



Council Offices, Kiln Road,
Thundersley, Benfleet,
Essex SS7 1TF.
Tel. No: 01268 882200
Fax No: 01268 882455



David Marchant LLB (Hons) BSc (Hons) CEng FICE FCMI
Chief Executive

CABINET AGENDA

Date: Wednesday 15th February 2017

Time: 6.00pm NB TIME

Venue: Council Chamber

This meeting will be webcast live on the internet.

Membership:

Councillor Riley	Chairman - Leader of the Council
Councillor Stanley	Finance and Resources
Councillor Dick	Health & Wellbeing
Councillor Mrs Egan	Homes and Customer Engagement
Councillor Howard	Waste, Floods and Water Management
Councillor Isaacs	Neighbourhoods, Safer Communities and Leisure
Councillor Sharp	Strategic Partnership Working
Councillor Skipp	Environment, Street Scene & Halls
Councillor Smith	Regeneration & Business Liaison

Cabinet Enquiries:
Reference:
Publication Date:

John Riley Ext 2417/Ann Horgan ext. 2413
7/2016/2017
Tuesday 7th February 2017

**AGENDA
PART I
(Business to be taken in public)**

- 1. Apologies**
- 2. Members' Interests**
- 3. Minutes**
To approve the Minutes of the meeting held on 18th January 2017.
- 4. Forward Plan**
To review the Forward Plan
- 5. Public Health and Wellbeing**
- 6. Environment**
- 7. Transforming Our Community**
- 7(a) Housing Revenue Account Rent Levels 2017/2018 Housing Capital Programme**
(Report of the Cabinet Member for Homes and Customer Engagement and Cabinet Member for Finance and Resources)
- 8. Efficient and Effective Customer Focused Services**
- 8(a) Risk Based Verification Policy**
(Report of the Cabinet Member for Finance and Resources)
- 8(b) Policy Framework and Budget Setting for 2017/18**
(Report of the Cabinet Member for Finance and Resources)
- 9. Matters to be referred from /to Policy & Scrutiny Committees**
- 10. Matters to be referred from /to the Standing Committees**

**PART II
(Business to be taken in private)
(Item to be considered with the press and public excluded from the meeting)**

- 8(a) Risk Based Verification Policy** *(Report of the Cabinet Member for Finance and Resources) (Confidential Information under Section 100A 3 Local Government Act 1972 as amended)*



CABINET

18TH JANUARY 2017

PRESENT:

Councillor Riley, Chairman	Leader of the Council
Councillor Stanley	Finance and Resources
Councillor Dick	Health and Wellbeing
Councillor Mrs Egan	Homes and Customer Engagement
Councillor Howard	Waste, Floods and Water Management
Councillor Isaacs	Neighbourhoods, Safer Communities and Leisure
Councillor Sharp	Strategic Partnership Working
Councillor Skipp	Environment, Street Scene & Halls
Councillor Smith	Regeneration & Business Liaison

APOLOGIES: There were none.

ALSO PRESENT:

Councillors: Acott, Bayley, Blackwell, Greig, Hart, Hurrell, MacLean, Mumford Palmer J. Payne, Mrs Payne, and Taylor.

52. MEMBERS' INTERESTS:

Councillor Howard declared an interest under Minutes 56 & 61 as a County Councillor and a County Council representative on the Castlepoint Regeneration Partnership.

Councillor Isaacs declared an interest under Minute 55 as a former member of Hadleigh Cricket Club

Councillor Smith declared an interest under Minute 55 as members of his family were members of Hadleigh Cricket Club

Councillor Riley declared an interest under Minute 55 as a member of Hadleigh Cricket Club— Cllr Riley left the Chamber and did not take part in determination of this item.

53. MINUTES:

The Minutes of the Cabinet meeting held on 16.11.2016 were approved and signed by the Chairman as a correct record.

54. FORWARD PLAN:

To comply with regulations under the Localism Act 2011, the Leader of the Council presented a revised Forward Plan to the meeting which outlined

key decisions likely to be taken within the next quarter 2017. The Plan was reviewed each month.

Under this item the Leader of the Council announced that a report would be made to Council shortly on the Local Plan following consideration of the letter from the Planning Inspector determining that the Duty to Co-operate had not been fulfilled.

Resolved – To note and approve the Forward Plan.

55. HADLEIGH AND THUNDERSLEY CRICKET CLUB EXTENSION – RESPONSIBILITY FOR CLEANING THE EXTERNALLY ACCESSIBLE PUBLIC TOILET

(Councillor Stanley Deputy Leader of the Council chaired the meeting for this item.)

The Cabinet reconsidered the ongoing responsibility for, and cost of, cleaning the externally accessible public toilet at the Hadleigh and Thundersley Cricket Club Pavilion.

Resolved:

To agree to vary the condition of the £40k contribution towards the Hadleigh and Thundersley Cricket Club Pavilion extension on the basis that the cricket club makes the externally accessible toilet available to the public at specified times and retains responsibility for the repair and maintenance of the toilet whilst the Council takes on the ongoing responsibility of cleaning the toilet at an additional cost to the Council of £4k per annum.

56. HIGHWAYS MAINTENANCE AND STREET LIGHTING RESPONSIBILITY

The Cabinet considered a report on the current position that the Borough Council had reached with Essex County Council the Highways Authority regarding responsibilities for highways maintenance and street lighting on certain roads with the Borough.

Resolved:

In noting the report, that no formal action be taken against the Highway Authority until all avenues had been exhausted to resolve the dispute regarding maintenance responsibilities for highways and street lighting responsibilities on the Borough's roads and to that end a meeting be arranged as soon as possible between the Leaders and Chief Executives of Essex County Council and Castle Point Borough Council to seek a resolution.

