

Thurrock: A place of opportunity, enterprise and excellence, where
individuals, communities and businesses flourish

Council

To the Members of Thurrock Council

The next meeting of the Council will be held at **7.00 pm** on **25 February 2015**

The Council Chamber, Civic Offices, New Road, Grays, Essex RM17 6SL

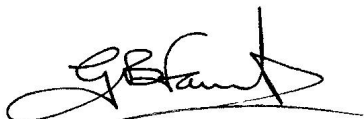
Membership of the Council:

Steve Liddiard (Mayor)
Sue Gray (Deputy Mayor)

Tim Aker
Chris Baker
Jan Baker
Clare Baldwin
Terry Brookes
Mark Coxshall
Charles Curtis
Tony Fish
Oliver Gerrish
Robert Gledhill
Yash Gupta (MBE)
Garry Hague
James Halden
Shane Hebb
Terence Hipsey
Victoria Holloway

Barry Johnson
Roy Jones
Tom Kelly
John Kent
Cathy Kent
Martin Kerin
Charlie Key
Aaron Kiely
Brian Little
Susan Little
Sue MacPherson
Ben Maney
Val Morris-Cook
Tunde Ojetola
Bukky Okunade
Barry Palmer

Maureen Pearce
John Purkiss
Robert Ray
Joycelyn Redsell
Barbara Rice
Gerard Rice
Andrew Roast
Susan Shinnick
Philip Smith
Graham Snell
Richard Speight
Michael Stone
Pauline Tolson
Simon Wootton
Lynn Worrall



Graham Farrant
Chief Executive



Councillor Steve Liddiard
Mayor of Thurrock

Agenda

Open to Public and Press

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| 1 | Apologies for absence | |
| 2 | Minutes | 7 - 28 |
| | To approve as a correct record the Minutes of the meeting of the Council, held on 28 January 2015. | |
| 3 | Items of Urgent Business | |
| | To receive additional items that the Mayor is of the opinion should be considered as a matter of urgency, in accordance with Section 100B (4) (b) of the Local Government Act 1972. | |
| 4 | Declaration of Interests | |
| | To receive any declaration of interests from Members. | |
| 5 | Announcements on behalf of the Mayor or the Leader of the Council. | |
| 6 | Questions from Members of the Public | 29 - 30 |
| | In accordance with Chapter 2, Part 2 (Rule 14) of the Council's Constitution. | |
| 7 | Petitions from Members of the Public and Councillors | |
| | In accordance with Chapter 2, Part 2(Rule 14) of the Council's Constitution. | |
| 8 | Update in respect of petitions presented at Full Council and council offices during the previous 6 months | 31 - 40 |
| 9 | Appointments to Committees and Outside Bodies, Statutory and Other Panels | |
| | The Council are asked to agree any changes to the appointments made to committees and outside bodies, statutory and other panels, as requested by Group Leaders. | |

| | | |
|-----------|--|------------------|
| 10 | Borrowing and Investment Annual Strategy and the Annual Minimum Revenue Provision Statement 2015/16 | 41 - 66 |
| 11 | 2015/16 General Fund Budget Report | 67 - 104 |
| 12 | Housing Base Estimates, Rents and Service Charges 2015/16 | 105 - 114 |
| 13 | To receive reports from Cabinet Members | 115 - 134 |
| | (i) The report of Councillor Victoria Holloway, Cabinet Member for Central Services, is enclosed. | |
| | (ii) The report of Councillor Lynn Worrall, Cabinet Member for Housing, is enclosed. | |
| 14 | Questions from Members | 135 - 136 |

In accordance with Chapter 2, Part 2 (Rule 14) of the Council's Constitution.

| | | |
|-----------|--|--|
| 15 | Reports from Members representing the Council on Outside Bodies | |
| 16 | Minutes of Committees | |

| Name of Committee | Date |
|--|------------------|
| Planning, Transport and Regeneration Overview and Scrutiny Committee | 12 November 2014 |
| Cleaner, Greener and Safer Overview and Scrutiny Committee | 15 December 2014 |
| Corporate Overview and Scrutiny Committee | 15 January 2015 |
| Standards and Audit Committee | 9 December 2014 |
| Planning Committee | 11 December 2014 |
| Children's Services Overview and Scrutiny Committee | 6 January 2015 |

| | | |
|-----------|---|------------------|
| 17 | Update on motions resolved at Council during the previous year | 137 - 142 |
| 18 | To consider motions from Members in the order in which they | 143 - 144 |

were submitted

In accordance with Chapter 2, Part 2 (Rule 15) of the Council's Constitution.

Queries regarding this Agenda or notification of apologies:

Please contact Stephanie Cox, Senior Democratic Services Officer by sending an email to Direct.Democracy@thurrock.gov.uk

Future Dates of Council:

25 March 2015.

Information for members of the public and councillors

Access to Information and Meetings

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Recording of meetings

This meeting may be recorded for transmission and publication on the Council's website. At the start of the meeting the Chair will confirm if all or part of the meeting is to be recorded.

Members of the public not wishing any speech or address to be recorded for publication to the Internet should contact Democratic Services to discuss any concerns.

If you have any queries regarding this, please contact Democratic Services at Direct.Democracy@thurrock.gov.uk

Guidelines on filming, photography, recording and use of social media at council and committee meetings

The council welcomes the filming, photography, recording and use of social media at council and committee meetings as a means of reporting on its proceedings because it helps to make the council more transparent and accountable to its local communities.

If you wish to film or photograph the proceedings of a meeting and have any special requirements or are intending to bring in large equipment please contact the Communications Team at CommunicationsTeam@thurrock.gov.uk before the meeting. The Chair of the meeting will then be consulted and their agreement sought to any specific request made.

Where members of the public use a laptop, tablet device, smart phone or similar devices to use social media, make recordings or take photographs these devices must be set to 'silent' mode to avoid interrupting proceedings of the council or committee.

The use of flash photography or additional lighting may be allowed provided it has been discussed prior to the meeting and agreement reached to ensure that it will not disrupt proceedings.

The Chair of the meeting may terminate or suspend filming, photography, recording and use of social media if any of these activities, in their opinion, are disrupting proceedings at the meeting.

Thurrock Council Wi-Fi

Wi-Fi is available throughout the Civic Offices. You can access Wi-Fi on your device by simply turning on the Wi-Fi on your laptop, Smartphone or tablet.

- You should connect to TBC-CIVIC
- Enter the password **Thurrock** to connect to/join the Wi-Fi network.
- A Terms & Conditions page should appear and you have to accept these before you can begin using Wi-Fi. Some devices require you to access your browser to bring up the Terms & Conditions page, which you must accept.

The ICT department can offer support for council owned devices only.

Evacuation Procedures

In the case of an emergency, you should evacuate the building using the nearest available exit and congregate at the assembly point at Kings Walk.

How to view this agenda on a tablet device



You can view the agenda on your [iPad](#), [Android Device](#) or [Blackberry Playbook](#) with the free modern.gov app.

Members of the Council should ensure that their device is sufficiently charged, although a limited number of charging points will be available in Members Services.

To view any “exempt” information that may be included on the agenda for this meeting, Councillors should:

- Access the modern.gov app
- Enter your username and password

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF

Breaching those parts identified as a pecuniary interest is potentially a criminal offence

Helpful Reminders for Members

- *Is your register of interests up to date?*
- *In particular have you declared to the Monitoring Officer all disclosable pecuniary interests?*
- *Have you checked the register to ensure that they have been recorded correctly?*

When should you declare an interest *at a meeting*?

- **What matters are being discussed at the meeting?** (including Council, Cabinet, Committees, Subs, Joint Committees and Joint Subs); or
- If you are a Cabinet Member making decisions other than in Cabinet **what matter is before you for single member decision?**



Does the business to be transacted at the meeting

- relate to; or
- likely to affect

any of your registered interests and in particular any of your Disclosable Pecuniary Interests?

Disclosable Pecuniary Interests shall include your interests or those of:

- your spouse or civil partner's
- a person you are living with as husband/ wife
- a person you are living with as if you were civil partners

where you are aware that this other person has the interest.

A detailed description of a disclosable pecuniary interest is included in the Members Code of Conduct at Chapter 7 of the Constitution. **Please seek advice from the Monitoring Officer about disclosable pecuniary interests.**

What is a Non-Pecuniary interest? – this is an interest which is not pecuniary (as defined) but is nonetheless so significant that a member of the public with knowledge of the relevant facts, would reasonably regard to be so significant that it would materially impact upon your judgement of the public interest.

Pecuniary

If the interest is not already in the register you must (unless the interest has been agreed by the Monitoring Officer to be sensitive) disclose the existence and nature of the interest to the meeting

If the Interest is not entered in the register and is not the subject of a pending notification you must within 28 days notify the Monitoring Officer of the interest for inclusion in the register

Unless you have received dispensation upon previous application from the Monitoring Officer, you must:

- Not participate or participate further in any discussion of the matter at a meeting;
- Not participate in any vote or further vote taken at the meeting; and
- leave the room while the item is being considered/voted upon

If you are a Cabinet Member you may make arrangements for the matter to be dealt with by a third person but take no further steps

Non- pecuniary

Declare the nature and extent of your interest including enough detail to allow a member of the public to understand its nature



You may participate and vote in the usual way but you should seek advice on Predetermination and Bias from the Monitoring Officer.

PROCEDURE FOR MOTIONS

No speech may exceed 3 minutes without the consent of the Mayor [Rule 19.8], except for the proposer of any motion who shall have 5 minutes to move that motion (except on a motion to amend where the 3 minute time shall apply) [Rule 19.8(a)]

All Motions will follow Section A and then either Section B or C

- | | | | |
|-----------|----|--|----------------------------|
| A. | A1 | Motion is moved | [Rule 19.2] |
| | A2 | Mover speaks | [Rule 19.8(a) (5 minutes)] |
| | A3 | Seconded | [Rule 19.2] |
| | A4 | Secunder speaks or reserves right to speak | [Rule 19.3] (3 minutes) |

Then the procedure will move to either B or C below:

| B. | | C. | |
|---|--|--|--|
| IF there is an AMENDMENT (please see Rule 19.23) | | If NOT amended i.e. original motion | |
| B1 | The mover of the amendment shall speak (3 mins). | C1 | Debate |
| B2 | The seconder of the amendment shall speak unless he or she has reserved their speech (3 mins). | C2 | If the seconder of the motion has reserved their speeches, they shall then speak |
| B3 | THEN debate on the subject . | C3 | The mover of the substantive motion shall have the final right of reply |
| B4 | If the seconder of the substantive motion and the amendment reserved their speeches, they shall then speak | C4 | Vote on motion |
| B5 | The mover of the amendment shall have a right of reply | | |
| B6 | The mover of the substantive motion shall have the final right of reply | | |
| B7 | Vote on amendment | | |
| B8 | A vote shall be taken on the substantive motion, as amended if appropriate, without further debate | | |

Vision: Thurrock: A place of **opportunity**, **enterprise** and **excellence**, where **individuals**, **communities** and **businesses** flourish.

To achieve our vision, we have identified five strategic priorities:

1. Create a great place for learning and opportunity

- Ensure that every place of learning is rated “Good” or better
- Raise levels of aspiration and attainment so that residents can take advantage of local job opportunities
- Support families to give children the best possible start in life

2. Encourage and promote job creation and economic prosperity

- Promote Thurrock and encourage inward investment to enable and sustain growth
- Support business and develop the local skilled workforce they require
- Work with partners to secure improved infrastructure and built environment

3. Build pride, responsibility and respect

- Create welcoming, safe, and resilient communities which value fairness
- Work in partnership with communities to help them take responsibility for shaping their quality of life
- Empower residents through choice and independence to improve their health and well-being

4. Improve health and well-being

- Ensure people stay healthy longer, adding years to life and life to years
- Reduce inequalities in health and well-being and safeguard the most vulnerable people with timely intervention and care accessed closer to home
- Enhance quality of life through improved housing, employment and opportunity

5. Promote and protect our clean and green environment

- Enhance access to Thurrock's river frontage, cultural assets and leisure opportunities
- Promote Thurrock's natural environment and biodiversity
- Inspire high quality design and standards in our buildings and public space

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Minutes of the meeting of Council held on 28 January 2015 at 7.00pm

Present: Councillors Steve Liddiard (Mayor), Tim Aker, Chris Baker, Jan Baker, Clare Baldwin, Mark Coxshall, Charles Curtis, Tony Fish, Oliver Gerrish, Yash Gupta, Garry Hague, James Halden, Shane Hebb, Terry Hipsey, Victoria Holloway, Roy Jones, Tom Kelly, John Kent, Martin Kerin (from 7.21pm), Charlie Key, Brian Little, Sue Little, Sue MacPherson, Ben Maney, Tunde Ojetola, Bukky Okunade, Barry Palmer, Maureen Pearce, John Purkiss, Robert Ray, Joy Redsell, Andrew Roast, Sue Shinnick, Philip Smith, Graham Snell, Richard Speight, Michael Stone, Pauline Tolson and Lynn Worrall.

Apologies: Councillors Terry Brookes, Sue Gray, Barry Johnson, Cathy Kent, Val Morris-Cook, Barbara Rice, Gerard Rice and Simon Wootton.

In attendance: Fiona Taylor – Head of Legal and Democratic Services
Steve Cox – Assistant Chief Executive
Barbara Brownlee – Director of Housing
David Bull – Director of Planning and Transportation
Carmel Littleton – Director of Children’s Services
Roger Harris – Director of Adults, Health and Commissioning
Sean Clark – Head of Corporate Finance
Jackie Hinchliffe – Head of HR, OD and Customer Strategy
Matthew Boulter – Principal Democratic Services Officer
Stephanie Cox – Senior Democratic Services Officer

Before the start of the meeting, the Mayor invited Reverend Barlow to lead those present in prayer.

The Mayor welcomed Councillor Tim Aker to the Chamber, following his victory in the Aveley and Uplands by-election on 4 December 2014.

The Mayor then informed all present that the meeting may be filmed and was being recorded, with the audio recording to be made available on the Council’s website.

68. Minutes

The Minutes of the Council meeting, held on 22 October 2014, were approved as a correct record.

69. Items of Urgent Business

The Mayor informed the Council that he had not agreed to the consideration of any items of urgent business.

70. Declaration of Interests

There were no interests declared.

71. Announcements

The Mayor informed the Chamber that since the last meeting of Council he had the pleasure of attending an open evening event of Thurrock Marching Brass. He explained that Thurrock Marching Brass provided the youngsters of Thurrock and the surrounding areas with access to the marching and performing arts, giving them world class tuition in music, dance, marching, choreography, discipline, teamwork and fun.

He further reported that their Chairman, Paul Morgan, organised a World Record Attempt for the Longest Line of Fanfare Trumpeters in History, which included participants from all over the UK, including members of Thurrock Marching Brass, some of whom were as young as 10 years of age. The attempt was held at the Aveley Football Club ground on Sunday 7 September 2014 at a show for elite marching bands to compete against one another, which was also hosted by Thurrock Marching Brass. Members were advised that the attempt was successful and subsequently ratified by Guinness World Records.

The Mayor presented the official Guinness World Record Certificate to Paul Morgan, Chairman of Thurrock Marching Brass, and congratulated him and everyone at Thurrock Marching Brass for their exceptional achievement.

Mr Paul Morgan, Chairman of Thurrock Marching Brass, thanked the Mayor for his kindness and generosity, for taking the time to attend the open evening event and in presenting the official certificate. He praised the musical talent of young people in the Borough and added that he was keen to raise the profile of such achievements as not all news stories about young people in the Borough were bad.

Mr Morgan invited the Mayor to accept the position of Honorary President of Thurrock Marching Brass on behalf of the Mayor's Office, and added that he welcomed not only Councillor Liddiard but future Mayor's of Thurrock to accept this position. Mr Morgan also paid particular thanks to his colleague Ken Mansfield, who was Corps Director at Thurrock Marching Brass for all his hard work.

The Mayor thanked both Mr Morgan and Mr Mansfield and accepted the position of Honorary President of Thurrock Marching Brass.

The Leader informed the Chamber of a particular incident in the build up to Holocaust Memorial Day in which acid was used to etch a swastika on the Holocaust Memorial. He condemned this despicable act and said that it was not often that he agreed with the words of Teresa May, who had recently reported that she thought she would never see the day where Jewish people were fearful of remaining here in the UK.

The Leader was saddened that such extreme intolerance still existed today but was pleased that so many colleagues stood together against this intolerance at the Holocaust Memorial Day service. He reported that it was the 70 year anniversary of the crimes of the Holocaust and also the 20 year anniversary of genocide in Bosnia.

The Leader further reflected on the recent senseless killings in and around Paris and stated that the events of the Holocaust should not be forgotten, and that difference should be embraced not vilified.

Members across the Chamber unanimously indicated their agreement and support to the sentiments raised by the Leader.

72. Questions from Members of the Public

A copy of the transcript of questions and answers can be viewed on CMIS at <http://democracy.thurrock.gov.uk/thurrock>

Councillor Kerin arrived at the meeting at 7.21pm.

73. Petitions from Members of the Public and Councillors

The Mayor informed Members that, in accordance with the Council's Petition Scheme, the requisite notice had been given by Councillor Hebb who wished to present a petition at the meeting.

Councillor Hebb firstly echoed the sentiments that were raised by the Leader regarding the Holocaust Memorial.

Councillor Hebb presented a petition on behalf of residents of Hardie Road and Bevin Walk of Stanford-le-Hope, which called on the Council to propose and consult on a painted yellow line plan for Hardie Road/Bevin Walk, with a view of implementing on confirmation that residents were content with the council's proposals to address the matter.

74. Petitions Update Report

Members received a report on the status of those petitions handed in at Council Meetings and Council Offices over the past six months.

Councillor Redsell stated that a petition she had presented was not included on the list, following which it was agreed this would be investigated by Democratic Services outside of the meeting.

75. Result of the Aveley and Uplands By-Election and Review of the Allocation of Seats on Committees

The Mayor advised Members that the report detailed the result of the by-election held in Aveley and Uplands on 4 December 2014, together with the changes that were required to committees and outside bodies.

Councillor Halden congratulated Councillor Aker on his recent win in the Aveley By-Election and reiterated a comment made after Councillor Brookes victory, in that although politically he could not wish him luck he wished him well.

Upon being put to the vote, Members voted in favour of the recommendations in the report whereupon the Mayor declared these to be carried.

