspend of £34,000 against the final budget and represented the net cost of the service to the General Fund.

General Fund Capital

The General Fund profiled Capital Programme at the end of 2014/2015 was £4,365,000. The profiled expenditure on Capital Programmes during 2014/2015 was £2,351,000, with £2,374,000 being carried forward to support delivery of approved schemes in 2015/2016.

Housing Revenue Account Revenue

The Housing Revenue Account (HRA) was a 'Self-Financing' account for the Council's Housing Landlord function, which was budgeted to 'break even' (net of approved transfers to/from HRA Reserves). The HRA Outturn for 2014/2015 was a net underspend of £1,269,000 (4.8% of gross income). Approval was sought for a number of proposals which, if approved, would allocate £776,000 of the net underspend to support investment in housing services.

The HRA Reserve balance as at 31 March 2015 stood at £3,484,000, which was above the minimum level (£1,800,000) set within the Council's Budget Strategy and HRA Business Plan. This balance would reduce to £2,708,000 if the allocations of £776,000 were approved.

The HRA Earmarked Reserves balance as at 31 March 2015 stood at £2,222,000. This included £112,000 related to the Social Housing Development Fund, which was earmarked for a range of purposes including to fund investment in new social housing provision within the Council's own housing stock, capital funding, the Community Development Fund and maintenance contracts.

HRA Capital

The HRA approved Capital Programme at the end of 2014/2015 was £24,907,000. This relates to schemes which would be completed over the next five years. The actual expenditure on Capital Programmes during 2014/2015 was £9,869,000, with £14,793,000 for planned investment to implement approved schemes in future years. The underspend reported in 2014/2015 against the overall programme was £245,000, related to disabled facilities adaptations. A Carry Forward of £9,583,000 is also proposed.

Noted that the Corporate Scrutiny Committee had considered the Financial Outturn at its meeting on 25 June 2015 and the views expressed by Members were submitted for consideration by the Executive. The Scrutiny Committee had supported the proposals outlined.

Resolved that:-

- (a) The reported General Fund Revenue Budget underspend of £222,000 in 2014/2015 and the General Reserves Balance of £2,109,000 as at 31 March 2015 be noted; and
- (b) Full Council be recommended to approve:-
 - (1) The transfer of £222,000 from General Reserves to the Business Rates Smoothing Reserve at the beginning of 2015/2016;
 - (2) The General Fund Revenue Budget Carry Forwards totalling £443,000;
 - (3) A General Fund Capital Programme Budget Carry Forward totalling £2,374,000;
 - (4) A Housing Revenue Account Capital Programme Budget Carry Forward totalling £9,583,000; and
 - (5) £776,000 of Supplementary Budget allocations for the Housing Revenue Account, utilising 2014/2015 underspends, for the following areas:-
 - i. £150,000 to fund a full review of the Housing Revenue Account Business Plan in 2015/2016;
 - ii. £160,000 to fund Pre-Void and Tenant Inspections in 2015/2016 and 2016/2017, with any balance across financial years held in an earmarked reserve;
 - iii. £100,000 to fund a Lettings Contingency Budget in 2015/2016 and 2016/2017, with any balance across financial years held in an earmarked reserve;
 - iv. £60,000 to fund a Sheltered Housing Project Management to October 2016;
 - v. £41,000 to fund Mental Health Support for tenants;

- vi. £138,000 to fund Employment and Skills Development in 2015/2016, 2016/2017 and 2017/2018, with any balance across financial years held in an earmarked reserve; and
- vii. £127,000 to fund a One Team Co-ordinator post in 2016/2017 and 2017/2018, with funding to be held in an earmarked reserve.

39. Performance Monitoring – Quarter 4 Outturn 2014/2015 (to March 2015)

Considered report previously circulated, which provided details of the Councils performance during Quarter 4 of the 2014/2015 financial year.

As part of the Council’s performance framework, summary reports on performance against the Council’s key priorities, finance and corporate health indicators key were provided to both the Corporate Scrutiny Committee and the Executive on a quarterly basis.

The purpose of these reports was to provide Members with an overview of performance. In total, 54 measures were currently reported within these quarterly reports.

The following table detailed the High Level Performance Summary for Quarter 4:-

Total No. of measures	Green	Amber	Red
54*	35	16	3

Noted that the report had identified three measures where at the end of March 2015, performance had varied significantly from the target set. These ‘red’ indicators related to:-

- Licensing – Processing applications within 14 days of receipt;
- Complaints – Response to be given within 10 working days; and
- Corporate Health and Safety.

Full details of the issues which had led to the performance difficulties together with the measures that were being taken to remedy the situation were submitted for the information of Councillors.

Further reported that the table below provided information as to how the Council was performing against each of the Corporate Aims and the Finance and Corporate Health indicators:-

Section	Number of measures	Green	Amber	Red
Corporate Aim 1 – Quality Sustainable Growth & Development	9	4	5	0
Corporate Aim 2 – A Vibrant Economic Environment	7	4	2	1
Corporate Aim 3 – A Vibrant Social, Cultural and Leisure Environment	8	6	2	0
Corporate Aim 4 – A Transformed Council	4	3	1	0
Managing Finances	14	12	2	0
Corporate Health	12	6	4	2
Totals	54	35	16	3

The Corporate Scrutiny Committee had considered the Performance Outturn at its meeting on 25 June 2015 and the views expressed by Members were submitted for consideration by the Executive.

Resolved that the report be noted.

40. **Executive Forward Plan**

Submitted for information the Forward Plan of the Executive over the next few months.

Resolved that the Forward Plan be noted.

41. **Exclusion of the Press and Public**

Resolved that the press and public be excluded from the meeting for the following item because of the likelihood that exempt information would otherwise be disclosed relating to Clause 3 of Schedule 12A to the Local Government Act, 1972 and the public interest in withholding the information outweighed the public interest in disclosing the information to the public.

42. **Proposed Compulsory Purchase of Land at Monkton Heathfield**

In order to ensure the full development of the Monkton Heathfield Local Plan and

Core Strategy allocated site, it was essential that a new road link was provided in the location identified in the report. Planning permission was granted in February 2015 which established a route for the new road.

The plan submitted showed the approved road with the land that would be the subject of any Compulsory Purchase Order if such action was deemed to be necessary. This proposed link would travel over land in separate third party ownership.

Discussions were currently underway between the developer and the third party land owners to secure the required land but negotiations had not yet been completed, and the Council needed to have a contingency plan in place in the event that the acquisition of the relevant land did not proceed by agreement in order to facilitate continuous delivery.

Resolved that subject to the securing of financial arrangements which protected the Council – either in the form of a back to back Legal Agreement or otherwise a full underwriting of the costs of a Compulsory Purchase Order including acquisition – and which ensured that the entire Compulsory Purchase Order process was cost neutral and there were no on-going liabilities for the Council, the authorisation of the use of Compulsory Purchase Powers in order to acquire the necessary land to deliver the Monkton Heathfield Western Relief Road be approved and that a recommendation be made accordingly to Full Council.

(The meeting ended at 7.13 p.m.)