57. CONSTRUCTION OF TWO BUNGALOWS AT LAWNS COURT

The Cabinet received a report seeking consent for a budget of £356,000 for the construction of two new Bungalows at Lawns Court and associated ancillary works.

Resolved:

To grant consent for a budget of an estimated £356,000 for the construction of two new bungalows, to include ancillary works and costs.

58. SPENDING REVIEW – HIGH LEVEL UPDATE

The Cabinet received a report presenting a summary of the key elements from both the Secretary of State for the Department for Communities and Local Government on the provisional local government finance settlement 2017/18 and the Government's response to the New Homes Bonus consultation. These together with an indication of the financial implications for Castle Point were a precursor to the budget and council tax setting report which would be presented to Cabinet and Council in February.

Resolved: To note the report.

59. MATTERS TO BE REFERRED FROM/TO POLICY SCRUTINY COMMITTEES:

There were no matters.

60. MATTERS TO BE REFERRED FROM /TO THE STATUTORY COMMITTEES:

There were no matters.

61. REGENERATION OF HADLEIGH TOWN CENTRE - HADLEIGH ISLAND SITE

(The order of the agenda was varied and this item was considered as the last item of business on the agenda.)

The Cabinet received a report updating the Cabinet on the work undertaken to date in taking forward the redevelopment of the Hadleigh Town Centre Island site and seeking the necessary authorities to enter into contracts with Hollybrook and Essex County Council to facilitate the redevelopment, and to agree to the disposal of relevant Council assets. A copy of the proposed Heads of Terms and financial information of a commercially sensitive nature were included under Part 2 of the Agenda (Exempt Information under Paragraph 3 Schedule 12A Local Government Act 1972 as amended)

Resolved:

1. To note the process being made in taking forward the redevelopment of the Hadleigh Island Site;
2. To agree the principle of the Council entering into:
 - a) a funding agreement with Essex County Council to obtain a £2,000,000 grant towards the Hadleigh Gateway Scheme
 - b) a development agreement with Hollybrook based on the terms set out in Appendix 1 in Part 2 of the agenda;
 - c) a property agreement with Essex County Council to enable the Hadleigh Old Fire Station and Hadleigh Library sites to be redeveloped;
3. To agree that Homestead Car Park be part of the development agreement with Hollybrook.
4. To write off the financial contribution of £280,000 that the Council contributed towards the purchase of the Crown Public House.
5. To allocate an additional £100,000 from reserves to procure the necessary legal and professional expertise to see the project through to fruition.
6. That the final contractual arrangements be approved by the Chief Executive in consultation with the Leader and Deputy Leader of the Council and the Cabinet Member for Regeneration and Business Liaison.

Chairman



Castle Point Borough Council

Forward Plan

FEBRUARY 2017

CASTLE POINT BOROUGH COUNCIL

FORWARD PLAN

FEBRUARY 2017

This document gives details of the key decisions that are likely to be taken. A key decision is defined as a decision which is likely:-

- (a) Subject of course to compliance with the financial regulations, to result in the local authority incurring expenditure which is, or the savings which are, significant having regard to the local authority's budget for the service or function to which the decision relates subject to a threshold of £100,000; or
- (b) To be significant in terms of its effects on communities living or working in an area comprising two or more Wards in the area of the local authority.

The Forward Plan is a working document which is updated continually.

Date	<u>Item</u>	Council Priority	Decision by Council/ Cabinet	Lead Member(s)	Lead Officer(s)
February 2017	<u>Risk Based Verification Policy – for approval</u>	Efficient and Effective Customer Focussed Services	Cabinet/ Council	Finance and Resources	Revenues & Benefits Transformation Manager
February 2017	<u>Housing Revenue Account Rent Levels 2017/2018 Housing Capital Programme etc</u>	Transforming Our Community Efficient and Effective Customer Focussed Services	Cabinet	Homes & Customer Engagement/ Finance & Resources	Head of Resources
February 2017	<u>Budget and Policy Framework</u> To make recommendations to Council on the Council tax and budget setting.	All	Cabinet/ Council	Finance and Resources	Head of Resources
March 2017	<u>Regeneration Update Report</u>	Transforming Our Community	Cabinet	Regeneration & Business Liaison	Local Plan and Regeneration Adviser
March 2017	<u>Housing & Planning White Paper (if available)</u>	Transforming Our Community	Cabinet	Leader of the Council	Local Plan and Regeneration Adviser

March 2017	<u>Corporate Scorecard</u>	All	Cabinet	Finance and Resources	Head of Performance & Service Support
March 2017	<u>Waterside Farm Athletics Track: - Lease to Canvey Island Youth FC</u>	Public Health & Wellbeing	Cabinet	Neighbourhoods, Safer Communities and Leisure	Head of Environment
April 2017	<u>Revised RIPA Policy – for approval</u>	Public Health & Wellbeing	Cabinet	Neighbourhoods, Safer Communities and Leisure	Head of Law
April 2017	<u>Slavery and Human Trafficking Statement – for approval</u>	Public Health & Wellbeing	Cabinet	Neighbourhoods, Safer Communities and Leisure	Head of Law
June 2017	<u>Halls Review</u>	Transforming Our Community	Cabinet	Environment Street Scene & Halls	Head of Environment

CABINET

15th February 2017

Subject: Housing Revenue Account (HRA) – 2017/18 Rent Levels, Revenue Budget and Capital Plan for 2017/18 and 2016/17 Revised

Cabinet Member: Councillor Stanley – Finance & Resources

1. Purpose of Report

It is Cabinet's role to determine the rent levels for Council dwellings and garages and approve a budget for the Housing Revenue Account (HRA) that meets legal requirements and delivers the approved HRA Business Plan and associated policies and strategies.