RESOLVED:

- 1. That the result of the Aveley & Uplands by-election, held on 4 December 2014, be noted.**
- 2. That the allocation of seats on committees, as set out in Appendix 1, be approved.**

76. Appointments to Committees and Outside Bodies, Statutory and Other Panels

The Mayor advised the Chamber that there was one Council appointed vacancy on the Citizens Advice Bureau Management Committee following Councillor Wootton's resignation on 30 December 2014.

The Mayor enquired whether Group Leaders wished for any changes to be made to the appointments previously made to Committees and outside bodies, statutory and other panels.

The Leader of the Council informed the Chamber that he wished to make the following changes:

- for Councillor Brookes to be appointed as a substitute to the Essex Police and Crime Panel.
- for Councillor Brookes to be appointed as a member of the Corporate Overview and Scrutiny Committee to replace Councillor Gerrish.
- for Councillor Shinnick to be appointed as a substitute member of the Planning, Transport and Regeneration Overview and Scrutiny Committee to replace Councillor Gerrish.
- for Councillor Brookes to be appointed as a substitute member of the Housing Overview and Scrutiny Committee to replace Councillor Gerrish.
- for Councillor Baldwin to be appointed as a member of the Planning Committee to replace Councillor Speight.

- for Councillor Brookes to be appointed as a substitute member of the Planning Committee.

The Leader of the Conservative Group informed the Chamber that his Group wished to make the following changes:

- for Councillor Gledhill to be appointed to the vacancy on the Citizens Advice Bureau Management Committee following Councillor Wootton's resignation on 30 December 2014.

The Leader of the UKIP group informed the Chamber that he wished to make the following changes:

- for Councillor Snell to be appointed to the UKIP member vacancy on the Children's Overview and Scrutiny Committee.
- for Councillor Snell to be appointed as a member of the Health and Wellbeing Overview and Scrutiny Committee.
- for Councillor J. Baker to be appointed as a substitute member of the Children's Overview and Scrutiny Committee.
- for Councillor J. Baker to be appointed as a substitute member of the Health and Wellbeing Overview and Scrutiny Committee.

The leader of the Independent Group confirmed that he did not wish to make any changes to appointments that had previously been made.

Members voted unanimously in favour of the changes to Appointments to Committees and Outside Bodies, Statutory and Other Panels.

RESOLVED:

- 1. That Councillor Brookes be appointed as a substitute to the Essex Police and Crime Panel.**
- 2. That Councillor Brookes be appointed as a member of the Corporate Overview and Scrutiny Committee to replace Councillor Gerrish.**
- 3. That Councillor Shinnick be appointed as a substitute member of the Planning, Transport and Regeneration Overview and Scrutiny Committee to replace Councillor Gerrish.**
- 4. That Councillor Brookes be appointed as a substitute member of the Housing Overview and Scrutiny Committee to replace Councillor Gerrish.**
- 5. That Councillor Baldwin be appointed as a member of the Planning Committee to replace Councillor Speight.**
- 6. That Councillor Brookes be appointed as a substitute member of the Planning Committee.**

7. **That Councillor Gledhill be appointed to the vacancy on the Citizens Advice Bureau Management Committee.**
8. **That Councillor Snell be appointed as a member of the Children's Overview and Scrutiny Committee.**
9. **That Councillor Snell be appointed as a member of the Health and Wellbeing Overview and Scrutiny Committee.**
10. **That Councillor J. Baker to be appointed as a substitute member of the Children's Overview and Scrutiny Committee.**
11. **That Councillor J. Baker be appointed as a substitute member of the Health and Wellbeing Overview and Scrutiny Committee.**

77. Council Tax Base 2015/16

Councillor J. Kent, the Leader of the Council, introduced the report which set out the Council Tax base for 2015/16 and detailed the total number of properties in each band and the total of all properties in the Borough.

Upon being put to the vote, Members voted in favour of the recommendations in the report whereupon the Mayor declared these to be carried.

RESOLVED:

1. **That the discount for empty unfurnished properties be reduced to 100% for one month; and**
2. **That pursuant to the Head of Corporate Finance report and in accordance with the relevant regulations, the amount calculated by Thurrock Council as its Council Tax Base for the year 2015/16 shall be 47,889.**

78. Determination of The Collection Fund Balance 2014/15

Councillor J. Kent, the Leader of the Council, introduced the report which estimated the balance on the Council Tax Collection fund, in doing so he raised the following key points:

- That the Council Tax Collection Fund had a surplus of £1.164 million, which was a healthy surplus and that Council Tax owed from previous years continued to be collected.
- That business rates were not in a healthy state and were £9 million less than expected. He remarked that this was entirely due to appeals against business ratings which the Council had no jurisdiction or decision making over. He added some of these appeals went as far back to 2005.

Upon being put to the vote, Members voted unanimously in favour of the recommendations, whereupon the Mayor declared these to be carried.

RESOLVED:

1. That it be determined the estimated 31 March 2015 balance of Thurrock Council's Council Tax Collection Fund to be a surplus of £1,164,181 (before distribution to major precepting authorities).
2. That the surplus to the three main precepting bodies in proportion to their precepts for 2014/15 be allocated as follows:
 - (i) Thurrock Council £980,495
 - (ii) Essex Police Authority £125,779; and
 - (iii) Essex Fire Authority £57,907.
3. That it be determined the estimated 31 March 2015 balance of Thurrock Council's Business Rate Collection Fund to be a deficit of £8,896,308 (before distribution to Central Government and Essex Fire Authority).
4. That the deficit to the three main precepting bodies in the proportion set out in legislation be allocated as follows:
 - (i) Thurrock Council £4,359,191;
 - (ii) Central Government £4,448,154; and
 - (iii) Essex Fire Authority £88,963.

79. Local Council Tax Support Scheme

Councillor Holloway, Cabinet Member for Central Services, introduced the report which highlighted the outcomes of the consultation and considered the design of the Local Council Tax Support Scheme. In introducing the report the Cabinet Member made the following key points:

- The money that had been provided by Central Government had reduced by 10%.
- That the response to the public consultation had been poor at just 54 responses.
- That the Council was clear it wanted to protect low earning families with children.
- That a court ruling had meant that it was illegal to invoke a local residency clause with the local scheme.

The Cabinet Member recommended that Thurrock continue with the scheme for a further year to minimise the impact on the local community.

Councillor Gledhill was pleased to see that benefits to those injured in active service had been included and stated that residents should be made more

aware of the consultation so that next year when the scheme was reviewed again, a greater response rate could be achieved.

Upon being put to the vote, Members voted unanimously in favour of the recommendation, whereupon the Mayor declared this to be carried.

RESOLVED:

- 1. That the 2015/16 LCTS for Thurrock Council remains the same as it is for this current year thereby containing the following elements:**
 - **The first £25 per week of earned income will be disregarded when calculating levels of council tax support.**
 - **The maximum capital limit is to be set at £6,000. This means anyone who has savings over £6,000 may not receive support with their Council Tax.**
 - **Second adult rebate will no longer be awarded for working age claimants.**
 - **For working age claimants, the maximum support that will be allowed will be 75% of the full Council Tax bill for the Banding of the property.**
 - **Child Benefit and Child Maintenance received will not be included as income in the calculation of Council Tax Support.**
 - **There will be a 100% disregard of military compensation payments, including War Disablement Pensions, War Widow's Pension and Armed Forces Compensation Scheme payments.**

80. Constitution Working Group – Governance Review

The Mayor briefly introduced the report which sought the agreement of the Council to the composition and membership of the Constitution Working Group, and, the allocation of a small budget to the Group, in order that it can then proceed with the Governance Review it has been tasked to undertake.

The Mayor advised that the nominations made by Group Leaders had been received and paper copies circulated to Members on the desks in the Council Chamber prior to the meeting.

Councillor Gledhill welcomed a regular refresh of the Council Constitution and wanted to make recommendations back to Council as fast as possible. He added that he hoped much of the £5,000 budget allocated to the Governance Review could remain unused and put back into the Council Budget.

Upon being put to the vote, Members voted unanimously in favour of the recommendations, whereupon the Mayor declared these to be carried.

RESOLVED:

1. **That the Constitution Working Group comprise of 8 Members, to be drawn from each of the political groups represented on the Council, as set out below:**
 - **3 members of the Labour Group**
 - **3 members of the Conservative Group**
 - **1 member of the UKIP Group**
 - **1 member of the Independent Group**

2. **That the nominations of each of the political groups to the available seats on the Constitution Working Group, be approved as set out below.**

| Constitution Working Group | |
|-----------------------------------|---|
| Labour Group | <ul style="list-style-type: none"> • Councillor Gupta • Councillor Speight • Councillor Fish |
| Conservative Group | <ul style="list-style-type: none"> • Councillor Gledhill • Councillor Halden • Councillor Ojetola |
| UKIP Group | <ul style="list-style-type: none"> • Councillor Ray |
| Independent Group | <ul style="list-style-type: none"> • Councillor Palmer |

3. **That a budget of £5,000 be allocated to the Constitution Working Group to enable it to properly investigate the advantages and disadvantages of different forms of governance amongst similar sized authorities.**

81. Amendment to Polling Places and Polling Stations

The Mayor briefly introduced the report of the Returning Officer in relation to the Review of Polling Districts, Polling Places and Polling Stations.

Upon being put to the vote, Members voted unanimously in favour of the recommendations, whereupon the Mayor declared these to be carried.

RESOLVED:

- 1. That members note the existing arrangements for Belhus Ward, polling district F can be confirmed for the elections on 7 May 2015 with a requirement to source a new polling place thereafter.**
- 2. That the polling place for polling district P, Corringham and Fobbing be confirmed as the Pegasus Club, Herd Lane.**
- 3. That members note there are existing arrangements in place within the Constitution and the Terms of Reference of the General Services Committee which will enable the Chief Executive to make changes to a polling place if required, in an emergency.**

82. Refresh of Community Priorities

Councillor J. Kent, the Leader of the Council, introduced the report which detailed the change to the community priorities and objectives which had been reviewed and refreshed. He reported that this was an appropriate time to change the community priorities that had been agreed in 2012 given the economic and budget challenges faced. Members were advised that the community and voluntary sector had been consulted on the changes, which had also been endorsed by Cabinet.

Councillor Gledhill welcomed the update especially in light of the current budget challenges but questioned why the priority of 'raise levels of aspiration and attainment so that residents can take advantage of local job opportunities' focused on local opportunities only. He felt that it should not only look inwardly.

In response the Leader of the Council emphasised the importance of building links between businesses and schools to equip young people in Thurrock with the skills needed to access employment in general, but specifically to take up the job opportunities in the Borough too. He added that the current priority also contained a local element and felt that it was important this remained.

Upon being put to the vote, Members voted unanimously in favour of the recommendation, whereupon the Mayor declared this to be carried.

RESOLVED:

- 1. That the new community priorities and objectives as set out in Appendix 1 be agreed.**

83. Proposed Amendments to Thurrock's Health and Wellbeing Board Membership

The Mayor advised Members that the report sought approval to expand the Membership of the Health and Wellbeing Board to include:

- The Chair of the Local Safeguarding Children’s Board, David Peplow.
- The Chair of the Safeguarding Adults Partnership Board, Graham Carey.
- Councillor Okunade in her capacity as Portfolio Holder for Children’s Social Care.

Councillor Halden felt that it was right that the membership of the board be expanded to include the representatives referred to above. He advised Members that he would be formally writing to Councillors J. Kent, G. Snell and B. Palmer, in light of a safeguarding issue that he had become aware of, to ensure the correct scrutiny of Thurrock’s safeguarding functions.

Upon being put to the vote, Members voted unanimously in favour of the recommendations, whereupon the Mayor declared these to be carried.

RESOLVED:

- 1. That Council agrees that the Chair of the Local Children’s Safeguarding Board, Chair of the Adult Safeguarding Partnership Board, and Portfolio Holder for Children’s Social Care become members of the Health and Wellbeing Board.**
- 2. That the monitoring officer be requested to update the Terms of Reference of the Health and Wellbeing Board as set out in Chapter 5, Part 5 of the Council’s Constitution.**

84. Adoption of Thurrock Core Strategy and Policies for Management of Development Focused Review: Consistency with National Planning Policy Framework

Councillor Speight, Cabinet Member for Communities and Regeneration, introduced the report which recommended that the Focused Review be adopted. He explained that the report had been a while in the making and that in October 2012 Cabinet had agreed a review of the Council’s Core Strategy and Policies in response to publication of the National Planning Policy Framework. He further reported that the document was not a holistic review and focussed only on minor changes.

Councillor Gledhill welcomed the review which was in line with the national framework and hoped that a larger review would take place in the not too distant future. He felt that a particular issue surrounding parking on new build housing estates should be examined, as there was significant demand on limited spaces, especially as some residents required the use of company vehicles.

In response Councillor Speight recognised that this was an issue and stated that the importance of the core strategy could not be underestimated. He was keen to engage with Members and the public to develop this further.

Upon being put to the vote, Members voted unanimously in favour of the recommendations, whereupon the Mayor declared these to be carried.

RESOLVED:

1. That it be agreed with immediate effect the adoption of the **Thurrock Core Strategy and Policies for Management of Development Focused Review: Consistency with National Planning Policy Framework, as modified in accordance with the examination Inspector's report.**
 2. That it be agreed the Council make available in accordance with regulation 35 of The Town and Country Planning (Local Planning) (England) Regulations 2012:- (i) the adopted Focused Review; (ii) an adoption statement; (iii) the sustainability appraisal report, and (iv) details of the places and times when these documents can be inspected.
 3. That it be agreed a copy of the adoption statement be sent to persons who have asked to be notified of the adoption of the Focused Review, and to the Secretary of State.
85. **Adoption of legislation to allow for improved regulation of acupuncture, tattooing, semi-permanent skin colouring, cosmetic piercing and electrolysis within Thurrock**

Councillor Smith, Cabinet Member for Public Protection, introduced the report which recommended the adoption of legislation and the creation of a bylaw to ensure that residents and visitors using premises carrying out skin piercing and related activities were meeting a standard to ensure health and safety.

Councillor Worrall was keen that when setting fees the Council should seek full cost recovery in order to not place an additional burden on budgets. In response the Cabinet Member explained that the service would be looking to obtain full cost recovery but added that legally they would not be able to profit from the charges, just cover the actual cost.

Upon being put to the vote, Members voted unanimously in favour of the recommendations, whereupon the Mayor declared these to be carried.

RESOLVED:

1. That it be agreed to adopt **Sections 14-17 inclusive of the Local Government (Miscellaneous Provisions) Act 1982 as amended by the Local Government Act 2003 Section 120, which deals with the regulation of Acupuncture, tattooing, semi-permanent skin-colouring, cosmetic piercing and electrolysis**
2. That following the implementation period for the adoption of the resolution in relation to Sections 14-17 of the Local Government

(Miscellaneous Provisions) Act 1982 as amended by The Local Government Act 2003 Section 120, the Council adopt the model bylaw detailed in Appendix 2.

86. Hackney Carriage and Private Hire Vehicle Specification and Licence Condition amendment

Councillor Stone, Chair of the Licensing Committee, introduced the report which proposed a correction of a typographical error to Thurrock Council Hackney Carriage and Private Hire vehicle specifications and Licence Conditions. Members were advised that the changes related to the loading of wheelchairs and where animals should be carried in vehicles.

Upon being put to the vote, Members voted unanimously in favour of the recommendations, whereupon the Mayor declared these to be carried.

RESOLVED:

- 1. That the vehicle specification and licence conditions for Private Hire and Hackney Carriage Vehicles (detailed in appendix A) be adopted.**

87. Report of the Cabinet Member for the Environment

Councillor Fish, Cabinet Member for the Environment, introduced the report and in doing so provided an overview of the services provided, including the civic amenity site, 2 country parks, 3 Sites of Special Scientific Interest, Thurrock in Bloom, fleet management, street waste and the winter gritting service.

In introducing the report the Cabinet Member raised the following key points:

- That recycling rates had reduced over the past 2 years but were in line with national averages.
- That for the fifth consecutive year the Directorate had come in on budget.
- That the streets of Thurrock were the cleanest ever.
- That the waste team had emptied 97% of bins on schedule.
- That money had been saved on vehicle repairs as a new in-house workshop at St. Clements was now a Taxi safety check centre and licensed to undertake MOTS for all Council Vehicles.
- That in 2012-13 the service had a cohort of 14 Street Services apprentices, 6 of whom completed their qualification and work experience and 1 of whom was now permanently employed in the service.
- In 2013-14 the service operated a programme for apprentices that provided a qualification as well as work experience across most front line services.

- That whilst services were being restructured the apprentice programme had been put on hold but it was hoped that further programmes to support local youth would be initiated during the course of summer 2015.
- That the level of street cleanliness in the Borough was a real success for the team and the level of street cleanliness achieved in Thurrock was better than the National figures available from Keep Britain Tidy.

That Cabinet Member further outlined a number of positive actions that were planned to ensure that the impact of the budget savings facing the Directorate were minimised, which included:

- The consolidation of two depots into a single site to realise savings and a more efficient allocation of resources.
- A move from a service focus to area based working which would enable staff to move from scheduled rounds to become more reactive – responding to issues as they arise.
- To increase external income by selling services to external parties, for example, trade waste, winter gritting, grounds maintenance for schools.

Members questioned the Portfolio Holder on the following matters and the Mayor advised that responses would be provided at the end of receipt of all questions:

- Councillor Tolson asked if the Portfolio Holder would agree that if gates had been placed at the Greenacres flyover (A13) when originally requested three years ago this would have been more cost efficient. She reported that the last fly tip had cost £30,000 to remove from the site and remarked it would have been more cost efficient to put gates on 3 years ago. She further questioned what was being done to tackle issues at Rainbow Lane, Stanford-le-Hope to prevent fly tips but still allow for pedestrian, cycleway and bridleway access.
- Councillor Gledhill observed that in Rectory Road, Little Thurrock, there had been a marked increase in dog fouling. He questioned what the Portfolio Holder was doing to resolve the problem, whether this was by introducing more dog bins, or increasing patrols or enforcement officers to fine irresponsible dog owners.
- Councillor Ojetola acknowledged that the service worked hard and thanked the team for their work. However he felt that the report should have included details regarding the complaints related to the service. He explained that the last report received by Members detailed the service had received over 600 complaints, and questioned the Portfolio Holder on how many complaints had been received this year, of those how many were progressed to stage 3 and what actions had been taken following the ombudsman recommendations.
- Councillor Ray highlighted issues that the Aveley Community Forum had continued to experience regarding broken glass, cigarette butts

and other litter at their recreation ground. He questioned what the Portfolio Holder was doing to tackle these problems.