This report submits the following for the Cabinet's consideration:

- Rent levels for Council dwellings and garages for 2017/18.
- HRA Revenue budget for 2016/17 (revised) and 2017/18.
- HRA Capital Plan for 2016/17 (revised) and 2017/18.

2. Links to Council's priorities and objectives

The approval of the HRA Revenue and Capital budgets supports the Council priorities of Public Health and Wellbeing, Environment, Transforming our Community and Efficient and Effective Customer Focused Services.

3. Recommendations

That:

1. A rent reduction of 1% for all social rent HRA dwellings be agreed, resulting in an average reduction of £0.90 per week.
2. A rent reduction of 1% for all affordable rent HRA dwellings be agreed, resulting in an average reduction of £1.72 per week.
3. Garage rents are increased by £1.00 per week (excluding VAT).
4. The HRA revenue budget for revised estimate 2016/17 and estimate 2017/18, as set out in Annexe A, is approved.
5. The HRA capital plan for revised estimate 2016/17 and estimate 2017/18, as set out in Annexe B, is approved.

4. Introduction

- 4.1 From April 2012, HRA self-financing replaced the former subsidy system and, as a consequence, Castle Point and many other authorities with housing stocks were required to take on significant debt to be serviced by housing rents, through the HRA. In support of the new arrangement each authority was required to establish a 30 year business plan and demonstrate long term viability, which by necessity included assumptions around future rent revenue.
- 4.2 It was understood that there would be greater freedom for local authorities to manage and invest in their housing stock however, central control over rent setting continues and since self financing was introduced there have been a number of changes to the original “deal” which authorities entered into.
- 4.3 The rent-restructuring framework introduced by the Government in 2002/03 set out a common basis on which all rents in the social sector should be set. The aim was that social rents for similar houses in the same area should be the same, irrespective of the landlord. This is known as the “formula” or “common” rent and following a number of timeframe changes convergence has now been reached.
- Limit Rent: This is set by the Government and defines the average rent beyond which rent rebate subsidy is not payable (known as rent rebate subsidy limitation).
 - Formula or Common Rent: This is based on a Government national formula for calculating social rents.

As rent convergence has been reached and no further transitional adjustments are to be made, the “limit” rent will now remain roughly equal to the formula or common rent. Actual rents are slightly lower due to a number of properties that currently are not at formula rent, this is highlighted in section 4.5

- 4.4 The Limit rent and Formula rent must be taken into consideration when the Council sets its actual rent for the forthcoming financial year, as shown in paragraph 5.1.

Changes to Rent Setting Formula and Impact on the HRA Business Plan

- 4.5 In 2015/16 a revised rent setting formula was introduced which prescribed annual rent increases based on September CPI + 1% as opposed to the previous method of September RPI + 0.5% (original basis of self financing and HRA business plan). Originally this formula was to remain for a period of 10 years however the Welfare Reform and Work Act replaced this with a formula from 2016/17 of 1% reductions to rent over the following four years. The ability to adjust rents where actual rents are not equal to formula rent has been retained upon the vacation of a property and subsequent letting to a new tenant.
- 4.6 The financial impact of the Welfare Reform and Work Act has been reported to Cabinet on a number of occasions as being a reduction in rental income of approximately **£2.6m** over the four year period commencing 2016/17. The impact is significantly more across the lifetime of the HRA business plan and threatens overall viability.

- 4.7 The previous formula based on CPI + 1% would have resulted in a rent increase for 2017/18 of **2%** as opposed to the **1%** reduction. This means that the annual reduction in income compared to the previous formula is actually **3%**, or a total of **4.9%** over the two years from the implementation of the policy.
- 4.8 This loss of revenue is being managed over the initial four year period by reducing capital expenditure to a level that would not require additional contributions from the Housing Revenue Account. The housing service is also undertaking a review of long-term options to ensure the viability of the business plan. This will consider a combination of changes.

Supported Housing - 1 year exemption from proposed rent reduction

- 4.9 On the 27th January 2016 it was announced in both Houses of Parliament that a one year exemption from the proposed 1% rent reduction would be given in respect of supported housing, instead CPI + 1% could be applied. The announcement gave a wide definition of supported housing that included older person accommodation. The resultant guidance gave the option to exclude sheltered housing from the reduction, but this was not implemented. This option has been removed from 2017 onwards, thus sheltered housing rents are moving in line with the general needs stock.

Supporting People Funding

- 4.10 When Supporting People charges were introduced from 7th April 2003 the full cost of the service was charged to tenants and paid by Essex County Council (ECC). From the 2nd April 2012 the amount ECC would pay in respect of Supporting People Grant was capped at **£9.63** (per week) and from April 2016 this was lowered to **£7.63**, with the difference of **£2** being met by tenants. It is now expected that Supporting People Grant will be withdrawn for supported housing with effect from April 2017, leaving the full cost to be met by tenants.
- 4.11 As previously reported the Council is reintroducing the full cost of the Supporting People service, currently **£17.90** (per week), but is due to increase in 17/18 to **£19.24**.
- 4.12 In response to the removal of the grant by ECC, the charge for support services has been reviewed by the Housing Benefit Team and it has been accepted that the full charge can be eligible for Housing Benefit. Therefore tenants in receipt of Housing Benefit may receive additional payments towards the costs shown above, subject to their entitlement. Transitional protection over the remaining three years will continue to be applied to tenants eligible for this, who are not in receipt of Housing Benefit.
- 4.13 There are a small number of tenants, whose accounts pre-date the introduction of Supporting People, who will continue to be protected from paying the charge.