- Councillor Aker asked what was done when fly tipping was reported, specifically how cleaning was actioned and how those responsible were caught. He advised that he had reported a fly tipping incident in Aveley along with Councillor Ray who had witnessed the incident.
- Councillor Purkiss called for the Portfolio Holder to establish a regular cleaning regime outside the Linford Civic Amenity Site and was also concerned that road signs between East Tilbury and Grays were dirty and not easily visible.
- Councillor Palmer questioned what steps were being taken to clean the A13, which he felt was in a disgusting state and a failing on the whole Borough.
- Councillor Halden highlighted that the report explained money was being saved through multi skilled area teams, which was a suggestion both himself and Councillor Liddiard proposed in 2011. He reported that at the time he was told it was impractical to move to this way of working and questioned what had changed to now make this possible.
- Councillor Coxshall questioned what progress was being made to bring those responsible for the Cory's Wharf fly tip to justice and what the final cost of clearing the site would be. He stated that he had heard the clean up was estimated to cost £700,000.

The Cabinet Member advised that questions regarding fly tipping should be directed to the Cabinet Member for Public Protection as this fell under the remit of his portfolio. In response to Councillor Halden's question regarding why the service was now moving to multi skilled area teams, he added that the budget challenges faced necessitated new ways of working.

The Mayor advised the Chamber that they had run out of time to receive all responses on this report and requested that the relevant Directors provide responses to the questions to the relevant Members outside of the meeting.

88. Report of the Cabinet Member for Communities

Councillor Speight, Cabinet Member for the Communities, introduced the report and, in doing so, highlighted some of the key achievements and challenges of the Portfolio, which included:

- That it was a difficult year for the Community and Voluntary Sector in light of the challenges to voluntary sector grants and a special meeting of the Chairs and Vice-Chairs of Overview and Scrutiny Committee's and the Community and Voluntary Sector had been held.
- That through working with the Community and Voluntary Sector the Council's first social values framework had been developed.

- That it was crucial the council and voluntary sector were allies and worked together in order to achieve collective aspirations.
- That £550,000 in grant funding had been allocated to support the development of community hubs.
- Over 250 volunteers had worked on a range of projects.
- That a number of events had been organised to bring the community together, which included; the Big Lunch event that brought over 1,000 visitors together in July 2014 and the World War One Commemorative event held at Tilbury Fort.
- The Holocaust Memorial Day event included a moving multi-faith ceremony which served as a reminder that equality and diversity was a very real and important issue.
- That the Thurrock Fairness Commission had been launched.
- That the under spend of the Essential Living Fund was due to be rolled over to next year to continue to help those most vulnerable residents with the provision of white goods and furniture.
- That the Council had worked with partners to prepare for the introduction of Universal Credit.

Members questioned the Portfolio Holder and received responses on the following matters:

- Councillor Gledhill echoed the sentiments raised by Councillor J. Kent regarding the disgraceful damage to the Holocaust Memorial. He remarked that a year ago the Veterans Charter had been refreshed and questioned what had been done other than the Charter refresh, as he understood other ideas had been put forward.

The Cabinet Member advised that the Veterans Charter was a good piece of work which had been developed in conjunction with the community and explained that it was a living document that was constantly evolving. He remarked that he was happy to liaise with Members outside of the meeting to continue to evolve and make changes as necessary.

- Councillor Roast acknowledged the good work of residents who were not part of the volunteer programme but who nonetheless did volunteer their time in other ways through community clubs not connected to the Council. He asked the Portfolio Holder to keep these people in mind and engaged.

The Cabinet Member observed that he was proud that Thurrock had so many volunteers, clubs and organisations who gave up their free time for the benefit of the community. He agreed that this work should be highlighted in future reports.

- Councillor S. Little asked the Portfolio Holder to outline what was being done to put assets back into the hands of the community, for example to establish community shops.

The Cabinet Member advised that there was not a one size fits all policy but asked Councillor Little to liaise with the asset management team regarding anyone who wished to establish a community asset.

- Councillor Worrall stated that she had worked with local schools for some years to support educational visits to Poland and Germany for young people in Thurrock. She explained that this was the first year such trips had not taken place due to budget constraints, however in the light of the mindless vandalism to the Holocaust Memorial she felt that this was something that could be re-examined so that young people could have the opportunity to learn about the atrocities of the Holocaust.

The Cabinet Member advised that he was happy to re-examine this further.

- Councillor Redsell applauded the work of TRUP, the recycling charity. She explained that a local resident had contacted her as they had difficulty in donating furniture because they could not carry the furniture down flights of stairs. She questioned whether there was a service which could help with this.

The Cabinet Member advised that Essential Living Fund was delivered in partnership with TRUP and agreed that they did very good work.

Councillor Palmer advised that TRUP did offer a collection service for residents.

89. Report of the Cabinet Member for Education

Councillor J. Kent, Cabinet Member for Finance and Education, explained that as there were three Cabinet Member reports on the agenda (due to the pre-election period, by-election and cancellation of the meeting in November) and that time was limited he would not introduce his report but welcomed questions.

Members questioned the Portfolio Holder and received responses on the following matters:

- Councillor Halden observed that there were elements to be praised within the report, particularly in relation to Thurrock Education Alliance and Thurrock Education Awards. He reported that at the Council meeting in October he had asked about how many parents had been given incorrect advice regarding permission for home schooling their children and as of yet had not received a response.

The Cabinet Member advised that the Director of Children's Services would contact Councillor Halden with the information.

- Councillor Gledhill asked the Portfolio Holder what was being done to recruit more school governors and how this worked with academies.

The Cabinet Member appealed to everyone present to give up their time to be a school governor which he felt was a rewarding role. He explained that applicants were always welcome and that school governors received comprehensive training, regular briefings and the opportunity to attend conferences.

- Councillor Kerin congratulated the service in their achievement of ensuring that young people Not in Education, Employment or Training (NEET) were tracked properly and offered support. He questioned the Portfolio Holder on what else could be done to support the 5.4% of young people who were NEET.

The Cabinet Member advised that he was particularly passionate about this subject and that it was built into contracts, (such as those in Housing) that the winning contractor had to employ local people to deliver the scheme which helped reduce the figures of young people who were NEET.

- Councillor Ojetola congratulated the service on their successes and called upon the Portfolio Holder and other Cabinet Members to go further to ensure that Thurrock was not a training ground for London teachers. He also asked whether the Portfolio Holder could work with colleagues in Public Protection to improve parking outside schools so that the impact on local residents could be mitigated.

The Cabinet Member advised that the retention of teachers was a priority and responsibility of the Thurrock Education Alliance who were working hard to ensure the brightest and best teachers were retained in Thurrock.

In relation to parking outside schools the Cabinet Member reported that considerable progress had been made with the use of the PIPPA car before this had to be withdrawn because of the ban introduced by the Communities Secretary, Eric Pickles. He further reported that it was the responsibility of schools to engage with parents and children to discourage the use of cars on the school run and praised the work of a local school in introducing a reporting system with children which had success at raising awareness of this issue.

In summing up the report the Cabinet Member advised that it was too early to declare success and that he would continue to strive for every school in Thurrock to be a 'good' or 'outstanding' school.

90. Questions from Members

The Mayor informed the Chamber that three questions had been submitted to the Leader and a further seven questions to Cabinet Members, Committee Chairs and Member appointed to represent the Council on a Joint Committee.

A copy of the transcript of questions and answers can be found at Appendix 1 to these Minutes.

Due to time limitations it was agreed that 3 Members questions be withdrawn and included on the agenda for the next meeting, which included those submitted by Councillor S. Little and Councillor C. Baker.

91. Reports from Outside Bodies

The Mayor advised that an update report had been received from Councillor C. Kent in relation to the Coalhouse Fort Project and that paper copies had been circulated to Members on the desks in the Council Chamber prior to the meeting.

92. Minutes of Committees

The Minutes of Committees, as set out in the Agenda, were received.

93. Motions update report

Members received an information report updating them on progress in respect of Motions resolved at Council over the past year.

94. Motion submitted by Councillor Pearce

The Motion, as printed in the Agenda, was proposed by Councillor Pearce and seconded by Councillor Gledhill. The Motion read as follows:

“Along with the residents of Aveley and Uplands this council welcomes the decision by the Secretary of State to reject plans for 500 houses on the former firemans club site in Aveley. Further, this council extends its gratitude to Thurrock’s Member of Parliament Jackie Doyle-Price for her role in persuading the Secretary of State to review the application.”

Councillor Pearce introduced the motion, and in doing so explained that there had been two years of opposition to the development and thanked Teresa Webster on her part for helping common sense prevail. She felt that the Planning Committee should have rejected the application and believed that the Section 106 agreement was not fit for purpose.

The Mayor advised Members that the Monitoring Officer had received and accepted a proposed amendment to motion 1, details of which were provided on the desks in the Chamber. The Mayor asked Councillor Ray to move his proposed amendment.

Councillor Ray proposed his amendment to the motion, which was seconded by Councillor Aker, which read as follows:

“Along with the residents of Aveley and Uplands this council welcomes the decision by the Secretary of State to reject plans for 500 houses on the former firemans club site in Aveley on greenbelt land.”

In introducing his proposed amendment, Councillor Ray, felt that the wording of the last part of the substantive motion was inappropriate and incorrect. He felt that it was inappropriate to say that an MP could have persuaded a Secretary of State, and remarked that two Conservative Members of the Planning Committee had approved the application. He further reported that three MEP's from the Eastern Region had submitted information to the Secretary of State for consideration and observed that two submissions had been received too late to be considered in the findings, which included the submissions from Sport England and MP Jackie Doyle-Price. Councillor Aker felt that a local referendum should be triggered on contentious issues such as this and that residents in Aveley were left in an indeterminate state on this application for too long, which was why he supported Councillor Ray's proposed amendment.

Councillor Gledhill expressed that that he would not be supporting the proposed amendment but wholeheartedly supported the idea of a local referendum. He felt that it was inappropriate to speak about the decision of individual members of the Planning Committee and emphasised that no pressure or outside influence should be placed on Planning Committee Members.

Councillor J. Kent informed Members that he had read the inspectors report and observed that it did not mention the work of the MP Jackie Doyle-Price and as the submission was too late to be considered it would be problematic to extend gratitude to the MP.

Councillor Coxshall stated that the MP Jackie Doyle-Price had submitted four submissions and that only the last submission had not been received on time. As a result he thought that the comments made were disingenuous.

Upon being put to the vote, 22 Members voted in favour of the amendment to the Motion, 16 Members voted against and 1 abstained, whereupon the Mayor declared the amendment to the motion was carried.

Following some clarification regarding the point of order for procedure of motions the Mayor conducted a vote in respect of the substantive motion, as amended.

Upon being put to the vote, 29 Members voted in favour of the Motion, 4 Members voted against and 4 abstained, whereupon the Mayor declared the motion to be carried.

RESOLVED:

Along with the residents of Aveley and Uplands this council welcomes the decision by the Secretary of State to reject plans for 500 houses on the former firemans club site in Aveley on greenbelt land.

At 9.25pm the Mayor proposed that Council Procedure Rule 11.1 be suspended to allow the meeting to continue beyond the 2 ½ hour time limit and enable the business on the Agenda to be completed.

95. Motion submitted by Councillor Aker

The Mayor advised that the Monitoring Officer had accepted an amendment to motion 2 from Councillor Aker and that the revised wording had been placed on the desks in the Chamber.

The Motion, as printed on the paper that had been circulated separate to the agenda, was proposed by Councillor Aker and seconded by Councillor Ray. The Motion read as follows:

"Thurrock Council calls on the Cabinet to reject fortnightly bin collections."

Councillor Aker introduced the motion and in doing so observed that a move to fortnightly bin collections could increase the number of fly tipping incidents.

Councillor J. Kent observed that he would be supporting the motion and welcomed Councillor Aker's amendment, as in the scale of local government cuts it could not be guaranteed a move to fortnightly collections would not need to be considered in future. He informed Members that for the following year the grant to the Council had been cut by a quarter, and he was proud that Thurrock had been able to retain a weekly collection of three bins whilst other councils had reduced the number of bins or moved to a fortnightly or even a three week collection cycle for household waste.

Councillor J. Kent also remarked that he was pleased Thurrock adhered to the proper process and that this issue had been scrutinised by Members of the relevant Overview and Scrutiny Committee.

Councillor Gledhill supported the motion and echoed the sentiments raised by Councillor Aker; in that he was concerned fly tipping would increase if fortnightly collections were introduced. He further added that a weekly bin collection was something that every resident had come to expect and that Thurrock should continue to strive for this where possible. He stated that he was happy to work alongside Cabinet Members to identify any alternatives.

Councillor Pearce acknowledged that she would support the motion which appeared to be a common sense approach.

Councillor Ray was pleased that the motion had been welcomed by the Leader and the Leader of the Conservative Group and remarked that any

proposal to change the collection of household waste should be consulted upon with residents, including through the community forums, hubs and libraries.

Councillor Aker further welcomed the cross-party support to the motion.

Upon being put to the vote, Members voted unanimously in favour of the Motion, whereupon the Mayor declared the motion was carried.

RESOLVED:

Thurrock Council calls on the Cabinet to reject fortnightly bin collections.

The meeting finished at 9.41pm

Approved as a true and correct record

MAYOR

DATE

**Any queries regarding these Minutes, please contact
Democratic Services at Direct.Democracy@thurrock.gov.uk**

QUESTIONS FROM MEMBERS OF THE PUBLIC

There are 2 questions from members of the public.

1. **From Mr Perrin to Councillor J. Kent**

“Were you or any Member aware that on 3rd February, 1915 H.M.S. Clan McNaughton sank whilst patrolling in the North Atlantic resulting in the loss of 280 men and boys, there were no survivors? Thirty six of those who died were residents of Thurrock. Would it not be right and fitting if Members paid tribute to the gallantry of all those from Thurrock, on-going until November, 2018?”

2. **From Mrs McPherson to Councillor J. Kent**

“Can the Leader advise what *‘outside the box’* ideas are being considered for the library service in order to keep present and future library provision at the highest quality possible to sustain lifelong learning, improve language skills and provide access for the arts, rather than taking the easy solution of closing libraries when library provision is invaluable to the local community.”

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Item 8: Petitions Update Report – 25 February 2015

| Petition No. | Description | Presented by (and date) | Portfolio Holder | Status Full copies of the responses may be obtained from Democratic Services |
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| 439 | Thurrock Council considers the use of space at Defoe Parade for the purpose of a weekly market to include any Farmer's markets and French market. This is requested due to the lack of shopping facilities and value for money in the area and also to bring the community together. | 23/07/14 Presented at Council by a local resident | Cllr L Worrall | <p>Thurrock Council's Housing Department currently provide a license to a market provider for the provision of a market at South Ockendon. They also have an expired licence for a market in Tilbury which may be extended pending conversations with the market provider.</p> <p>The Housing Department do not run markets but provide licenses for providers to run markets on Housing land.</p> <p>If the shop keepers in Defoe Parade wish to work with a market provider or, if they wish to become one themselves, then they simply need to put a business plan together which shows a sustainable market can be run and gain a license from Housing to run a market in Defoe Parade.</p> <p>Update 11/02/2015. Dates have been offered again for this meeting. Currently we the Council is having difficulty arranging to meet with the Shop Keepers due to lack of engagement.</p> |

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| 440 | <p>We the undersigned call on Thurrock Council to continue installing the verge hardening along Lenmore Avenue and Rectory Road, Little Thurrock. This will help improve parking provision on these busy roads, keep verges green and save money on verge repair.</p> | <p>10/09/14 Presented at Council by Cllr Kelly</p> | <p>Cllr J. Kent</p> | <p>The cost of rolling out this project will be £75,000. it is further estimated that the deployment of this form of verge hardening to every part of Thurrock would benefit from it would be £3m. The Council is currently pursuing competitive grant funding for highways maintenance. The potential to finance a verge hardening programme will be reviewed once the outcome of Thurrock's funding bid is known.</p> <p>The bid for highway maintenance improvements was submitted before the DfT deadline of 9 February 2015 and a result of the funding decisions is expected in March 2015.</p> |
| 441 | <p>For many years Dr Devaraja has been negotiating with Thurrock Council to buy a piece of land adjacent to Graham James Primary School in The Sorrells. We the public realised that the Council is not willing to sell to Dr Devaraja.</p> <p>The community is in need of a new purpose built surgery. We support Dr Devaraja on this project.</p> <p>We therefore call upon Thurrock Council to make a decision and grant Dr Devaraja the chance to go ahead with this project for the Corringham community.</p> | <p>15/09/14 Submitted by Dr Devaraja</p> | <p>Cllr J. Kent</p> | <p>Cabinet considered this matter at its meeting on the 3rd September 2014. Although seeking to purchase the site for a number of years, and having the Council's consent to do so since 2006, Dr Devaraja has been unable to complete the purchase. His opportunity to do that expired at the end of 2013, and since then the Council has been endeavouring to agree with NHS England the selection of a different purchaser who would develop a new surgery in which Dr Devaraja (and potentially other neighbouring GP's in similarly unsuitable surgery accommodation) could become tenants.</p> <p>This plan is still very much on track, and NHS England have commissioned a focused</p> |

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| | | | | <p>option appraisal which will review bids from two parties to develop the surgery during October 2014, enabling a decision to be made during November. It is then anticipated that the Council will sell the site to the nominated provider by the end of 2014. Dr Devaraja has been informed of the up to date position by both NHS England, and by the Council.</p> <p>Update – January 2015. The NHS England option appraisal was carried out and this has resulted in the Council opting to dispose of the land to North East London Foundation NHS Trust, for the development of surgery facilities. Both parties are working towards the disposal being finalised to ensure a capital receipt to the Council this financial year 2014/15.</p> <p>NHS England have informed Dr Devaraja of the circumstances and it is hoped that he will take up the option of moving his surgery to the newly build facilities once they are developed.</p> |
| 442 | <p>The Petition calls on Thurrock Council to prohibit the culling of badgers on council-owned land and invest in vaccination programmes locally. We ask this because we believe culling to be inhumane, inefficient and unscientific.</p> <p>This is a national issue which will be of direct concern to the people of Thurrock</p> | <p>30/09/14 Submitted online by a resident.</p> | <p>Cllr T. Fish</p> | <p>Thurrock Borough Council is aware of the DEFRA arrangements to allow the culling of badgers in certain prescribed areas where there are high levels of bovine tuberculosis and the polarised viewpoints that such a cull creates. None of these locations is close to the boundaries of this authority.</p> <p>The Council recognises that badgers are an</p> |