Repairs and maintenance

- 4.14 A full programme of planned maintenance for 2017/18 has been prepared by South Essex Homes in conjunction with Housing Services. The programme is informed by the stock condition survey completed by South Essex Homes in early 2013, which is continuously updated. The condition survey assesses the capital and revenue investment requirements for the Council's housing stock

over the next 30 years, and therefore informs the 30 year HRA Business Plan which informs the Housing Revenue Account.

- 4.15 The HRA budget includes provision in current and future years to reflect the ongoing Property Management Service currently provided by South Essex Homes.
- 4.16 The Capital Plan submitted for approval at Annexe B has also been prepared on the basis of the aforementioned stock condition survey. It was previously envisaged that the capital plan would include provision for future development opportunities which would be undertaken by utilising receipts from right to buy sales and contributions from the HRA revenue budgets. With the restrictions currently in place on capital expenditure as highlighted in earlier sections the ability to undertake this type of work is limited but Cabinet will be aware of the project at St Christopher Mews and proposals for Lawns Court.
- 4.17 The Capital Plan constitutes an affordable core plan that can be financed within the HRA business plan.

Basis for preparation of estimates

- 4.18 Estimates have generally been prepared by the Resources Department and agreed with the Housing and Communities Department:
- based on the current staffing establishment and current service delivery.
 - based on out-turn prices, i.e. to include anticipated pay and price increases.
- 4.19 The estimates are submitted to the Cabinet as officers' recommendations on the net spending necessary to deliver approved HRA policies and strategies in 2017/18. These estimates have been tested in the HRA business plan and have been shown to be sustainable over the Medium Term.
- 4.20 The Cabinet is encouraged to concentrate on the policy aspects of the estimates in order to link spending plans to Council policies and strategic objectives, e.g. appropriate resources are directed to housing management and maintenance services respectively.

5. Proposals

HRA Social Rent

- 5.1 The table below provides a comparison between Castle Point's "formula", "limit" and actual rents, based upon all properties having the 1% decrease in rent applied.

	Rent 2016/17 £	Decrease £ %		Rent 2017/18 £
Formula rent	89.94	0.89	1.00	89.05
Limit rent	90.06	0.94	1.05	89.12
Actual rent	89.91	0.90	1.00	89.01

- 5.2 The decrease on the formula rent is equal to that on actual rent, thus mirroring the new universal rent adjustment level. The decrease on limit rent is higher than the actual rent decrease thus bringing actual rents closer to limit rent and minimising potential issues around rent rebate subsidy limitation.

- 5.3 The proposed 2017/18 average weekly rent for Castle Point is **£89.01**, a reduction of **£0.90** on the actual average 2016/17 rent of **£89.91**.

HRA Affordable Rent

- 5.4 Affordable rent properties are not subject to the Formula and Limit rent calculations, but are subject to the 1% rent reduction policy. These rents are set locally below the maximum of the appropriate Local Housing Allowance (LHA) cap.

	Rent 2016/17 £	Decrease £ %	Rent 2017/18 £
Actual rent	171.67	1.72 1.00	169.95

Garages

- 5.5 It is proposed to implement a **£1.00** per week (excluding VAT) rent increase for Council owned garages for 2017/18. The last increase applied was in 2016/17.

Revenue and Capital Estimates

- 5.6 Annexe A presents the HRA revenue estimates and Annexe B presents the HRA Capital Plan. There are columns on both annexes for each of:

- Actual expenditure / income for 2015/16.
- Original estimate for 2016/17 as approved by Cabinet on 17th February 2016, updated where applicable for any subsequent approved amendments since that date.
- Revised estimate for 2016/17 now submitted for approval.
- Estimate for 2017/18 now submitted for approval.

HRA Reserves

- 5.7 The advice of the Head of Resources on HRA reserves is that a safe minimum level would be approximately **£487k** as at 31 March 2017 and **£496k** as at 31 March 2018, based on previous Government guidance for an amount per property uprated for inflation.
- 5.8 Whilst the HRA budget provides for levels of reserves at the end of 2016/17 and 2017/18 in excess of these balances, the ongoing impact of the four year annual rent reduction will ensure that reserves will reduce significantly over future years and in the medium to longer term will fall below the minimum level recommended.
- 5.9 The HRA also maintains a separate earmarked reserve consisting of sums set aside for the scheduled repayment of debt.

6. Corporate Implications

a. Financial implications

Financial implications are outlined in sections 4 and 5 above. Whilst HRA reserves for the period reported above are satisfactory, the rent reduction policy imposed from 2016/17 will have a detrimental financial impact on the overall HRA business plan.

b. Legal implications

The HRA is “ring-fenced” by legislation and must therefore be self-financing. There is no general power to transfer surpluses to the General Fund or to meet a deficit by contribution from the General Fund.

The Council has a statutory duty to set a budget for the HRA that avoids a deficit. This includes provision for a prudent level of reserves to call upon in the event of unforeseen circumstances, emergency expenditure or major budget variations. Failure to maintain adequate reserves could possibly result in an additional mid-year rent increase; this may push rent levels above limit rents and thus result in the loss of rent rebate subsidy on part of the rental income.

c. Human resources and equality implications

The Council has a responsibility to deliver the Government’s Decent Homes Standard and to work towards the national provision of 1 for 1 replacement of homes sold through the Right to Buy. The 2017/18 Capital Plan is currently prioritised towards those programmes of repair, maintenance and modernisation which tackle identified non-decency issues in the housing stock, but may be required to support the Right to Buy objective as well in combination with additional funds being allocated from revenue.

d. Timescale for implementation and risk factors

The proposed rent level for 2017/18 must be approved at this meeting so that the statutory notice to tenants is given in order for the new rents to be effective from 3rd April 2017.