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| | <p>when DEFRA "rolls out" its culling policy in 2014. The object of the petition is to ensure that Thurrock Council's badger population is as safe as possible from slaughter and that the already available injectable badger vaccine against bTB is used in as many cases as possible. We ask this because we believe the culling policy is inhumane (DEFRA's measurement of "humaneness" is to time the screams of wounded badgers), inefficient (previous culls showed an increase in bTB because of badger movement) and unscientific (the majority of scientific opinion hold that a cull will have "no meaningful result").</p> | | | <p>animal that has a specific protection (The Protection of Badgers Act(1992)) which makes it an offence to injure, kill or take a badger or to damage or interfere with a sett unless a licence is obtained from a statutory authority. In the case of the recent DEFRA initiated cull Natural England was the approving authority as opposed to any local council.</p> <p>Thurrock Borough Council does not allow individuals or organisations to undertake hunting or culling of badgers on land under its control and has no plans to give consideration to amending this position at this time. Should there be a change in primary legislation which impacts on this position it would be considered by the Council.</p> <p>The Council is, however, not in a position to consider a vaccination programme for any animals that inhabit its estate due to the potentially significant cost at a time when it is facing significant funding constraints over the foreseeable future.</p> |
| 443 | <p>Arrange for the construction of a suitable sound barrier to reduce the amount of noise being caused as a result of the increased size and volume of traffic movement on the A13 approach slip road to the West Stanford le Hope interchange.</p> <p>Myself and fellow ward councillors have received concerns from residents with</p> | <p>7/11/2014</p> <p>Submitted by Cllr S. MacPherson</p> | Cllr J. Kent | <p>Officers had arranged for some analysis to be undertaken to determine what the best solution would be to reduce road traffic noise in this area of the Homesteads. Those options will include a noise barrier on the west bound off-slip. This report has now been received from Environmental Health and its conclusions were considered.</p> |

* indicates petitions handed in at the Civic Offices or e-petitions - not presented at Council

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| | <p>regards to increased noise as a result of the size and volume of traffic on the slip road to the Stanford Le hope interchange. Thurrock Council to date have no plans to install any noise barriers and have said that the port will have to pay into a general amenities fund that can be used for unforeseen highways issues but this will not happen until warehouses are occupied which may take time. It is not fair on local residents to have to close windows and not be able to live a quiet life as a result of this increased traffic. We therefore call on Thurrock Council to install noise barriers as soon as possible to protect the residents from this increasing noise issue.</p> | | | <p>The environmental work for the London Gateway Port does not require noise barrier for this slip road. Thurrock officers have carried out analysis which shows that noise barrier here will have little impact on the current noise levels.</p> |
| 444 | <p>We ask Thurrock Council to work the new owners of the Pegasus club to keep the trackbed of the Corringham Light Railway open and accessible to the public footpaths that intersect it. We ask Thurrock Council to consult with the new owners of the Peg club and the CLR Society to maintain the track bed and produce Wildlife feeding station at Kynoch Wildlife Corner beside one of the public footpaths within the Pegasus club land.</p> <p>The Corringham Light Railway Society would like to save the remaining sections of the Corringham Light Railway track bed behind the Pegasus Club in Herd Lane, Corringham, Essex.</p> | 7/11/2014 | Cllr J. Kent | <p>Petition issues have been considered and advised that significant engineering would require planning permission. Any related formal planning process would need to take into consideration the historic value and local support for access. Society have been advised that they may wish to submit an application to create a permissive footpath along the track bed and/or the non-definitive footpath route to establish appropriate rights of way to continue to access the area. Information under Section 53(2) of the Wildlife and Countryside Act 1981 are attached detailing the procedure required.</p> <p>If a planning application is received which includes the removal of the track bed then the</p> |

* indicates petitions handed in at the Civic Offices or e-petitions - not presented at Council

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| | <p>The land behind the Peg has been put into the sale of the Peg club and it's future is under threat from the new owners whom have been informed that the Society is working down there, but are also aware that as we have no money to carry out any work, that we are technically trespassing. We have been informed we will soon be hearing from the owners to cease and desist in the area. But I would like to work with the new owners, regardless of if we have money or not, because I feel that the work we are doing is making a difference down there. We have already made a feeding station in the area and it is thriving and we have called it Kynoch Wildlife Corner. We have chaffinches, wolveroles and terrapins in the lower Kynoch lake. If this land is blocked off and we are not allowed down there anymore, all this would be lost and the place will just become overgrown again. Recently, the Society walks that we hold have been a huge success and we have been praised by local councillors and the South Essex MP Stephen Metcalfe who have all walked the line and feel that this is a good thing that needs to be kept up.</p> <p>Loosing this land by blocking it off would be very detrimental to this area, that is a part of the countryside, no matter how close it is to civilisation.</p> | | | <p>historic value and local support for access will be a consideration when the application is determined</p> |
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* indicates petitions handed in at the Civic Offices or e-petitions - not presented at Council

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|------|---|---|--------------|---|
| 445 | <p>To install double yellow lines on Lodge Lane (Slip Road) South side. Opposite Sockets Heath Shops. From 40 to 50 Lodge Lane.</p> <p>There has always been issues with parking opposite our drive ways preventing access and egress from our properties.</p> <p>However since the hairdressers and car showroom and the various take-aways and cafes that have since opened the situation had deteriorated and is now far worse.</p> <p>Vans and cars are parked there obstructing views and cause safety issues, as it is difficult to see pedestrians whilst manoeuvring from our drives.</p> | 21/11/2014 Presented by Councillor Redsell | Cllr J. Kent | <p>Letter sent to Lead Petitioner (Cllr Redsell) on 23rd December 2014 advising that a Public Notice will be drawn up with a proposal to install the restrictions as requested.</p> <p>The statutory consultation will be carried out in the new year. Ward Members will be sent a copy of the consultation before it appears in the Thurrock Enquirer.</p> <p>The statutory consultation is under preparation and will be sent out by the end of February 2015.</p> <p>The legal process of drawing up the draft order is underway.</p> |
| 445a | To relocate parking bays in Daiglen Drive, South Ockendon to the front of the Derwent Parade Shops. | 18/11/2014 Presented by Councillor Curtis | | <p>Council Officers have met with the South Ockendon Community on 27th November 2014 and 11th December 2014 to discuss the parking concerns in Derwent Parade. These meetings included residents, tenants, the South Ockendon Forum and Shop Keepers.</p> <p>A number of options were put forward from the Council to address parking issues in Derwent Parade and through listening to the community an additional option was added which met with the majority of agreement.</p> |

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| | | | | <p>The Council are currently working up costs and feasibility of the community proposal and are looking to complete a statutory consultation starting in January 2015. Hopefully a scheme can progress and work start in February 2015 to create additional parking spaces in Derwent Parade.</p> <p>11/02/2015 - Full plan are being completed at the moment and a scheme of costs is being estimated. This should be completed by end of February 2015.</p> <p>A final consultation with the community will take place end of February 2015, if agreed work will progress in March 2015</p> |
| 446 | We the undersigned, are concerned about the constant need for police attendance at a property within the Little Thurrock Blackshots Ward. This house is neglected and sometimes noisy, including the occasional use of a quad-bike. | 08/01/2015 Presented by Councillor Redsell | Cllr Smith | The Anti-Social element of this petition has been referred to the local Neighbourhood Policing Team. Information is also being cross-checked in regards to noise complaints to identify the most appropriate course of action from the Environmental Protection team. |
| 447 | We the undersigned, all tenants residing at the Dexter Close Sheltered Housing Complex, wish to make it clear our distress and upset regarding the withdrawal of the full time Warden service. | 21/01/2015 Presented by a resident | Cllr Worrall | <p>A full response has been sent for this petition explaining the changes that have happened within Sheltered Housing and the reasons for the changes.</p> <p>Specific issues have been addressed at a meeting between the Sheltered Housing Manager and tenants and Dexter Close to try to allay any concerns that they have.</p> |

* indicates petitions handed in at the Civic Offices or e-petitions - not presented at Council

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|-----|---|---|--------------|--|
| 448 | We, the undersigned, ask Thurrock Council to propose and consult on a painted yellow line plan for Hardie Road/Bevin Walk, with a view of implementing on confirmation that residents are content with the council's proposals to address the matter. | 28/01/2015 Presented by Cllr Hebb at Council on 28/01/15 | Cllr Gerrish | Officers are drawing up proposals in consultation with the Council's Housing Directorate prior to local public consultation. |
| 449 | We the undersigned, all tenants residing at the Attlee Court Sheltered Housing Complex, wish to make it clear our distress and upset regarding the withdrawal of the full time Warden Service. | 04/02/2015 | Cllr Worrall | Petition just received after verification. Response will be written regarding the changes made to Sheltered Housing. A tenants meeting will be arranged regarding specific issues for Attlee Court to allay any concerns. |

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|--|-----------------------------|
| 25 February 2015 | ITEM: 10 |
| Council | |
| Borrowing and Investment Annual Strategy and the Annual Minimum Revenue Provision Statement 2015/16 | |
| Wards and communities affected: All | Key Decision: Key |
| Report of: Councillor John Kent, Portfolio Holder for Finance | |
| Accountable Head of Service: Sean Clark, Head of Corporate Finance | |
| Accountable Director: Graham Farrant, Chief Executive | |
| This report is Public | |

Executive Summary

The CIPFA Code of Practice for Treasury Management in Public Services and the Prudential Code requires local authorities to determine the Treasury Management Strategy and Prudential Indicators on an annual basis. The annual strategy also includes the Annual Investment Strategy that is a requirement of the Department for Communities and Local Government Investment Guidance.

In accordance with the above Codes, this report:

- a) makes proposals for the Prudential Indicators for 2015/16;
- b) reviews borrowing and investment strategies for 2015/16 and amends the Annual Minimum Revenue Provision Statement for both 2014/15 and 2015/16; and
- c) sets out a draft Treasury Management budget for 2015/16.

The borrowing limits are determined for statutory purposes and to maximise flexibility. They do not mean that the Council will necessarily borrow up to the amounts specified.

1. Recommendation(s)

1.1 That the Council:

- a) **Agree the Prudential Indicators as set out in Appendix 1;**

- b) **Delegate any changes to the Prudential Indicators to Cabinet where changes are required due to the delivery mechanism for affordable homes in the borough as outlined in paragraph 2.16;**
- c) **Agree the Annual Borrowing and Investment Strategy in paragraph 2.29;**
- d) **Approve the Annual Borrowing and Investment Strategy and the Annual Minimum Revenue Provision (MRP) Statement for 2015/16 and amends the existing 2014/15 Annual Minimum Revenue Provision Statement to the following;**
 - **The Council will set aside an amount each year which it deems to be prudent and appropriate, having regard to statutory requirements and relevant guidance issued by DCLG; and**
- e) **Note the revised 2014/15 and 2015/16 borrowing and investment projections as set out in the report (paragraph 2.31).**

2. Introduction and Background

- 2.1 This Borrowing and Investment Annual Strategy and Annual MRP Statement is prepared under the terms of the CIPFA Prudential Code for Capital Finance in Local Authorities (the code) and seeks approval for the Prudential Indicators in accordance with the Code. CIPFA revised the Treasury Management Code and Guidance Notes as well as the Prudential Indicators in late 2011. The Council has had regard to all these documents in compiling this report.
- 2.2 The report also revises the 2014/15 forecast for interest on borrowing and investment and forecasts the 2015/16 indicative interest payable and receivable.

Borrowing Activity 2014/15 and 2015/16

- 2.3 The underlying need to borrow for capital purposes, as measured by the Capital Financing Requirement (CFR), together with balances and reserves, are the core drivers of Treasury Management activity. The estimates, based on the current revenue budget and capital programmes are:

| | 31/3/2015 Estimate £m | 31/3/2016 Estimate £m | 31/3/2017 Estimate £m |
|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| General Fund Borrowing CFR | 124,947 | 154,412 | 164,297 |
| HRA Borrowing CFR | 171,220 | 184,793 | 187,693 |
| Total Borrowing CFR | 296,167 | 339,205 | 351,990 |
| Less: External Borrowing | 290,139 | 315,139 | 340,139 |
| Internal/(Over) Borrowing | 6,028 | 24,066 | 11,851 |
| Less: Usable Reserves | 8,000 | 8,000 | 8,000 |
| Borrowing Requirement | (1,972) | 16,066 | 3,851 |

- 2.4 The Council's level of physical debt and investments is linked to these components of the balance sheet. The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Council's long term plans change is a secondary objective.
- 2.5 Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer term stability of the debt portfolio. With short term interest rates currently much lower than long term rates, it is likely to be more cost effective in the short term to either use internal resources, or to borrow short term loans instead. The table above shows that in 15/16 and 16/17 it may be necessary for the Council to borrow further funds rather than rely on internal borrowing, this will be monitored on a regular basis by officers to ascertain any need to borrow and whether that borrowing is on a short or long term basis. The figures in the above table exclude any borrowing required for Gloriana.
- 2.6 By doing so, the Council is able to reduce net borrowing costs (despite forgone investment income) and reduce overall treasury risk. Whilst such a strategy is most likely to be beneficial over the next 1-2 years as official interest rates remain low, it is unlikely to be sustained in the medium-term. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long term borrowing rates are forecast to rise. The Council's treasury advisors, Arlingclose, will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long term fixed rates in 2015/16 with a view to keeping future interest costs low, even if this causes additional cost in the short term.
- 2.7 In addition, the Council may borrow short term loans (normally up to one month) to cover unexpected cash flow shortages.

2.8 In conjunction with advice from its treasury advisor, the Council will keep under review the following sources for long term and short term borrowing:

- PWLB loans and its successor body;
- UK Local Authorities;
- Any institution approved for investments;
- Any other bank or building society authorised by the Prudential Regulation Authority to operate in the UK;
- UK public and private sector pension funds;
- Capital market bond investors;
- Special purpose companies created to enable joint local authority bond issues;
- Local Authority bills; and
- Structured finance, such as operating/finance leases, hire purchase.

Private Finance Initiative or sale and leaseback.

- 2.9 The Council has £29 million of loans which are LOBO loans (Lenders Option Borrowers Option) where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. All of these loans could now be amended at the request of the lender only and, although the Council understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. In the event the lender exercises the option to change the rate or terms of the loan, the Council will consider the terms being provided and also repayment of the loan without penalty. The Council may utilise cash resources for repayment or may consider replacing the loan by borrowing from the PWLB or capital markets.
- 2.10 With regards to debt rescheduling, the PWLB allows Councils to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Some bank lenders may also be prepared to negotiate premature repayment terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk.
- 2.11 Borrowing and rescheduling activity will be reported to the Cabinet on a regular basis during 2015/16.
- 2.12 In August 2010 the Council repaid its entire PWLB portfolio of loans (£84 million) to obtain significant interest savings. The re-financing was undertaken by utilising short term funds from the money markets, mainly other Local Authorities, at substantially lower rates than taking longer term fixed debt. It is envisaged that with the current outlook for interest rates that financing from short term money market debt will continue in 2015/16 and beyond. It is recognised that this policy does present on-going risk with regard to potentially higher rates and increased debt costs in the future.

- 2.13 However, this was weighed against the reality of holding fixed rate debt, at a substantial margin above short term rates, for what could prove to be a prolonged period. Borrowing can be swiftly re-fixed if required via the PWLB, either in total or in part, within a matter of days of the decision to re-fix being made or profiled against the maturity schedule of the short term debt. While it is inevitable that interest rates will eventually rise and inflation remains above target, it is the current assessment that official rate increases will not occur until around September 2015 and then in only gradual increases with an anticipated base rate of between 1.50%-2.25% by March 2018. The normalised level of the bank base rate post-crisis is expected to be between 2.50%-3.50%.
- 2.14 Based on this outlook, officers will continue to borrow on a short term basis as and when required while monitoring interest rates to ensure action to fix borrowing is taken if required.
- 2.15 On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. The Council will credit interest to the HRA based on the average balances of its reserves and revenue account balance at the average 7 day LIBID rate for the year.
- 2.16 The Council has made clear an aspiration to create new affordable homes in the borough. The delivery body of these homes is to be a wholly owned company (Gloriana) with the Council borrowing the required funding and lending it on to the company at an enhanced rate to meet State Aid requirements. This in all likelihood will entail in year changes to the Council's prudential indicators and it is requested that changes to the prudential indicators be delegated to Cabinet for this purpose only to allow the development to take place. The changes would be required in terms of the Council's borrowing activity with a likely increase over the period of development.
- 2.17 In addition to the provision of new Council housing outlined in paragraph 2.16, the Council is also undertaking a series of new building schemes utilising borrowing headroom within the HRA debt cap. Current indications are for new borrowing of approximately £25.0m over the next three years that would put the Council's HRA borrowing level close to its debt cap. The Council will therefore manage this programme to keep the HRA borrowing level within the Debt Cap by utilising other resources for example capital receipts from Council house sales or other cash backed resources, or indeed from bidding for increases to the debt cap where considered prudent.

Investments

- 2.18 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12

months the Council's investment balances have ranged between £40 million at peak times to £15 million at the year end and similar levels are expected to be maintained in the forthcoming year. The Council may invest its surplus funds with any of the counterparties detailed in Appendix 2.

- 2.19 The Council terminated the use of Investec as Fund Managers and the £20m invested was returned to the Council. The Council subsequently re-invested the funds with the CCLA Property Fund.
- 2.20 Local Authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk and to reduce costs or increase income at the expense of greater risk. The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over Authorities use of standalone financial derivatives. The CIPFA code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.
- 2.21 The Authority will only use standalone derivatives (such as swaps, forward, futures and options) where they can be clearly demonstrated to reduce the overall level of financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 2.22 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit. The local authority will only use derivatives after seeking expertise, a legal opinion and ensuring officers have the appropriate training for their use.
- 2.23 The Authority complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.
- 2.24 The needs of the Council's treasury management staff for training in investment management are assessed as part of the annual staff appraisal process and additionally where the responsibilities of individual members of staff change. Staff regularly attend courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study for professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.
- 2.25 The Council has appointed Arlingclose Ltd as treasury management advisers and receives specific advice on investments, debt and capital finance issues. The quality of service is controlled by regular review meetings between Arlingclose Ltd and officers from the Council.