Preparation for implementation of the 2017/18 Capital programme will commence immediately following Cabinet’s approval.

The implications of not approving the proposed programmes would be a failure in the Council’s responsibility to tackle known non-decency issues in its stock.

The implication of not approving the recommended rent increases for dwelling rents would be that the Council would not receive additional income to the Housing Revenue Account. This would have a direct impact on service delivery. Furthermore, if the dwelling rent increase is not approved, the Council’s actual rent levels would diverge further from social housing rent policy and due to the restrictions on increases would result in ongoing lower income levels, with limited opportunity to recoup the lost income.

The reduction in rental income resulting from the government guidance on rent levels represents a risk to the viability of the HRA business plan and the long-term delivery of social housing services by the Council within the borough.

7. Background Papers:

HRA Business Plan and associated ODPM/DCLG guidance

Housing Strategy and associated ODPM/DCLG guidance

ODPM/DCLG guidance on the delivery of the Decent Homes Standard and options appraisals

Guidance on Rents for Social Housing (consultation)

Welfare Reform and Work Act

Report Author: Chris Mills – Head of Resources

Housing Revenue Account

No	Housing Revenue Account summary	Note	2015/16 Actual	2016/17 Estimate	2016/17 Revised	2017/18 Estimate
			£000s	£000s	£000s	£000s
	Income					
	Gross dwelling rents		(7,142)	(7,002)	(7,064)	(6,966)
	Gross non-dwelling rents		(128)	(140)	(137)	(141)
	Charges for services and facilities		(439)	(561)	(515)	(533)
1	Total Income		(7,709)	(7,703)	(7,716)	(7,640)
	Expenditure					
	Supervision and management		2,240	2,112	2,137	2,168
	Repairs and maintenance		1,144	1,173	1,144	1,161
	Increased provision for bad or doubtful debts		22	32	22	23
	Rents rates taxes and other charges		177	230	230	235
	Sheltered housing transitional protection		3	85	96	46
	Depreciation and revaluation/impairment of fixed assets	1	(4,520)	1,273	(2,239)	1,466
2	Total Gross Expenditure		(934)	4,905	1,390	5,099
3	Net cost of HRA services		(8,643)	(2,798)	(6,326)	(2,541)
4	Total other operating Income and Expenditure	2	1,441	1,565	1,466	1,577
5	Total Net Statutory Adjustments	3	5,769	156	3,760	(352)
6	(Surplus) on HRA services		(1,433)	(1,077)	(1,100)	(1,316)
	Reserves					
	HRA Main Reserve					
7	Reserve balance brought forward		1,848	2,356	2,356	2,824
8	Surplus/(deficit) for the year		1,432	1,077	1,100	1,316
9	Transfer (to) / from HRA Earmarked Reserves		(924)	(778)	(632)	(778)
	Reserve balance carried forward		2,356	2,655	2,824	3,362
	HRA Earmarked Reserves	4				
10	Reserve balance brought forward		2,334	3,258	3,258	3,890
11	Net transfer to / (from) HRA Earmarked Reserves		924	778	632	778
	Reserve balance carried forward		3,258	4,036	3,890	4,668
	Notes					
1	Figures in brackets are caused where revaluation of the HRA dwelling stock has resulted in an increase in value above the level of annual depreciation					
2	Various including interest payable and receivable and asset valuation adjustments					
3	Various statutory adjustments and reversals, to ensure that rental income is not affected by income and expenditure relating to non-current assets, such as gains and losses on revaluations and disposals, and other similar items					
4	HRA earmarked reserves including a specific reserve for sums set aside for future repayment of loans					

Housing Revenue Account - Capital Plan

Housing Revenue Account Capital Plan summary	2015/16 Actual	2016/17 Estimate	2016/17 Revised	2017/18 Estimate
Annual Programmes for replacement and repair	£000s	£000s	£000s	£000s
Disabled adaptations to council properties	49	151	151	100
Central heating replacement	216	332	332	230
Kitchen replacement and improvements	140	246	246	200
Roofing maintenance	612	300	300	300
Structural repairs	0	110	0	110
Electrical rewiring	118	30	30	30
Replacement Doors	61	70	70	30
Bathroom replacement and improvements	71	200	200	200
Maintenance and redevelopment of communal areas	305	226	226	140
Water supply and tank replacements	25	0	4	0
UPVC fascias and soffits	35	50	50	50
Refurbishment at Gowan Court	13	0	0	0
Refurbishment at Amelia Blackwell House	46	0	0	0
Affordable Housing	5	0	15	0
Conversion of vacant ex-wardens accommodation	0	85	85	0
New Build at St Christopher's Mews	285	257	266	0
New Build at Lawns Court	0	0	0	356
Unallocated Provision	0	75	47	71
	1,981	2,132	2,022	1,817

CABINET

15th February 2017

Subject: Risk Based Verification Policy

Cabinet Member: Councillor Stanley – Finance & Resources

-
- 1. Purpose of Report**
To present Cabinet with details of the Risk Based Verification Policy.
 - 2. Links to Council's priorities and objectives**
Efficient and Effective Customer Focussed Services
 - 3. Recommendation**

That Cabinet approves the Risk Based Verification Policy and Verification Standards Matrix as set out in Appendix A for implementation from April 2017.

4. Background Information

- 4.1 In the 1990's the Department for Work and Pensions introduced a "Verification Framework Policy". This required Councils to gather substantial documentary evidence and undertake pre-payment checks and home visits before making payment. It was costly, inflexible, and resource intensive, and resulted in significant delays to claims processing times.
- 4.2 The Verification Framework Policy was abandoned in 2006 by the Department for Work and Pensions however most Councils, like Castle Point Borough Council, have continued to use at least some of the guidelines set out in that framework.
- 4.3 In 2011, following successful pilots, the Department for Work and Pensions confirmed that all Councils could adopt a new Risk Based Verification (RBV) approach to verifying claims. Subsequently this approach has been successfully implemented in some 100 Local Authorities to date.
- 4.4 The Risk Based Verification Policy and Verification Matrix has been developed to enable Castle Point Borough Council to implement this approach from April 2017.

5. Requirements for adopting RBV

- 5.1 All Local Authorities choosing to adopt RBV must have in place an RBV Policy that gives Members, Officers, and external Audit, clear details of the risk profiles, the verification standards, and the minimum number of claims to be checked.
- 5.2 The Department for Work and Pensions requires that the information held in the RBV Policy, including the Verification Standards Matrix, should not be made public due to the sensitivity of its content. As such, details of the Verification standards and how RBV works are contained within the RBV Policy. Accordingly the Policy and Matrix have been included as confidential appendices to this report. *(Section 100A 3 Local Government Act 1972 as amended applied)*
- 5.3 In line with Department for Work and Pensions requirements the Council's Section 151 Officer has duly reviewed and approved this Policy for recommendation to Members.
- 5.4 Internal and external Audit have been notified of the Council's intention to implement Risk Based Verification and Internal Audit have also been fully engaged in the development of this Policy.
- 5.5 The RBV Policy will be formally reviewed annually by the Revenues & Benefits Transformation Manager, Section 151 Officer, and Internal Audit to ensure it remains 'fit for purpose' and in line with any new legislation.

6. Corporate Implications

a) Financial Implications

- 7.1 During the annual Subsidy Claim Certification process External Auditors will check that claims correctly adhere to the Local Authorities RBV Policy and Verification Standards Matrix.
- 7.2 Failure by a Local Authority to apply verification standards as stipulated in its own RBV Policy will cause any expenditure to be classified as Local Authority Error for Subsidy purposes.
- 7.3 All claims subject to RBV will be clearly flagged and a 4% quality check, routine subsidy monitoring, and robust RBV reporting are in place to mitigate any impacts to Subsidy.
- 7.4 The Department for Work & Pensions has provided Fraud and Error Reduction Incentive Scheme (FERIS) funding to support Local Authorities who wish to introduce, amongst other things, RBV software.

b) Legal Implications

- 7.5 The guidance in [Housing Benefit & Council Tax Benefit Circular HB/CTB S11/2011](#) has been followed in developing the RBV Policy together with legal requirements under Housing Benefit and Local Council Tax Support legislation are as set out in the RBV Policy.

c) Human resources/equality/human rights

Resourcing Implications

- 7.6 Implementation of RBV will enable the Authority to target resources to differing levels of verification, as determined by risk.
- 7.7 RBV software will be embedded into the Authorities existing online benefit forms and form data will be integrated to pre-populate back office systems. Speed of processing claims, the resources required to input data, and the associated risks of human error are all therefore expected to reduce, allowing resources to focus on more complex and high risk cases.
- 7.8 Customers will be supported in the transition to online benefit forms by First Contact through the new customer service centre and self serve facilities.

Equality Impact Assessments

- 7.9 A Stage 1 Equality Impact Assessment has been undertaken. A Stage 2 Assessment is not required.

8. Timescale for implementation and risk factors

Key milestones from this point going forward are as follows:

Milestone	Timeframe	Purpose
RBV Policy development	Jul '16 – Dec '17	Engagement with S151 & Audit
Cabinet Report	15.2.17	Member Approval
RBV System development	Jan '17 – Mar '17	Configuration and testing
RBV System Goes Live	April '17	RBV Implemented

Risks are recorded on the Corporate Risk Register and are reviewed on a monthly basis.

Appendix A –Risk Based Verification Policy 2017

Appendix B – Verification Standards Matrix

Appendix C – Stage 1 Equality Impact Assessment

Report Author:

Edwina Mosuro – Revenues & Benefits Transformation Manager

CABINET

15th February 2017

Subject: Policy Framework and Budget Setting for 2017/18

Cabinet Member: Councillor Stanley – Finance & Resources

1. Purpose of Report

1.1 This report (including the accompanying document which forms part of this report) submits proposals and recommendations for the Council's Policy Framework and Budget Setting for 2017/18. The Cabinet should consider these and make appropriate recommendations to Council at the meeting to be held later this evening.

1.2 At the time of preparing this report for despatch, not all precepting organisations have confirmed decisions on their precepts for 2017/18, although all have provided proposed information. It may therefore be necessary to provide supplementary information on the night of the meeting. This will not affect the Council's own budget or Council Tax deliberations. Their respective deadlines are advised as follows:

- 23 January – Canvey Island Town Council;
- 15 February – Essex Fire Authority;
- 26 January – Police and Crime Commissioner for Essex;
- 14 February – Essex County Council.

1.3 Section 18, of the accompanying report contains information which has currently been received from the preceptors, together with the Borough Council's own information. This page will be amended should the information change.