- 2.26 The Authority may, from time to time, borrow in advance of need where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums and the risk that investment and borrowing rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks. The total amount borrowed by the Council will not exceed the Council's Authorised Borrowing Limit as set in the prudential indicators. The maximum period between borrowing and expenditure is expected to be two years, although the Council is not required to link particular loans with particular items of expenditure. Any potential situation will be assessed for suitability as to the overall effect on the Council's treasury position.

Annual Borrowing and Investment Strategy and Annual MRP Statement

- 2.27 Local Authorities are required to prepare an Annual Statement of their policy on making MRP for each financial year. Appendix 3 outlines the Council's Annual MRP Statement for 2015/16 (and which is also amended for 2014/15) and is included as item (i) in the Annual Strategy in paragraph 2.30. This has been amended to meet the overall requirement of making a prudent provision rather than applying a specific methodology. This is in accordance with good practice and is consistent with advice received from our Treasury Management advisors.
- 2.28 Officers have reviewed the current strategy and recommend that the only further revision to the strategy for 2015/16 is to take out any reference to Investec as Fund Managers and replace it with reference to the CCLA Property Fund.
- 2.29 Therefore, with regards to the foregoing paragraphs on Borrowing Activity and Investments the following statement forms the Council's Borrowing and Investment Strategy with effect from 1 April 2015:
- a) To obtain any long term borrowing requirement from the sources of finance set out in paragraph 2.8;
 - b) To continue to fund the ex-PWLB debt via short term funds from the money markets unless circumstances dictate moving back into long term fixed rate debt. The borrowing sources mentioned in paragraph 2.8 will then be assessed as to their suitability for use;
 - c) Repay market loans that come up for renewal by realising equivalent amounts of investments. If it is not possible to realise investments then the borrowing sources in paragraph 2.8 will be assessed as to their suitability for use as replacements;
 - d) To undertake short term temporary borrowing when necessary in order to manage cash flow to the Council's advantage;
 - e) Reschedule market and PWLB loans, if practicable, to achieve interest rate reductions, balance the volatility profile or amend the debt profile, dependent on the level of premiums payable or discounts receivable;
 - f) Ensure security and liquidity of the Council's investments and to then optimise investment returns commensurate to those ideals;

- g) Contain the type, size and duration of investments with individual institutions within the limits specified in Appendix 2;
- h) Move further funds into the CCLA Property Fund if it is felt prudent to do so; and
- i) In accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 The Council will set aside an amount each year which it deems to be prudent and appropriate, having regard to statutory requirements and relevant guidance issued by DCLG.

Interest Projections 2014/15 Revised and 2015/16 Original

2.30 The CIPFA document Treasury Management in the Public Services: Code of Practice places a requirement on the Council to publish estimates relating to the operation of the borrowing and investment function.

2.31 The 2014/15 budget and the final projected position for 2014/15 and also an initial projection for 2015/16 are shown in summary format in table 2 below: -

| | Budget 2014/15 £000's | Projected 2014/15 £000's | Original 2015/16 £000's |
|---|-----------------------------|--------------------------------|-------------------------------|
| 1. Interest payable on External Debt | | | |
| 1. Debt Interest | 2,303.0 | 2,296.8 | 2,728.9 |
| 2. Total internal interest | <u>-106.9</u> | <u>109.0</u> | <u>109.0</u> |
| 3. Interest payable | <u>2,196.1</u> | <u>2,405.8</u> | <u>2,837.9</u> |
| Investment Income | | | |
| 4. Interest on Investments | <u>-593.3</u> | <u>-565.8</u> | <u>1,055.6</u> |
| 5. Net interest charged to General Fund | <u>1,602.8</u> | <u>1,840.0</u> | <u>1,782.3</u> |
| 6. MRP- Supported/Unsupported Borrowing | <u>5,800.0</u> | <u>5,497.5</u> | <u>5,623.6</u> |
| 7. Overall charge to GF | <u>7,402.8</u> | <u>7,337.5</u> | <u>7,405.9</u> |

2.32 It should also be noted that the figures shown above for 2015/16 are based on assumptions made about the level of balances available for investment, any anticipated new long term borrowing and the level of interest rates achievable. They are therefore liable to be subject to a significant degree of change during the year arising from variations in interest rates and other market and economic developments, and officers' response to those events.

2.33 In accordance with the requirements of the revised CIPFA Treasury Management Code, the Council will report on treasury management activity

and the outturn against the treasury related Prudential Indicators at least twice a year, one such report will be after the financial year end.

3. Issues, Options and Analysis of Options

3.1 There is very little in terms of options as the policies are largely set out by guidance and legislation and prudential indicators are governed by decisions around the revenue and capital budgets.

3.2 There are two key areas in this report for Members to be particularly mindful of:

a) The plan to maintain temporary borrowing for the foreseeable future. Officers will continue to monitor this to react to any changes in the economy; and

b) There is a clear commitment and need for affordable housing in the borough and this could impact on the prudential indicators appended to this report through an increase in borrowing.

4. Reasons for Recommendation

4.1 There is a legal requirement for a Borrowing and Investment Annual Strategy and the Annual Minimum Revenue Provision Statement. This report and appendices has been written in line with best practice and the Council's spending plans.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 The Council's Treasury Advisors, Arlingclose, have been consulted. As set out in section 4, the report is largely based on best practice and the Council's spending plans that have been scrutinised throughout recent months.

6. Impact on corporate policies, priorities, performance and community impact

6.1 Treasury Management plays a significant support role in the delivery of services to the community. Since the debt restructure in August 2010, the function has contributed savings in the region of £16m to date.

7. Implications

7.1 Financial

Implications verified by: **Chris Buckley**
Treasury Management Officer

The financial implications are included in the main body of the report.

7.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Legal

The report is in accordance with the Local Government Act 2003, related secondary legislation and other requirements including the Prudential Code.

Publication of the strategies is a statutory requirement and conforms to best practice as required by the CIPFA Code of Practice.

7.3 Diversity and Equality

Implications verified by: **Natalie Warren**
Community Development and Equalities Manager

There are no direct diversity implications noted in this report

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

Not applicable.

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Revised CIPFA Prudential Code
- Revised draft ODPM's Guidance on Local Government Investments
- Revised CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes
- Treasury Management Policy Statement
- 2014/15 Annual Investment Strategy
- Arlingclose's Investment Review.

9. Appendices to the report

- Appendix 1 – Prudential Indicators
- Appendix 2 – Specified and Non-Specified Investments
- Appendix 3 – MRP

Report Author:

Chris Buckley
Treasury Management Officer

PRUDENTIAL INDICATORS 2015/16 TO 2017/18

The following prudential indicators are recommended to the Council.

A. Prudential indicators for Affordability

In demonstrating the affordability of its capital investment plan the council must:

- Determine the ratio of financing costs (e.g. capital repayments, interest payments, investment income, etc) to net revenue stream for both the Housing Revenue Account (HRA) and non-HRA services for a 3 year period.
- Determine the incremental impact on the council tax and housing rents (in both instances the scope for increases is governed by the Government's ability to limit council tax increases and the current restriction on council rents).

Indicator A1 sets out the ratio of financing costs to net revenue stream. The estimates of financing costs include current commitments and the proposals in this budget report.

A1: Prudential indicator – Estimates of the ratio of financing costs to net revenue stream 2015/16 to 2017/18

| Indicator | 2015/16 Estimate | 2016/17 Estimate | 2017/18 Estimate |
|------------------|-----------------------------|-----------------------------|-----------------------------|
| Non HRA | 6.33 | 7.65 | 8.3 |
| HRA | 37.6 | 36.9 | 36.3 |

Indicators A2 and A3 set out the estimated incremental impact on both the levels of council tax (Band D equivalent) and housing rents of the recommended capital investment plans and funding proposals. The impact has been calculated using the latest projections on interest rates for both borrowing and investments. The impact does not take account of government support included for new borrowing within the formula spending share and housing subsidy.

A2: Prudential indicator – Estimates of the incremental impact of the new capital investment decisions on the council tax 2015/16 to 2017/18

| Indicator | 2015/16 Estimate | 2016/17 Estimate | 2017/18 Estimate |
|---|-----------------------------|-----------------------------|-----------------------------|
| Additional annual Council Tax requirement | 2.47 | 35.86 | 53.77 |

A3: Prudential indicator – Estimates of the incremental impact of the new capital investment decisions on the average weekly housing rents 2015/16 to 2017/18

| Indicator | 2015/16 Estimate | 2016/17 Estimate | 2017/18 Estimate |
|---|-----------------------------|-----------------------------|-----------------------------|
| Addition in average weekly housing rent | 5.00 | 10.28 | 16.47 |

B. Prudential indicators for Prudence

B1: Prudential indicator – Gross debt and the capital financing requirement

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus estimates of any additional capital financing requirement for the current and next two financial years.

If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with gross external debt.

The Head of Corporate Finance reports that the Authority had no difficulty meeting this requirement in 2014/15, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

Where the gross debt is greater than the capital financing requirement the reasons for this should be clearly stated in the annual treasury management strategy

C. Prudential indicator for Capital Expenditure

Elsewhere in this report is a recommendation for the capital investment plans for the Council over the next three years. Indicator C1 summarises the recommendations within that report. Indicator C2 sets out the estimates of the capital financing requirement over the same period.

C1: Prudential indicator – Estimates of total capital expenditure 2015/16 to 2017/18

| Indicator | 2015/16 Estimate £'000 | 2016/17 Estimate £'000 | 2017/18 Estimate £'000 |
|------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Total Non HRA | 47,745 | 22,582 | 21,720 |
| Total HRA | 31,523 | 19,557 | 17,457 |
| Total Programme | 79,268 | 42,139 | 39,177 |

In considering the capital investment plan the Council has had regard to a number of key issues, namely:

- affordability, e.g. implications for council tax/housing rents
- prudence and sustainability, e.g. implications for external borrowing
- value for money, e.g. option appraisal
- stewardship of assets, e.g. asset management planning
- service objectives, e.g. strategic planning for the authority
- practicality, e.g. achievability of the forward plan.

C2: Prudential indicator – Estimates of capital financing requirement 2015/16 to 2017/18

| Indicator | 2015/16 Estimate £'000 | 2016/17 Estimate £'000 | 2017/18 Estimate £'000 |
|------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| HRA | 184,793 | 187,693 | 190,593 |
| Non-HRA | 154,412 | 164,297 | 173,876 |
| Total | 339,205 | 351,989 | 364,469 |

The estimates are based on the financing options included in the recommended capital investment programme. The estimates will not commit the Council to particular methods of funding – the actual funding of capital expenditure will be determined after the end of the relevant financial year.

The Council has a number of daily cashflows, both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with the approved treasury management strategy and practices. In day to day cash management no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. It is possible, therefore, that external debt could exceed the capital financing requirement in the short term.

D. Prudential indicators for External Debt

A number of prudential indicators are required in relation to external debt.

D1: Prudential indicator – Authorised limit 2015/16 to 2017/18

| Indicator | 2015/16 Estimate £'000 | 2016/17 Estimate £'000 | 2017/18 Estimate £'000 |
|--------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Borrowing | 515,535 | 564,952 | 614,069 |
| Other Long Term Liabilities | 1,400 | 1,200 | 1,000 |
| Total | 516,735 | 566,152 | 615,069 |

The authorised limit is the aggregate of gross borrowing (i.e. before investment) and other long term liabilities such as finance leases. In taking its decisions on the budget report the Council is asked to note that the authorised limit determined for 2015/16 in the above table is a statutory limit required to be determined by full Council under section 3(1) of the Local Government Act 2003.

The authorised limits are consistent with the Council's current commitments, existing plans and the proposals in the budget report for capital expenditure and financing, and with its approved treasury management policy statement and practices. The Head of Corporate Finance confirm that they are based on the estimate of most likely, prudent but not worst case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cashflow requirements for all purposes.

D2: Prudential indicator – Operational boundary 2015/16 to 2017/18

| Indicator | 2015/16 Estimate £'000 | 2016/17 Estimate £'000 | 2017/18 Estimate £'000 |
|--------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Borrowing | 485,335 | 534,952 | 584,069 |
| Other Long Term Liabilities | 1,400 | 1,200 | 1,000 |
| Total | 486,735 | 536,152 | 585,069 |

The operational boundary is based on the authorised limit but without the additional headroom. The operational boundary represents a key management tool for in-year monitoring by the Head of Corporate Finance. As with the authorised limit figures for borrowing (gross) and other long term liabilities are separately identified.

The authorised limit and operational boundary separately identify borrowing from other long-term liabilities. The council is recommended to delegate authority to the Head of Corporate Finance, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for money for the authority. Any such changes made will be reported to the council at its next meeting following the change.

D3: Prudential indicator – HRA Limit on Indebtedness Under Self Financing

This is otherwise known as the Debt Cap, the absolute level of debt permitted under Self Financing Regulations. The debt cap is set at £188.141m, therefore all debt attributable to the HRA cannot exceed this figure. Agreement to increase the debt cap to borrow an additional £11.58m in 2015/16 with regards to the HRA has been received from the DCLG, giving a revised debt cap £199.721m.

E. Prudential indicators for Treasury Management

A number of prudential indicators are required in respect of treasury management. The indicators are based on the council’s treasury management strategy and take into account the pre-existing structure of the council’s borrowing and investment portfolios.

E1: Prudential indicator – Thurrock Council has adopted the “CIPFA Code of Practice for Treasury Management in the Public Services” within its Financial Standing Orders.

E2: Prudential indicators – Upper limits on interest rate exposure 2015/16 to 2017/18

| Indicator | 2015/16 | 2016/17 | 2017/18 |
|--|----------------|----------------|----------------|
| Upper limit on fixed interest rate exposure | 100% | 100% | 100% |
| Upper limit on variable interest rate exposure | 50% | 50% | 50% |

The above percentages are calculated on the net outstanding principal sums (i.e. net of investments). The upper limit of 100% is a consequence of the council maintaining an investment portfolio. Indicator E2a exemplifies the indicator over borrowing and investment.

E2a: Prudential indicators (supplemental) – Upper limits on interest rate exposure 2015/16 to 2017/18

| Indicator | 2015/16 | 2016/17 | 2017/18 |
|---|----------------|----------------|----------------|
| Upper limit on borrowing – fixed rate exposure | 100% | 100% | 100% |
| Upper limit on borrowing – variable rate exposure | 50% | 50% | 50% |
| Upper limit on investments – fixed rate exposure | 100% | 100% | 100% |
| Upper limit on investments – variable rate exposure | 50% | 50% | 50% |

Indicator E2a is supplemental to Indicator E2 and shows separately the maximum limits for both borrowing and investments. The indicator is not a requirement of the prudential code but it does show more clearly the interest rate exposure limits within which borrowing and investments will be managed. The effect of the limits is the Head of Corporate Finance will manage fixed interest rate exposure within the range 0% to 100% for borrowing and within the range 0% to 100% for investments.

E3; Prudential indicator – Upper and lower limits on the maturity structure of borrowing 2015/16

| | Upper Limit | Lower Limit |
|--------------------------------|--------------------|--------------------|
| under 12 months | 100% | 0% |
| 12 months and within 24 months | 60% | 0% |
| 24 months and within 5 years | 60% | 0% |
| 5 years and within 10 years | 60% | 0% |
| 10 years and within 20 years | 60% | 0% |
| 20 years and within 30 years | 60% | 0% |
| 30 years and within 40 years | 60% | 0% |
| 40 years and within 50 years | 100% | 0% |
| 50 years and above | 100% | 0% |

The limits in Indicator E3 represent the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate at the start of the period.

E4: Prudential indicator – Principle sums invested for periods longer than 364 days

| Indicator | 2015/16 | 2016/17 | 2017/18 |
|------------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 |
| Limit | 35,000 | 35,000 | 35,000 |

E5: Prudential indicator – Credit Risk:

- The Council employs Treasury advisors (Arlingclose) who provide monthly updates that consider security, liquidity and yield in that order, when making investment decisions.
- Credit ratings remain an important element of assessing credit risk, but, they are not a sole feature in the Council's assessment of counterparty credit risk
- The Council also considers alternative assessments of credit strength and information on corporate developments and market sentiment towards counterparties. The following key tools are used to assess credit risk:
 - Published credit ratings of the financial institution (minimum BBB- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns)
 - Sovereign support mechanisms
 - Credit default swaps (where quoted)
 - Share prices (where available)
 - Economic fundamentals, such as country's net debt as a percentage of its GDP
 - Corporate developments, news, articles, market sentiment and momentum
 - Subjective overlay

The only indicators with prescriptive values remain to be credit ratings. All other indicators of creditworthiness are considered in relative rather than absolute terms

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APPENDIX 2

Approved Investment Counterparties:

| Credit Rating | Banks/Bldg Societies Unsecured | Banks/Bldg Societies Secured | Government | Corporates | Registered Providers |
|---------------|---------------------------------------|------------------------------|---------------------|----------------|----------------------|
| UK Govt | N/A | N/A | £unlimited 50 years | N/A | N/A |
| AAA | £5m 5 years | £10m 20 years | £10m 50 years | £5m 20 years | £5m 20 years |
| A+ | £5m 5 years | £10m 10 years | £10m 25 years | £5m 10 years | £5m 10 years |
| AA | £5m 4 years | £10m 5 years | £10m 15 years | £5m 5 years | £5m 10 years |
| AA- | £5m 3 years | £10m 4 years | £10m 10 years | £5m 4 years | £5m 10 years |
| A+ | £5m 2 years | £10m 3 years | £5m 5 years | £5m 3 years | £5m 5 years |
| A | £5m 1 year | £10m 2 year | £5m 5 years | £5m 2 years | £5m 5 years |
| A- | £5m 13 months | £10m 13 months | £5m 5 years | £5m 13 months | £5m 5 years |
| BBB+ | £2.5m 6 months | £5m 6 months | £2.5m 2 years | £2.5m 6 months | £2.5m 2 years |
| BBB | £2.5m 100 days | £5m 100 days | N/A | N/A | N/A |
| BBB- | £2.5m 100 days | £5m 100 days | N/A | N/A | N/A |
| None | £2.5m 6 months | N/A | £5m 25 years | N/A | N/A |
| Pooled Funds | Decision made on each individual case | | | | |

The above limits are the maximum that the Council would expect to have in place at any time. However, in practice the actual duration limits in place are continually assessed in conjunction with Arlingclose and will be much shorter than the limits in the above table.