1.4 Local Authorities are expected to receive confirmation of their allocation within the 2017/18 Local Government Finance Settlement, early February 2017.

2. Links to Council's priorities and objectives

2.1 This report is linked to the Council's priority of Efficient and Effective Customer Focused Services. Sound and strategic financial management is essential in order to ensure that resources are available to support the Council's priorities and maintain or improve services.

2.2 This report is designed to provide Members with the latest information on the future cost of spending plans and levels of resources.

3. Recommendations

Implementation of Council policies and related spending plans

1. That the Cabinet note the efficiency savings, cost reductions and additional income summarised in table 2.1.
2. That the Cabinet approves the continued funding of priority projects and other items of discretionary expenditure, as set out in table 9.1.
3. That the Cabinet notes the cost pressures and other budget increases (growth) as set out in table 9.2.
4. That subject to recommendations 1 to 3 above, the revenue spending plans for 2016/17 (revised) and 2017/18, set out in section 9, tables 9.3 (summary) and 9.4 (net services expenditure) of the accompanying report, are approved.

Capital spending plans and prudential indicators

5. That the capital spending plan described in section 11 of the accompanying report (tables 11.2 and 11.3) is approved in respect of 2016/17 (revised) and 2017/18.
6. That it is noted that as stated in paragraph 21 of section 11 of the accompanying report, and based on current plans and proposals, gross external borrowing is not expected to exceed the capital financing requirement in the current or forthcoming two financial years.
7. That as required by section 3 of the Local Government Act 2003 and the Prudential Code for Capital Finance in Local Authorities, the following Prudential Indicators are approved as set out in the appropriate sections of the accompanying report:

Prudential Indicator - Reference to sections 11, 12 and 13 of accompanying report	
Capital expenditure	Tables 11.2 and 11.3
Ratio of financing costs to net revenue stream	Table 11.4
Capital financing requirement	Table 11.5
Authorised limit for external debt	Table 11.6
Operational boundary for external debt	Table 11.7
Incremental impact of capital investment	Table 11.8
Housing Revenue Account limit on indebtedness	Section 11 para 34
Maturity structure of fixed rate borrowing - upper and lower limits	Table 12.2
Upper limits of fixed and variable interest rate exposures	Table 12.3
Maximum period and counterparty limits for specified investments	Table 13.1

8. That the Statement of Minimum Revenue Provision for 2017/18, as stated in paragraphs 35 to 37 of section 11 of the accompanying report is approved.

9. That no new capital proposals are allowed until:
 - the proposal has been evaluated in accordance with all relevant evaluation criteria;
 - the Cabinet has confirmed affordability and compliance with the Prudential Code for Capital Finance in Local Authorities;
 - the Cabinet has considered and approved details of the proposal.
10. That the policies and strategies supporting the budget framework and contained within the accompanying report are approved.

Statutory report of the Head of Resources

11. That as required by section 25 of the Local Government Act 2003, the report of the Head of Resources set out in section 16 of the accompanying report in respect of robustness of the estimates is noted.
12. That as required by section 25 of the Local Government Act 2003, the report of the Head of Resources set out in section 8 of the accompanying report in respect of the adequacy of proposed financial reserves is noted.

Statutory calculations in respect of the budget requirement & Council Tax as required by the Local Government Finance Act 1992, as amended (“the Act”)

13. That as set out in section 5 of the accompanying report it is noted that acting under delegated authority and in consultation with the Cabinet Member responsible for Finance & Resources and the Head of Resources has calculated:
 - a) A tax base for the Borough of Castle Point of **30,077** being the amount **T** required by section 31B of the Act; and
 - b) A tax base for Canvey Island to which a Town Council precept applies as **11,647**.
14. That the following amounts be calculated for the year 2017/18 in accordance with sections 31 to 36 of the Act:

Ref	Amount £	Item
(a)	62,017,745	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish (Town) Councils.
(b)	54,458,161	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	7,559,584	being the amount by which the aggregate at 14(a) above exceeds the aggregate at 14(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the act)
(d)	251.34	being the amount at 14(c) above (item R), divided by item T (14(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish (Town) precepts).

(e)	243,345	being the aggregate amount of the (Parish (Town) precepts) referred to in Section 34(1) of the Act.
(f)	243.36	being the amount at 14(d) above less the result given by dividing the amount at 14(e) above by item T (14(a) above), calculated by the Council in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

15. That the Cabinet recommends that Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2017/18 for each part of its area and for each category of dwelling. This information is included within section 17 of the accompanying report:

Castle Point Borough Council Tax 2017/18, including and excluding Town Council precept, for each of the following categories of dwelling:

Band	Council Tax Including Town Council £	Council Tax Excluding Town Council £
A	175.98	162.24
B	205.31	189.28
C	234.64	216.32
D	263.97	243.36
E	322.63	297.44
F	381.29	351.52
G	439.95	405.60
H	527.94	486.72

16. To note that the County Council, the Policy Authority and the Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwelling in the Council's area, as indicated in the table below:

Band	Castle Point Borough Council £	Essex County Council £	Essex Fire Authority £	PCC for Essex £	Total Excluding Town Council £	Canvey Island Town Council £	Total Including Town Council £
A	162.24	775.80	46.02	104.70	1,088.76	13.74	1,102.50
B	189.28	905.10	53.69	122.15	1,270.22	16.03	1,286.25
C	216.32	1,034.40	61.36	139.60	1,451.68	18.32	1,470.00
D	243.36	1,163.70	69.03	157.05	1,633.14	20.61	1,653.75
E	297.44	1,422.30	84.37	191.95	1,996.06	25.19	2,021.25
F	351.52	1,680.90	99.71	226.85	2,358.98	29.77	2,388.75
G	405.60	1,939.50	115.05	261.75	2,721.90	34.35	2,756.25
H	486.72	2,327.40	138.06	314.10	3,266.28	41.22	3,307.50

17. To note that, in accordance with the requirements of section 52ZC of the Act the Council has determined whether its Relevant Basic Amount of Council Tax for 2017/18 is excessive.