Credit ratings: Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

Banks/Building Societies Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Banks/Building Societies Secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements. These investments are secured on the bank's assets, which limits the potential loss in the unlikely event of insolvency and means that they are exempt from bail-in. Where there is no investment specific credit rating, but, the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multi development banks. These investments are not subject to bail-in and there is an insignificant risk of insolvency. Investments with the UK Central government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but, are exposed to the risk of the company going insolvent.

Other Organisations – The Council may also invest cash with other organisations, for example making loans to small businesses as part of a diversified pool in order to spread the risk widely. Because of the higher perceived risk of unrated businesses such investments may provide considerably higher rates of return.

Registered providers: Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Community Agency and as providers of public services they retain a high likelihood of receiving Government support if needed.

Pooled Funds: Shares in diversified investment vehicles consisting of any of the above investment types plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks coupled with the services of a professional fund manager in return for a fee. Money market funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts while pooled funds whose value changes

with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but, are more volatile in the short term. These allow authorities to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but, are available for withdrawal after a notice period their performance and continued suitability in meeting the authorities investment objectives will be monitored regularly.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the authorities treasury advisers who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- No new investments will be made
- Any existing investment that can be recalled or sold at no cost will be, and
- Full consideration will be given to the recall or sale of all other investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade so that it may fall below the approved rating criteria then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The authority understands that credit ratings are good, but, not perfect predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but, can be seen in other market measures. In these circumstances, the authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the authorities cash balances then the surplus will be deposited with the UK Government via the Debt Management Office or invested in treasury bills for example or with other local authorities. This will cause a reduction in the level of investment income earned, but, will protect the principal sum.

Specified Investments

Specified investments will be those that meet the criteria in the CLG Guidance, i.e. the investment

- is sterling denominated
- has a maximum maturity of one year
- meets the "high credit quality" as determined by the Council or is made with the UK government or is made with a local authority in England, Wales, Scotland or Northern Ireland or a parish or community council.
- The making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate)

The authority defines 'high credit quality' organisations and securities as those having a credit rating of BBB- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds 'high credit quality' is defined as those having a credit rating of A- or higher

Non-specified Investments

Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares

Non-Specified Investment Limits

| | Cash Limit |
|--|------------|
| Total Long Term Investments | £30m |
| Total Investments without credit ratings or rated below A- | £30m |
| Total Investments in foreign countries rated below AA+ | £10m |
| Maximum total non-specified investments | £70m |

Investment Limits

The maximum that will be lent to any one organisation (except the UK Government) is £5m. A group of banks under the same ownership, a group of funds under the same management, brokers nominee accounts, foreign countries and industry sectors will all have limits placed on them as in the table below:

| | Cash Limit |
|---|------------|
| Any single organisation, except the UK Central Government | £5m each |
| UK Central Government | unlimited |
| Any group of organisations under the same ownership | £10m |
| Any group of pooled funds under the same management | £30m |
| Negotiable instruments held in a brokers nominee account | £10m |
| Foreign countries (total per country) | £15m |
| Registered Providers in total | £10m |

| | |
|---|------|
| Building Societies in total (excluding overnight investments) | £25m |
| Loans to small businesses | £10m |
| Money Market Funds | £25m |

Liquidity Management

The Council maintains a cash flow spreadsheet that forecasts the Council's cash flows into the future. This is used to determine the maximum period for which funds may be prudently committed. The forecast is compiled on a pessimistic basis, with receipts under estimated and payments over estimated to minimise the risk of the Council having to borrow on unfavourable terms to meet its financial commitments.

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INTRODUCTION:

The rules for Minimum Revenue Provision (MRP) were set out in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. These rules have now been revised by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008.

Authorities are required to submit to a meeting of their Council an annual statement of their policy on making MRP.

BACKGROUND:

Each year the Council borrows money in order to finance some of its capital expenditure. The loans taken out for this purpose, unlike a mortgage which is repaid in part each month, are fully repayable at a future point in time. The repayment date is chosen to secure the best financial result for the Council.

The concept of Minimum Revenue Provision was introduced in 1989 to prescribe a minimum amount which must be charged to the revenue account each year in order to make provision to meet the cost of repaying that borrowing.

The detailed rules and formulae to be used in the more recent method of calculation were laid down in the Regulations mentioned in the introduction section.

This system has now been radically revised and requires an annual statement to full Council setting out the method the authority intends to adopt for the calculation of MRP.

ISSUES AND/OR OPTIONS:

Under the old regulations Local Authorities were required to set aside each year, from their revenue account an amount that, in simple terms equalled approximately 4% of the amount of capital expenditure financed by borrowing. Local Authorities had no freedom to exercise any discretion over this requirement.

The amendment regulations introduce a simple duty for an authority each year to set aside an amount of MRP which it considers to be 'prudent'. The regulation does not define a 'prudent provision' but the MRP guidance makes recommendations to authorities on the interpretation of that term.

The MRP guidance document is a statutory document and authorities are obliged by section 21 of the Local Government Act 2003 to have regard to such guidance. The guidance aims to provide more flexibility and in particular for development schemes it is possible to have an MRP "holiday" for assets or infrastructure under construction.

Officers have been in discussion with the external auditors on accounting for the wholly owned housing company, Gloriana. This has given officers an additional view

of how to account for MRP on projects where a capital receipt is expected. It has been accepted that there is not a requirement to set aside MRP for loans, through prudential borrowing, that are taken by the Council for onward lending to Gloriana. The basis of this decision is that Gloriana will be making repayments at some point in the future, through either the disposal of properties or rental streams, and that these be set aside for debt repayment purposes. This approach could also be utilised for other schemes, especially in terms of regeneration and economic development purposes with Purfleet regeneration being such an example.

The operative date of the change was 31 March 2008, which means the new rules have applied since the financial year 2007/08.

The Annual MRP Statement

As stated above, Local Authorities are required under the new rules to prepare an annual statement of their policy on making MRP for submission to their full Council. This mirrors the existing requirements to report to the Council on the Prudential borrowing limit and investment policy. The aim is to give elected Members the opportunity to scrutinise the proposed use of the additional freedoms conferred under the new arrangements. The statement must be made before the start of each financial year.

The statement should indicate how it is proposed to discharge the duty to make prudent MRP in the financial year in question for the borrowing that is to take place in that financial year. If it is ever proposed to vary the terms of the original statement during any year, a revised statement should be put to Council at that time.

The guidance includes specific examples of options for making a prudent provision. The aim of this is to ensure that the provision to repay the borrowing is made over a period that bears some relation to the useful life of the assets in question or where a capital receipt will be received to repay the debt in part or in full.

Proposals

In 2015/16 it is proposed to update the Minimum Revenue Provision Policy Statement for 2015/16 and amend the policy for 2014/15 as follows:

- The Council will set aside an amount each year which it deems to be prudent and appropriate, having regard to statutory requirements and relevant guidance issued by DCLG.

The policy will be reviewed on an annual basis.

| | |
|---|-----------------------------|
| 25 February 2015 | ITEM: 11 |
| Council | |
| 2015/16 General Fund Budget Report | |
| Wards and communities affected: All | Key Decision: Yes |
| Report of: Councillor John Kent, Leader of the Council | |
| Accountable Head of Service: Sean Clark, Head of Corporate Finance and Section 151 Officer; Karen Wheeler, Head of Strategy & Communications | |
| Accountable Director: Graham Farrant, Chief Executive | |
| This report is Public | |

Executive Summary

There have been a number of reports presented to Cabinet since July 2014 on the budget pressures and progress in meeting those pressures covering the financial years 2015/16 through to 2017/18.

The report considered by Cabinet on 11 February 2015 reported a balanced budget for 2015/16 but continuing budget pressures for the period 2016/17 – 2017/18. The budget report recommended a Council Tax increase of 1.99% to the Cabinet but this was amended by the Leader of the Council and so this report now recommends that the Council agrees to a zero percent increase and accepts the freeze grant.

1. Recommendation(s):

That the Council:

- 1.1 **Considers and acknowledges the Section 151 Officer’s (Head of Corporate Finance’s) report on the robustness of the proposed budget, the adequacy of the Council’s reserves and the Reserves’ Strategy as set out in Appendix 1, including the conditions upon which the following recommendations are made;**
- 1.2 **Confirms the Council Tax Band D for 2015/16 at £1,124.64, representing a zero percent increase (excluding other preceptors);**
- 1.3 **Approve a General Fund net revenue budget for 2015/16 of £109,771,385 allocated to services as set out in paragraph 2.33;**

- 1.4 Note the Medium Term Financial Strategy and budget challenges as set out in paragraphs 2.34 to 2.40 and Appendix 2 and instruct officers to identify the significant savings to balance the period 2016/17 to 2018/19;**
- 1.5 Approve the Dedicated Schools Grant as set out in paragraphs 2.41 to 2.52 and Appendix 3;**
- 1.6 Approve the new General Fund capital schemes as set out in Appendix 4;**
- 1.7 Agree that any expenditure related to Gloriana Thurrock Ltd be deemed as part of the capital programme and**
- 1.8 Delegate to Cabinet:**
 - 1.8.1 The agreement of the Public Buildings capital allocation subject to a business case;**
 - 1.8.2 The approval of any expenditure, including loan and equity advances, related to Gloriana Thurrock Ltd developments**
 - 1.8.3 The ability to agree schemes where it can be evidenced that there is a spend to save opportunity and these be deemed as part of the capital programme; and**
 - 1.8.4 The ability to agree schemes that use any unbudgeted contributions from third parties, including those by way of grants or developers' contributions, and these be deemed as part of the capital programme.**

Statutory Council Tax Resolution

(Members should note that these recommendations are a result of the previous recommendations above and can be agreed as written or as amended by any changes agreed to those above).

- 1.9 Calculate that the Council Tax requirement for the Council's own purposes for 2015/16 is £53,857,885 as set out in the table at paragraph 2.33 of this report.**
- 1.10 That the following amounts be calculated for the year 2015/16 in accordance with Sections 31 to 36 of the Act:**
 - (a) £341,300,896 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.**

- (b) £287,443,011 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £53,857,885 being the amount by which the aggregate at 1.9(a) above exceeds the aggregate at 1.9(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) £1,124.64 being the amount at 1.9(c) above (Item R), all divided by Item T (Council Tax Base of 47,889), 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 precepts).
- (e) £0 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
- (f) £1,124.64 being the amount at (d) above less the result given by dividing the amount at (e) above by Item T, 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.

1.11 To note that the County Council, the Police 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 dwellings in the Council's area as indicated in the tables below.

1.12 That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2015/16 for each part of its area and for each of the categories of dwellings.

2015/16 COUNCIL TAX FOR THURROCK PURPOSES EXCLUDING ESSEX FIRE AUTHORITY AND ESSEX POLICE AUTHORITY

| Amounts for the Valuation Bands for 2015/16 | | | | | | | |
|---|--------|--------|----------|----------|----------|----------|----------|
| A £ | B £ | C £ | D £ | E £ | F £ | G £ | H £ |
| 749.76 | 874.72 | 999.68 | 1,124.64 | 1,374.56 | 1,624.48 | 1,874.40 | 2,249.28 |

1.13 That it be noted that for the year 2015/16 Essex Police Authority has stated the following amounts in precept issued to the Council for each of the categories of dwellings as follows:

| Amounts for the Valuation Bands for 2015/16 | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| A | B | C | D | E | F | G | H |
| £ | £ | £ | £ | £ | £ | £ | £ |
| 98.10 | 114.45 | 130.80 | 147.15 | 179.85 | 212.55 | 245.25 | 294.30 |

- 1.14 That it be noted that for the year 2015/16 Essex Fire Authority has stated the following amounts in precept issued to the Council for each of the categories of dwellings as follows:

| Amounts for the Valuation Bands for 2015/16 | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| A | B | C | D | E | F | G | H |
| £ | £ | £ | £ | £ | £ | £ | £ |
| 44.28 | 51.66 | 59.04 | 66.42 | 81.18 | 95.94 | 110.70 | 132.84 |

2015/16 COUNCIL TAX (INCLUDING FIRE AND POLICE AUTHORITY PRECEPTS)

| Amounts for the Valuation Bands for 2015/16 | | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| A | B | C | D | E | F | G | H |
| £ | £ | £ | £ | £ | £ | £ | £ |
| 892.14 | 1,040.83 | 1,189.52 | 1,338.21 | 1,635.59 | 1,932.97 | 2,230.35 | 2,676.42 |

2 Introduction and Background

The Process for Agreeing the Council's Budgets

- 2.1 The Council must set its annual revenue budget and associated Council Tax by 11 March of the preceding financial year. If, for whatever reason, the Council cannot agree a budget and Council Tax at its meeting on 25 February 2015, members should be aware that it is unlikely that the Council Tax bills could be sent out in time for April instalments (taking into account the necessary notice period and the time required to print the bills and accompanying information).
- 2.2 It is also good practice to approve the capital programme at the same time because there is an interdependency between the budget streams. Fees and Charges were approved by Cabinet on 11 February 2015.
- 2.3 The Housing Revenue Account (HRA) budget needs to be agreed in a timely manner to ensure that rent increases can be reflected from 1 April of each year. A separate report on this agenda deals with Housing Rents, Charges and the HRA revenue and capital budgets for 2015/16.
- 2.4 This report presents the proposed 2015/16 General Fund revenue and capital budgets, as per the recommendations of the Cabinet that have been formed through budget reports presented to each Cabinet since July 2014.
- 2.5 The Head of Corporate Finance's statutory statement on the robustness of the estimates and adequacy of reserves under s25 of the Local Government Act

2003 is included at Appendix 1. This must be considered by Council before approving the budget and Council Tax.

Revenue

The 2014/15 Budget Position

- 2.6 The Cabinet has received reports on the 2014/15 budget position throughout the year. The report considered at the meeting on 11 February 2015 reported budget pressures within Children's services of £0.3m. Officers were working on reducing this pressure but, at the time of writing, the outcome is unknown, but it is confirmed that there will be no call on reserves.
- 2.7 Officers have secured additional grant due to the magnitude of business rate losses in 2013/14. This is as a result of receipts falling by more than 7.5% below the Council's baseline and represents the difference between that collected and the 7.5% figure. This grant is being utilised to balance the 2014/15 budget position.

The 2015/16 Proposed Revenue Budget

Government Funding – Formula Grant and Business Rate Retention

- 2.8 Formula Grant now provides approximately 23% of the funding for the Council's net non-schools revenue budget and so represents a significant factor in determining the Council's revenue budget.
- 2.9 Until 2013/14, Formula Grant had been the sum of Revenue Support Grant (RSG) and the national reallocation of National Non Domestic Rates (NNDR) (Business Rates).
- 2.10 Since 2013/14, the Business Rates Retention scheme has been in operation and mirrors the approach above – overall grant calculated on the basis of perceived need – though transfers the risk or opportunity of business rate fluctuation to councils.
- 2.11 The Retention scheme works on a baseline position largely based on receipts between 2011 and 2013. The government estimated that the Council would collect circa £105m in 2013/14 of which it would be allocated a share of 49%, circa £52m. The perceived need under the Formula Grant was £29m and so a fixed tariff of £23m was set – this is an annual amount to be paid, uplifted annually by the percentage increase in business rate inflation – and is payable no matter whether the £105m was accurate or not.
- 2.12 There have been three significant events that have impacted on the amount that the Council is able to collect:
- 2.12.1 The closure of Petroplus. Although Petroplus closed before 2013/14, the amount billable was included in the calculation of the baseline due to the timing of that calculation. This has an annual impact of reducing resources to the Council of £2.5m;

- 2.12.2 The closure of Tilbury Power Station. This has an annual impact of reducing resources to the Council of £1.6m; and
- 2.12.3 Valuation Appeals. Businesses have the right to appeal to the Valuation Office on the rateable value that has been set for their business. If the business wins, there is an ongoing reduction in business rates payable but could also be a backdated refund, even where this period goes back to before 2013/14 when the Council took responsibility for local retention. The provision for historic refunds was estimated at £12m as at 31 March 2014 and this has a one off impact of £5.9m on the resources of the Council and an ongoing annual impact of £2m per annum.
- 2.13 For 2015/16, the Council expects to collect in the region of £109m of which the Council will be able to retain £30m.
- 2.14 In terms of the Revenue Support Grant (RSG), the draft Local Government Finance Settlement (LGFS) was announced on 18 December 2014 and has just been confirmed.
- 2.15 The government has, in recent years, used the term 'Spending Power' to headline this announcement. Spending Power brings together a number of figures relating to various grants as well as assumptions for both business rate and Council Tax income.
- 2.16 The headline, nationally, is that there is a 1.8% reduction in spending power. The headline for Thurrock Council was a 2.2% reduction. There are a number of aspects of this approach that mask the real impact on the amount of money available to finance traditional local authority services:
- The amounts included for both Council Tax and business rates are notional and not truly reflective of Thurrock's position;
 - Specific grants and services included within the spending power analysis and RSG specifically, change annually and, although changes are made to the comparative year do influence the percentage change;
 - Some of these amounts are ring fenced for specific and often new services to be delivered by local authorities. With these amounts protected, it means that the amount available for traditional services is less than the headline reduction; and
 - In this settlement, circa £9m of health related funding previously financed by the Thurrock Clinical Commissioning Group (CCG), has been included within the 2015/16 spending power thus increasing the headline amount available for local authority services despite most of this money going to fund NHS services locally, rather than being available to the Council.
- 2.17 Due to the above issues, Thurrock's officers have reported on the actual reduction in grant available for non-ring fenced services. Comparing like with

like, Thurrock Council received £40.650m in 2014/15 to finance traditional services and to provide support to schools.

- 2.18 The amount receivable in 2015/16 has been calculated at £30.473m, an overall reduction in funding of £10.177m or 25%.