For 2017/18, the relevant basic amount of council tax for Castle Point would be deemed excessive if the authority's relevant basic amount of council tax for 2017/18 is:

- (a) 2%, or more than 2%, greater than its relevant basic amount of council tax for 2016/17; and
- (b) More than **£5.00** greater than its relevant basic amount of council tax for 2016/17.

Ref	Amount £	Item
(a)	238.68	being the Relevant Basic Amount of Council Tax for 2016/17, excluding local precepts.
(b)	2.0%	being the percentage increase above which the Secretary of State has determined the Relevant Basic Amount of Council Tax for 2017/18 would be excessive.
(c)	243.45	being the amount above which the Relevant Basic Amount of Council Tax for 2017/18, excluding local precepts, would be excessive (rounded down to the nearest penny).
(d)	243.36	being the Relevant Basic Amount of Council Tax for 2017/18, excluding local precepts.

The Relevant Basic Amount of Council Tax for 2017/18 is therefore, not excessive and the duty to make substitute calculations and hold a referendum does not apply (Chapter 4ZA of Part 1 of the Act).

Resolution required.

4. Background

4.1 The accompanying report consolidates the following information in one single presentation:

- The background to the key policy issues including the assumptions adopted in formulating the financial forecast around government support, price increases and assessment of minimum level of general fund reserves.
- The Council's financial targets and the medium term financial forecast.
- Revenue and capital spending plans.
- Prudential indicators.
- The various policies and strategies which support the budget framework.
- The statutory budget and Council Tax calculations required for 2017/18.

5. Proposals

5.1 The key features of the budget proposals are summarised below:

- The budget is supported by Directorate and Service Action Plans which support delivery of the Council's key priorities.
- The budget for 2017/18 is balanced, meaning that the Council does not need to rely on the use of reserves to meet ongoing spending plans during this year.
- The level of general reserves planned for the end of the 2017/18 financial year exceed the minimum recommended level of **£2.5m**.
- The budget continues to support priority services.
- Efficiencies and/or additional resources are required to deliver a balanced budget and maintain/restore reserves to the recommended minimum levels for years 2018/19 and beyond.

6. Corporate Implications

a) Financial Implications

6.1 The Council must make certain statutory calculations in relation to the Council Tax requirement for 2017/18. These are set out in full in the Policy Framework and Budget Setting 2017/18 report attached.

6.2 The tables shown at recommendations 15 & 16 set out the proposed Council Tax charges to be made to residents in respect of the Borough Council, the Town Council and the other precepting authorities.

b) Legal Implications

6.3 This report is presented by me in my role as "section 151 officer" – the officer appointed to have responsibility for the Council's financial administration. It covers all those matters required by legislation for setting a budget and Council Tax.

6.4 The Cabinet's attention is drawn particularly to sections 8 and 16 of the accompanying report containing statutory reports that I have a duty to provide in respect of the adequacy of reserves and the robustness of spending plans. The Council must have regard to this advice before making the decisions required by this report.

6.5 The proposals in this report are based on a Council Tax increase of **1.96%** resulting in the Borough Council Band D charge of **£243.36**.

Council Tax Referendums

- 6.6 Schedule 5 of the Localism Act introduced a new chapter into the 1992 Act, making provision for Council Tax referendums to be held if an authority increases its Council Tax by an amount exceeding principles determined by the Secretary of State and agreed by the House of Commons. The Localism Act also abolished the capping regime in England.
- 6.7 In summary, the principles are that the Council would be required to seek the approval of the local electorate in a referendum if, compared with 2016/17, it set Council Tax increases of **2.0%** or **£5** whichever is the greater.
- 6.8 The Council's calculations in this regard are given at recommendation 17 above.

c) Human resource implications

- 6.9 There are no new implications within this report.

d) Equality implications

- 6.10 There are no new recommendations within this report which require an equality impact assessment to be undertaken.

e) Timescale for implementation and risk factors

- 6.11 Having considered this report, the Cabinet should submit its recommendations to the Council meeting to be held later this evening. At this meeting, the Council will also set the full amount of Council Tax, to include the precepts issued by Essex County Council, Essex Fire Authority, Police and Crime Commissioner for Essex and Canvey Island Town Council (where appropriate).
- 6.12 Although the date of the Council meeting is well within the legal deadline for setting the budget, it is the latest date that will allow adequate preparation for the timely despatch of Council Tax bills to give due notice for first instalments due on 1 April.

7. Conclusion

- 7.1 The recommendations set out above are classified as to:
- those required to implement Council policies and to approve the related spending plans;
 - those required in respect of capital spending plans and treasury management;
 - those requiring the Council to have regard to the statutory reports of the Head of Resources;
 - the statutory calculations in respect of the budget requirement and Council Tax.

Background Papers:

- Report of the Head of Resources to Cabinet dated September 2016 – Budget and Policy Framework for 2017/18.
- DCLG notification(s) dated 15 December 2016 containing 2017/18 Local Government Finance Settlement, and Provisional New Homes Bonus allocations.

Report Author: Chris Mills – Head of Resources, Section 151 Officer