Council Tax Base 2015/16 and Estimated Collection Fund Balances

- 2.19 The Council Tax Base for 2015/16 was approved by the Council on 28 January 2015 at 47,889, an increase of 1,445 properties that equates to an increase in Council tax income of £1.6m on a Band D property of £1,124.64.
- 2.20 Although there is an overall increase in the amount of properties within Thurrock, this increase also reflects better collection rates and less residents eligible for the Local Council Tax Scheme (LCTS).
- 2.21 The Council is required to estimate every January, the estimated balance on the Collection Fund for both Council Tax and Business Rates. This balance represents the difference between what the Council expected to be collectable when the budget was originally set and what that estimate is calculated at some twelve months later.
- 2.22 The main reasons for variations are:
- 2.22.1 For Council Tax: number of properties, collection rates and the numbers on LCTS; and
- 2.22.2 For Business Rates: the overall rateable value, collection rates and the impact of appeals.
- 2.23 Any surplus or deficit is then shared out amongst the main preceptors and the government based on their original precepts or allocations.
- 2.24 On 28 January 2015, the Council agreed the following:
- 2.24.1 For Council Tax, a surplus of £1,164,181 be allocated as follows:

| | £ |
|------------------------|---------|
| Thurrock Council | 980,495 |
| Essex Police Authority | 125,779 |
| Essex Fire Authority | 57,907 |

- 2.24.2 For Business Rates, a deficit of £8,896,308 be allocated as follows:

| | £ |
|----------------------|-----------|
| Thurrock Council | 4,359,191 |
| Central Government | 4,448,154 |
| Essex Fire Authority | 88,963 |

Council Tax

- 2.25 The Localism Act 2011 introduced the concept of a referendum where a proposed Council Tax increase exceeds its excessiveness principles either by the billing authority or one of its major preceptors. The level of excessiveness for 2015/16 has been announced at 2% for Principal Authorities.
- 2.26 Members will also be aware that the government is once again offering councils a freeze grant equivalent to 1% of the Council Tax receivable before the introduction of the LCTS and this equates to £0.613m. At their meeting on 11 February 2015, the Cabinet agreed to propose accepting the freeze grant and these budget papers and recommendations assume this approach.
- 2.27 Should members decide to increase the Council Tax to the referendum limit, this would increase the Council's overall resources by £0.456m.
- 2.28 Should Members decide to agree an increase in excess of the referendum limit there remains an onus on the authority to calculate an alternative budget that does not breach the limit. The referendum would have to be held in May and would effectively require a vote between the two potential budgets.
- 2.29 The total Council Tax payable consists of Thurrock Council's element plus the precepts of the Essex Police and Fire Authorities.

Proposed General Fund Revenue Budget 2015/16

- 2.30 Cabinet has considered detailed reports at each of its meetings in this municipal year following on from the Council budget report in February 2014.
- 2.31 Each report has tracked changes from that budget report explaining changes to assumptions, identifying further pressures and offsetting the deficit through a number of savings proposals, including savings required to balance the budget in future years. Group Leaders have also been appraised of the process and the long-term approach to the budget within the MTFs.
- 2.32 The report to Cabinet in February 2015 recommended an approach that, subject to all proposals being accepted and a Council Tax increase of 1.99%, would deliver a balanced budget for 2015/16. At that meeting, the Cabinet:
- 2.32.1 Moved changes to the proposed savings through fortnightly refuse collection, in line with the motion agreed at the Council meeting on 28 January 2015; and

2.32.2 Moved a recommendation to freeze Council Tax and finance this through the remaining contingency that had been built into the proposed budget.

2.33 Considering all of the factors that have been set out in this and previous reports, the proposed net General Fund revenue budget is £109,771,385 as set out in the table below:

| | £ |
|--|--------------------|
| Adults, Health and Commissioning | 45,525,557 |
| Chief Executive and Delivery Unit | 7,681,549 |
| Children's | 38,841,356 |
| Environment | 13,576,846 |
| Housing | 2,232,508 |
| Planning, Transportation and Public Protection | 11,394,309 |
| Specific Grants | (8,133,896) |
| Service Budget Total | 111,118,229 |
| Levies | 542,200 |
| Capital Financing | (1,889,044) |
| Net Expenditure | 109,771,385 |
| Financed by: | |
| Revenue Support Grant | (25,634,665) |
| NNDR | (30,266,148) |
| Collection Fund Balances | 3,378,696 |
| New Homes Bonus | (2,796,000) |
| Council Tax Freeze Grant | (613,383) |
| Contribution to Reserves | 18,000 |
| To be funded through Council Tax | 53,857,885 |

Medium Term Financial Strategy

- 2.34 Previous reports, specifically the Cabinet report in August 2014, have made it clear that the levels of service and methods of delivering those services are no longer sustainable.
- 2.35 The savings agreed for the next financial and then subsequent years have already led to staffing reductions, the need to manage demand through earlier intervention, some changes to delivery methods and service reductions amongst others and these have been harder to identify than efficiencies and reductions in previous years and will also be harder to deliver.
- 2.36 What has been clear is that the impact of each round of savings over the last five years has become more difficult each year and the impact on residents and staff more noticeable.
- 2.37 The table included in Appendix 2 shows the forecasts for the financial years 2016/17 through to 2018/19 as budget deficits of £9.966m, £5.422m and £11.306m respectively and are based on the following assumptions:
- 2.37.1 Annual increases in Council Tax;
 - 2.37.2 Grant reductions of a similar magnitude;
 - 2.37.3 The 2015/16 budget being both set and ultimately delivered as balanced; and
 - 2.37.4 All current savings proposals that have also been set for future years being delivered, including those relating to Terms and Conditions and Serco.
- 2.38 This year we have seen proposals that have caused significant concern and challenge from Members, partners and residents. These have included savings relating to: the voluntary sector; controlled parking zones; waste collection; the scale of reductions to libraries; and the Thameside. In some cases, proposed savings in these areas have either been removed or reduced.
- 2.39 Officers are clear that, as a minimum, all of these will need to be revisited going forward as the further reductions in grant funding take hold, especially if demand continues to grow as forecast. In fact, all discretionary elements of what the Council does will need to come under increasingly intense scrutiny, but it is recognised that these are often the services most popular with residents and Members.
- 2.40 The scale of future budget reductions, as set out in Appendix 2, are such that work is already underway to consider how we robustly challenge the delivery of services beyond 2015/16. Although there are opportunities presented by the significant growth initiatives in Thurrock and ongoing work with strategic partners including businesses and health, further impact on residents and staff through spending reductions will be unavoidable.

Government Funding – Dedicated Schools Grant

- 2.41 The Dedicated Schools Grant (DSG) was introduced in 2006/07 as a 100% specific grant to fund the schools' budget.
- 2.42 Since 2013/14 the Grant has been split into three blocks, these are Schools Block, High Needs Block and Early Years Block. Whilst the DSG is ring fenced the separate blocks are not ring fenced to each area, however any movement from the Schools block would need to be agreed by the Schools Forum.
- 2.43 The Original allocation of the DSG was calculated based on the 2012/13 spend. For 2014/15 the Education Funding Agency (EFA) reviewed the rates and made additional funding allocations of £390m to 69 local authorities to bring their level of funding to calculated minimum rates. Thurrock did not attract any of this additional funding.
- 2.44 The Schools block and the Early Years block are uplifted, based on a multiple of pupil numbers and unit value; however where there is population growth there is no increase to the High Needs block which represents 15% of total DSG funding and the greatest risk area for the Council.
- 2.45 Within the Schools block, the Local Authority is not permitted to increase the central expenditure beyond the levels of 2012/13, which relates to prior commitments. All other funding is delegated to schools to manage locally.
- 2.46 The DSG allocation is based on the October pupil count and allocations were given in December for the Schools and High Needs blocks with an indicative allocation of the Early Years block which is updated for actual pupil take up during the year.
- 2.47 For 2015/16, Local Authorities have had a cash transfer to DSG to fund Academies and Free Schools, previously directly funded by the Education Funding Agency. This does not represent a real cash increase to the Council as the money is then recouped from the Authority and paid to the Schools. This represents a paper increase in DSG of 6.8%.
- 2.48 Overall there has been little change in the pupil numbers this year that has meant that the cash increase adjusted for the new transfer into the DSG is 0.4%. As this relates to pupil number changes it is passed directly to schools and early years providers.
- 2.49 The allocation of funding for Special Schools and the Pupil Referral Unit (PRU) is no longer included as Schools funding but is included in the High Needs Block.
- 2.50 DSG is calculated for all schools in Thurrock, including Academies, and the budgets are calculated using the Thurrock funding formula. The EFA then recoup funding to be distributed to Academies and a net Grant is paid to the

Authority. This ensures that Academies and maintained schools are funded on the same basis. All figures in this report are gross.

2.51 The per pupil rate of Schools block DSG paid to Thurrock is £4,424.84 and the early years pupil rate is £3,715.04. The total value of the DSG paid for 2015/16 is £134.936m (Gross before Academy recouplement) made up of:

- | | | |
|----|------------------------|----------|
| a) | Schools Block | £98.754m |
| b) | High Needs Block | £20.466m |
| c) | Early Years Block | £6.608m |
| d) | Additional Allocation* | £8.075m |
| e) | Non block addition | £0.033m |

(*attributable to School's Block)

2.52 At the end of 2014/15 all but one secondary school has converted to Academy status, 23 of the 40 Primary Schools and one of the two Special Schools. There are two schools due to convert early in 2015/16, as is the PRU.

Reserves

2.53 The Council's total useable reserves as at 1 April 2014 were £54.167m. However, a number of these reserves are for capital, schools and the HRA. The estimated balance available for GF purposes as at 1 April 2015 is just £9m made up of £1m earmarked for schools' improvements and the General Fund unearmarked balance of £8m. This balance is in line with the Council's optimum level of reserves as set out in the 2014/15 budget papers.

2.54 There is no set formula to determine this balance but it is for the Council's S151 Officer to consider the Council's past financial performance and risk to the budget over the future medium term and to then recommend a balance to the Council. It is, however, for the Council to set this balance considering that recommendation.

2.55 The Council has now delivered within budget for each of the financial years 2010/11 through to 2013/14 and expects to do so again in 2014/15. This in itself reduces the risk and would have traditionally given the S151 Officer the opportunity to recommend a lower balance. However, this needs to be measured against the ongoing financial difficulties that the Council will face. This report has already stated that delivering savings is becoming increasingly difficult and this will continue through the medium term.

2.56 The suite of reports considered by Cabinet between July 2014 and February 2015 have been clear that a number of the proposals come with elements of risk, especially those that react to demand and for targeted savings from contracts. Those same reports, and earlier in this report, have also spelt out the significant impact movements in business rates can have on the Council's resources.

- 2.57 Considering the above, the recommendation is to maintain the General Fund balance at £8m for 2015/16.

Capital

- 2.58 Capital is defined as expenditure incurred on the acquisition or creation of assets needed to provide services such as houses, schools, vehicles, etc. This is in contrast to the revenue expenditure that is the spending on the day to day running costs of services, such as employee costs and supplies and services. Capital grants, borrowing and capital receipts are the main funding sources for capital expenditure but these sources cannot be used to finance revenue expenditure.
- 2.59 Under the Local Government Act 2003, each authority can determine how much it can borrow within prudential limits (prudential borrowing). This is not supported financially by either revenue or capital grants and so the cost of borrowing is charged to the revenue account and therefore met by Council Tax or income.
- 2.60 In recent years the Council has seen an asset disposal programme that has achieved reasonable success. These receipts have largely been used to repay debt and so reduce financing costs. Further receipts over and above those budgeted for the repayment of debt are expected in 2015/16 and are expected to contribute £2m to the available resources for new projects.
- 2.61 Since 2010, the MTFs has assumed a sum for prudential borrowing and, for 2015/16, this sum stands at £3m. Together with forecast capital receipts, this provides a budget envelope of £5m. The recommended allocations against this sum are included in Appendix 4.
- 2.62 Key points include:
- 2.62.1 An allocation to public buildings but, recognising that there is uncertainty over the future of the Thameside and the impact this may have on the Civic Offices, it is recommended that final approval for the release of the funds be allocated to Cabinet;
- 2.62.2 Any advances to Gloriana Thurrock Ltd are dependent on business cases being agreed first by a cross party governance group that also includes the Chief Executive and Head of Corporate Finance and then by the Cabinet. It is also recognised that to maximise the value of the site or development, that the Council may need to incur expenditure for, as an example, site preparation. As any expenditure is dependent on the number, size and complexity of sites that come forward, as well as the results of tenders, it is recommended that approval be delegated to cabinet to make any final decisions and this expenditure be deemed as part of the capital programme;
- 2.62.3 On occasions throughout the year, opportunities for a spend to save project are identified. It is recommended that where a project comes forward that will either create additional income or reduce costs, that the decision be

delegated to Cabinet and the expenditure be deemed as part of the capital programme; and

- 2.63 Throughout the year there are often examples of third party income be received towards capital expenditure. Examples include developers' contributions and grants from various sources. It is recommended that Cabinet be delegated authority to approve projects financed from third party contributions and the expenditure be deemed as part of the capital programme.

3 Issues, Options and Analysis of Options

- 3.1 The savings proposals that are being implemented have already been agreed through Cabinet after the appropriate consultation.
- 3.2 The main options in this report include the level of Council Tax and the allocation of funding towards capital projects.
- 3.3 As this report sets out a balanced budget for 2015/16, the main issues focus on the savings required from 2016/17 onwards although the pressures on delivering the 2015/16 budget should not be underestimated.

4 Reasons for Recommendation

- 4.1 The Council has a legal obligation to ensure that any budget set can be met from the combination of Council Tax, business rates, grants, other income and reserves. Maintaining a Medium Term Financial Strategy is the foundation of this requirement to ensure that Members and officers are aware of the Council's financial position to be able to manage it accordingly.
- 4.2 The reduction in funding to the Council is unprecedented at a time when demand on services is growing, requiring a fundamental change in the way the Council approaches addressing the budget gap and in considering the future shape of the Council going forward.
- 4.3 The budget envelopes presented in this report have been formed by the suite of reports considered at every Cabinet between July 2014 and February 2015.

5 Consultation (including Overview and Scrutiny, if applicable)

- 5.1 The Leader, Portfolio Holders and Directors Board have been consulted on developing the savings proposals. Group Leaders have been offered a presentation on the budget and MTFS for their groups to understand the overall financial position.
- 5.2 Savings proposals have been subject to appropriate consultation including through Overview and Scrutiny Committees and more widely with the public.

5.3 The outcomes of the remaining consultations will feed into the final proposals put forward for decision making at the earliest opportunity as part of a rolling timetable followed by implementation.

5.4 Internal consultation with staff on specific proposals, particularly where there is a restructure, have and will continue to be in line with HR policy and guidelines. Discussions have taken place with Trade Unions.

6 Impact on corporate policies, priorities, performance and community impact

6.1 The issues set out in this report have wide ranging implications for the Council, the way it works and the services it provides. The cumulative impact of such a significant reduction in budget and the implementation of savings proposals will reduce service delivery levels and our ability to meet statutory requirements and therefore impact on the community and staff. The potential impact of the savings proposals on the Council's ability to safeguard children and adults will be kept carefully under review and mitigating actions taken where required.

7 Implications

7.1 Section 151 Comment

Implications verified by: **Sean Clark**
Head of Corporate Finance/S151 Officer

Members will be aware that I have a statutory obligation to complete a statement on the robustness of the estimates when you consider the budget at the February budget meetings. Cabinet have already considered a number of savings and I note significant risk in the delivery of some of these proposals, especially where they relate to demand led services and where savings are dependent on other organisations agreeing or delivering savings. The past four years have demonstrated strong financial management within the Council and this provides me with some comfort that these will be delivered. However, I need to strongly advise that the balance of savings is focussed primarily on where the delivery is within the control of the Council. This will undoubtedly make decisions for Members more difficult as they are more likely to impact on services that affect residents to a greater degree or conflict with political ambition and narrative.

7.2 Financial

Implications verified by: **Sean Clark**
Head of Corporate Finance/S151 Officer

The financial implications are set out in the body of this report. Detailed financial implications will be provided in business cases for each of the proposals.

Council officers have a legal responsibility to ensure that the Council can contain spend within its available resources. This must also include a consideration of the risk in achieving that budget and so robust monitoring of accepted proposals will be essential throughout the coming years.

Regular budget monitoring reports will continue to come to Cabinet and be considered by the Directors Board and management teams in order to maintain effective controls on expenditure during this period of enhanced risk. Austerity measures in place are continually reinforced across the Council in order to reduce ancillary spend and to ensure that everyone is aware of the importance and value of every pound of the taxpayers money that is spent by the Council.

7.3 **Legal**

Implications verified by: **Fiona Taylor**
Head of Legal and Democratic Services

There are statutory requirements of the Council's Section 151 Officer in relation to setting a balanced budget. The Local Government Finance Act 1988 (Section 114) prescribes that the responsible financial officer "must make a report if he considers that a decision has been made or is about to be made involving expenditure which is unlawful or which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency to the authority". This includes an unbalanced budget.

There are no specific legal implications as a result of this report, however, any implications of specific savings proposals will be set out in individual business cases to inform consultation and final decision making.

7.4 **Diversity and Equality**

Implications verified by: **Natalie Warren**
**Community Development and Equalities
Manager**

Each savings proposal with changes to the service which required public consultation has a detailed business case setting out how the savings will be achieved including the level of service reduction and mitigating actions. As part of developing the business case, a comprehensive Community and Equality Impact Assessment (CEIA) was completed and informed by any consultation outcomes. Directorates were required to complete a cumulative impact assessment. An assessment of the cumulative impact from all Directorates has been completed by the Community Development and Equalities team to inform final decision making on the savings for 2015/16 and beyond.

It was recognised that there is likely to be a cumulative impact on the voluntary and community sector due to proposals to both reduce core grants and specific grants currently provided by services across the Council, as well

as reductions to commissioned services. In December 2014, Cabinet agreed changes to the savings proposals impacting the sector in order to mitigate this.

7.5 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

Any other significant implications have been identified in each savings proposal business case to inform the consultation process and final decision making.

8 Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Budget working papers including previous MTFS
- Budget savings proposals working papers and business cases
- Cabinet reports - 2013/14 Draft Outturn and MTFS Update and Shaping the Council 2015/16 and Beyond, July, August, September, November, December 2014 and January, February 2015
- The Local Government Finance Settlement

9 Appendices to the report

- Appendix 1 – Report of the Council's Section 151 Officer under Section 25 of the Local Government Act 2003: Robustness of Estimates and Adequacy of Reserves
- Appendix 2 - Medium Term Financial Strategy
- Appendix 3 – Schools' Budget
- Appendix 4 – General Fund Capital Programme Additions

Report Authors:

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Karen Wheeler, Head of Strategy & Communications, Chief Executive's Delivery Unit

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SECTION 151 OFFICER'S STATEMENT ON ADEQUACY OF BALANCES AND THE ROBUSTNESS OF THE BUDGET – BUDGET YEAR 2015/16

Introduction

The Chief Financial Officer is required to make a statement on the adequacy of reserves and the robustness of the budget. This is a statutory duty under section 25 of the 2003 Local Government Act which states the following:

- (1) *Where an authority to which section 32 or 43 of the Local Government Finance Act 1992 (billing or major precepting authority) or section 85 of the Greater London Authority Act 1999 (c.29) (Greater London Authority) applies is making calculations in accordance with that section, the chief finance officer of the authority must report to it on the following matters:-*
 - (a) *The robustness of the estimates made for the purposes of the calculations; and*
 - (b) *The adequacy of the proposed financial reserves.*
- (2) *An authority to which a report under this section is made shall have regard to the report when making decisions about the calculations in connection with which it is made.*

This includes reporting and taking into account:

- The key assumptions in the proposed budget and to give a view on the robustness of those assumptions; and
- The key risk areas in the budget and to assess the adequacy of the Council's reserves when reviewing the potential financial impact of these risk areas on the finances of the Council. This should be accompanied by a Reserves Strategy.

This report has to be considered and approved by Council as part of the budget approval and Council Tax setting process.

This document concentrates on the General Fund 2015/16, the Housing Revenue Account and Capital Programme but, in addition, it also considers key medium term issues faced by the Council.

Assurance Statement of the Council's Section 151 Officer (Head of Corporate Finance)

The following are the summary assurances and recommendations of the Council's Section 151 Officer (The Head of Corporate Finance). They must be read in conjunction with the supporting statement (from Page 6 of this appendix) which together makes up the Section 151 Officer's statutory duty to report under Section 25 of the Local Government Act 2003.

1. In relation to the 2015/16 General Fund Revenue budget I have examined the budget proposals and I believe that, whilst the spending and service delivery

proposals are challenging, they are nevertheless achievable (subject to the more significant risks in paragraph 2 below) given the political and management will to implement the changes, good management, and the sound monitoring of performance and budgets. I am satisfied that sufficient management processes exist within the Council to deliver this budget and to identify and deal with any problems which may arise unexpectedly during the year.

2. Cabinet has received reports setting out those savings proposals with the greatest risk and these are regularly monitored within the Directors' Board. They fall within three main categories:

- a) Reductions to the Children's and Adults Social care budgets through the management of demand and more efficient use of resources through the pooled Better Care Fund budget – although Directors' Board recognise the risk in the area of social care, especially considering the demand and complexity, I am confident at this stage that they are achievable;
- b) Employees' Terms and Conditions. A reduction of £1m has been built into the 2015/16 budget with a further £1.5m over the two year period 2016-18. Discussions with the Unions have not been productive but I can still have confidence through allocating the amount to services as employee cost reductions leading to a range of savings from keeping posts vacant for longer through to permanent staffing reductions: and
- c) The most significant risk at this stage is a £0.7m contract reduction with the Council's Strategic Services Partner, Serco, with a further £1.3m over the two year period 2016-18. At this stage there is still a significant shortfall in appropriate savings for 2015/16 and this is currently the main risk at this time.

3. The key process risks in making the above statement is the availability of timely and relevant financial information to the services. This is two-fold:

- a) The reporting ability of the Council's financial system, Oracle, is still inadequate and requires considerable manual intervention before being of use to service managers; and
- b) A number of the service specific systems, notably housing and Social Care, do not interface with the Oracle system in a way that allows the identification of future commitments.

These risks are known and work continues to improve this position.

4. My recommendations are also conditional upon:

- The agreement of a Medium Term Financial Strategy and Plan for 2016/17 to 2018/19 that will require significant reductions in net revenue expenditure to deliver a balanced budget for the financial years 2016/17 and beyond;
- A recognition in the medium term planning approach that the level of reserves and corporate risk assessment need to be regularly reviewed in the light of

changing circumstances and that it may not be possible to match the two at any single point in time. The Council needs to show a commitment to maintain reserves at a level which provides adequate cover for most identified risks during the planning period. This approach is pragmatic and shows a clear commitment to prudent contingency planning. It must be noted, however, that the recommended levels of reserves still leave the Council exposed to the very exceptional risks identified in this review and, if those risks crystallise, to reserves being inadequate;

- Portfolio Holders, Directors and Heads of Service managing within their cash limits for 2015/16 (and future years covered by the Medium Term Financial Strategy and Plan);
 - Taking every opportunity to meet the Reserves Strategy as a first call on windfall under spends or receipts;
 - Not considering further calls on reserves other than for those risks that have been identified, those that could not have been reasonably foreseen and that cannot be dealt with through management or policy actions. The exception to this is where the Reserves Strategy (reviewed annually) is met. Even in those circumstances, it is not prudent to finance ongoing spending from one-off reserves. Any excess reserves should be targeted towards one-off 'invest to save', supporting the transition that is required for future service delivery and contributions to fund the Council's capital programme;
 - Where there is a draw-down on reserves, which causes the approved Reserves Strategy to be off target, that this is paid back within a maximum of three years; and
 - That the Council has arrangements and resources in place to consider value for money in preparation for future years' budgets.
5. In relation to the adequacy of reserves, I recommend the following Reserves Strategy based on an approach to evidence the requisite level of reserves by internal financial risk assessment. The Reserves Strategy will need to be reviewed annually and adjusted in the light of the prevailing circumstances.
- An absolute minimum level of General Fund reserves of £5m that is maintained throughout the period between 2015/16 to 2018/19;
 - An optimal level of reserves of £8.0m over the period 2015/16 to 2018/19 to cover the absolute minimum level of reserves, in-year risks, cash flow needs and unforeseen circumstances;
 - A maximum recommended level of reserves of £11.0m for the period 2015/16 to 2018/19 to provide additional resilience to implement the Medium Term Financial Plan;
 - A Reserves Strategy to maintain the recommended optimal level of reserves within the relevant period (2015/16 to 2018/19); and

- In relation to the Housing Revenue Account (HRA) my recommendation is that reserves be maintained at £1.7m.
6. The estimated level of unallocated General Fund reserves at 31 March 2015, based on current projections is £8.0m, depending on final spending. Therefore:
- The absolute minimum level of reserves of £5.0m is currently being achieved.
 - The optimal level of reserves of £8.0m will be maintained by the end of the current year.
 - The recommended maximum level of reserves of £11.0m will not be breached during 2015/16.
7. These recommendations are made on the basis of:
- The risks identified in the Directors' reviews of their budgets;
 - The detailed discussions that have taken place at Directors' board, including the regular review of the high risk proposals;
 - A satisfactory outcome to the discussions with Serco on the £2m savings target;
 - My own enquiries during the development of the budget;
 - The resilience required to deliver the Medium Term Financial Plan;
 - One-off unallocated reserves not being used to fund new ongoing commitments;
 - Reserves in 2015/16 and the foreseeable future being used only where planned and if risks materialise and cannot be contained by management or policy actions; and
 - That where reserves are drawn down, the level of reserves is restored within a maximum of three years to that required by the Medium Term Financial Strategy.
8. There are also serious exceptional risks over and above those mentioned which, if they crystallise, could eliminate the Council's reserves and leave its financial standing seriously in question. These include:
- Not realising the efficiencies from transformation and new ways of working;
 - Unforeseen impacts arising from the consequences of welfare reform, in particular the roll out of Universal Credit;
 - Unforeseen impacts arising from the governance and financial changes in the provision of public health services;

- Shortfalls in the reimbursement to Councils from the government with regard to the Care Bill;
 - The impact of the localisation of business rates and the consequences of future changes in the total rateable value of businesses located in Thurrock;
 - Interest rate rises that would reduce the ongoing savings arising from the restructuring of debt carried out in August 2010;
 - The failure of Gloriana Thurrock Ltd;
 - Any shortfall against the expected value of assets identified for disposal; and
 - The lack of contingency funds to meet demographic and economic pressures, especially at this time of significant change.
9. In relation to the General Fund and HRA Capital Programme 2015/16 (including commitments from previous years and new starts):
- The HRA Capital Programme will need to be contained within total programme costs;
 - The General Fund Capital Budget is based on the best information available in terms of project costs. What is less certain, given the history of cost variations, is the phasing of expenditure; and
 - The strategic schemes identified in the Capital Programme will be closely monitored in-year.
10. In relation to the medium/long term Capital Programme:
- The delivery of the agreed Capital Strategy and Asset Management Plan is a critical priority to enable the matching of resources to needs and priorities.

Assurance

Given all these factors I, as the Council's Section 151 Officer, consider the estimates for 2015/16 to be sufficiently robust but challenging for approval by the Council. I advise the Council that the General Fund Reserves are currently at the optimum level required to ensure financial stability over the medium term and recommend that the Reserves Strategy be maintained in 2015/16 and the medium term.

Supporting Statement

Processes

Budget estimates are exactly that – estimates of spending and income made at a point in time and which will change as circumstances change. This statement about the robustness of estimates cannot give a 100% guarantee about the budget but gives Members reasonable assurance that the budget has been based on the best information available at the time.

In order to meet the requirement on the robustness of estimates a number of key processes have been put in place, including:

- The issuing of clear guidance to Services on preparing budgets;
- The development of Council wide risk assessment;
- The use of budget monitoring to identify risk;
- The Council's S151 Officer providing advice throughout the process of budget preparation and budget monitoring;
- The Directors' Board's review of their budgets, budget sensitivities and regular monitoring of the higher risk proposals;
- A review of budget proposals by Directors' Board throughout the past year;
- A review of budget information by Executive Members and Overview and Scrutiny throughout the past year;
- Reports to every Cabinet meeting from July 2014 through to February 2015; and
- Enquiries made directly by the Section 151 Officer.

Notwithstanding these arrangements, which are designed to test the budget throughout its various stages of development, considerable reliance is placed on the Directors and Heads of Service having proper arrangements in place to identify issues, project costs, assess service demands, consider value for money and efficiency, and implement changes in their service plans. This work is supported by appropriately qualified and experienced financial staff.

A summary of the key budget assumptions considered by Services in terms of assessing the robustness of their budgets were:

- The treatment of inflation and interest rates;
- The treatment of demand led pressures;
- The treatment of efficiency savings/productivity gains;
- The financial risks inherent in any significant new funding partnerships, major outsourcing deals or major capital developments;

- The availability of other funds to deal with major contingencies;
- The Service's track record in budget and financial management;
- The Service's capacity to manage in-year budget pressures; and
- The Directors' Board ability to manage any pressures that cannot be contained with a service.

The full key budget assumptions and comments by each Director are available from the Head of Corporate Finance and are listed within budget reports.

Corporate and service processes will continue to be improved in future years and these include improvements to the current reporting from the Oracle system. Improvement in these processes will assist in prevention or earlier identification of issues to be dealt with in the budget and Medium Term Financial Plan. Nevertheless, in preparing such a complex budget, unforeseen issues will arise throughout the year and in future years.

Robustness of Estimates – General Fund Revenue Budget

The 2015/16 budget and service planning process continues the need to link financial resources to corporate priorities and risks. In addition to improving efficiency, there are clearly choices for the Council in this respect:

- To increase financial resources to meet demand and reduce risk; or
- To reduce (where possible) service levels and standards, frequency of service delivery, and eligibility for services.

As part of developing the budget, Members of the administration have considered these options and they are reflected in the proposed budget.

Most notably the Council has had to address major cost increases and pressures as well as corporate priorities including:

- Demographic changes for social care;
- Increasing complexity and hence cost of care provision;
- The cost of unsupported borrowing within the capital programme;
- The cost of fixing debt in advance of interest rate rises;
- Shortfalls in income;
- Reductions in grant from government; and
- The impact from business rate appeals.

These assumptions will require the forecasts for future years to be reviewed early in each financial year leading to more detailed budgets being considered as a standing item at each Cabinet.

Medium Term Financial Planning

Over the medium term, the Council needs to deliver its Medium Term Financial Plan reflecting the continuing impact of the proposed budget and only minimal growth in relation to issues that are unavoidable. Within the tight financial climate over the medium term it is clear that expenditure reductions will have an increasing impact on residents and staff.

The Council's Medium Term Financial Strategy shows that further reductions in grant and increased budgetary pressures requires the Council to reduce its net cost by some £30m over the period 2016/17 – 2018/19. It is essential that work continues on identifying what will be a considerable change to the Council's way of working and the experience for our residents.

The approach for the medium term will follow that used in the setting of the 2015/16 budget. Reports will be considered by each Cabinet with the first proposals being brought forward to the Cabinet in July 2015 so as to:

- Maximise the time available to implement what will be significant change; and
- Deliver savings within 2015/16 to add some resilience to the 2015/16 financial position.

Adequacy of Reserves – General Fund Revenue Budget

Under the Local Government 2003 Act the Secretary of State has reserve powers to set a minimum level of reserves. The most likely use of this power is where an authority is running down its reserves against the advice of their S151 Officer.

Determining the appropriate level of reserves is not a precise science or a formula (e.g. a particular percentage of the Council's budget). It is the Council's safety net for risks, unforeseen events or other circumstances. The reserves must last the lifetime of the Council unless contributions are made from future years' revenue budgets. The minimum level of balances cannot be judged merely against the current risks facing the Council as these can and will change over time.

Determining the appropriate level of reserves is a professional judgement based on local circumstances including the overall budget size, risks, robustness of budgets, major initiatives being undertaken, budget assumptions, other earmarked reserves and provisions, and the Council's track record in budget management.

The consequences of not keeping a minimum prudent level of reserves can be serious. In the event of a major problem or a series of events, the Council would run a serious risk of a deficit or of being forced to cut spending during the year in a damaging and arbitrary way.

The recommendation on the prudent level of reserves has been based on the robustness of estimate information and the Corporate Risk Register. In addition, the

other strategic operational and financial risks taken into account when recommending the minimum level of unallocated General Fund reserves include:

- There is always some degree of uncertainty over whether the full effects of any economy measures and/or service reductions will be achieved. Directors have been requested to be challenging but realistic in their assumptions and that those assumptions, particularly about demand led budgets, will hold true in changing circumstances;
- The Bellwin Scheme Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. The Council is able to claim assistance with the cost of dealing with an emergency over and above a threshold set by the Government;
- The risk of major litigation, both current and in the future;
- Risk in the delivery of financial efficiencies between the growing partnership of Health and Social Service authorities;
- The risk of losing subsidy arising from outstanding Housing Benefit and Council Tax Benefit Subsidy Claims;
- Unplanned volume increases in major demand led budgets, particularly in social services;
- Any event that closes a material business rate payer in Thurrock and larger than estimated awards to business rate appeals;
- The need to retain a general contingency to provide for some measure of unforeseen circumstances which may arise. This part of the reserves is not provided for directly but indirectly on the assumption that the financial risks identified will not all crystallise within the same financial year; and
- The need to retain reserves for general day-to-day cash flow needs. This is minimal given the level of cash the Council holds at any given time.

The analysis would indicate an underlying prudent level of unallocated reserves of £8.0m to be achieved pragmatically over time under normal circumstances (and in addition to school balances).

In relation to the adequacy of reserves, I recommend the following Reserves Strategy based on an approach to evidence the requisite level of reserves by the use of internal risk assessment.

- An absolute minimum level of General Fund reserves of £5m that is maintained throughout the period between 2015/16 to 2018/19;
- A level of reserves of £8.0m over the period 2015/16 to 2018/19 as the optimal level of reserves to cover in-year risks, cash flow needs and unforeseen circumstances;

- A maximum recommended level of reserves of £11.0m for the period 2015/16 to 2018/19 to provide additional resilience to implement a Medium Term Financial Plan; and
- A Reserves Strategy to maintain the recommended optimal level of reserves within the relevant period (2015/16 to 2018/19).

The estimated level of unallocated General Fund reserves at 31 March 2015, based on current projections, is £8.0m depending on final spending. Therefore:

- The absolute minimum level of reserves of £5m is currently being achieved;
- The level of reserves to meet day to day risk of £8.0m will be maintained; and
- The recommended maximum level of reserves of £11.0m will not be breached in 2015/16.

Despite this, the further exceptional risks identified may have a potential and serious call on reserves. The Council is advised to be cautious about these risks and commit to restoring any draw down on reserves within a three year period.

In these circumstances, I will require the Council, Cabinet, Directors and Heads of Service:

- To remain within their service budget for 2015/16 and within agreed medium term financial plan targets for future years (2016/17 to 2018/19) with a strict adherence to recovering overspends within future years' financial plan targets;
- To make repayment to reserves over three years should these risks materialise; and
- To direct any windfall revenue and under spends to reserves should the General Fund Revenue Strategy require it.

Estimated Earmarked General Fund Revenue Reserves

I have reviewed the Council's earmarked revenue reserves. The amounts held for general fund purposes are minimal having previously taken the opportunity to rationalise the earmarked reserves to support the transition that the Council is both currently and will be going through over the medium term.

The estimated amount available to the general fund is just £1m over and above the general balance of £8m although this has been earmarked for Schools' Improvements.

Schools' Balances

Schools' balances, while consolidated into the Council's overall accounts, are a matter for Governing Bodies. Nevertheless, under the Council's Scheme for Financing Schools the Council has a duty to scrutinise whether any school holds surplus balances. To that effect the Council's Scheme for Financing Schools will be

amended in line with the requirements of the Secretary of State for Education with minor amendments agreed by the Schools' Forum.

I am satisfied that the arrangements in place are adequate.

The Capital Budget

Projects included in the Capital Programme were prepared by Heads of Service and Managers in line with financial regulations and guidance. All projects were agreed by the relevant member of Directors' Board and Executive Member and are fully funded for their estimated cost.

Projects have been costed at outturn prices with many subject to tender after inclusion in the programme. This may lead to variances in the final costs.

Services are required to work within the given cash envelope so any under or over provision must be found within these limits.

Capital Programme Risks

The risk of the Council being unable to fund variations in the programme is minimal mainly due to phasing of projects. The Council is able to freeze parts of the programme throughout the year to ensure spend is within the agreed financial envelope, although this will have service implications. A further key risk to the capital programme is the ability of the Council to fully deliver it within the agreed timescales.

In relation to the General Fund and HRA Capital Programme 2015/16 (including commitments from previous years and new starts):

- The HRA Capital Programme will need to be contained within total programme cost by delaying or stopping specified schemes if necessary;
- The General Fund Capital Budget is based on the best information available in terms of project costs. What is less certain, given the history of underspends, is the phasing of expenditure; and
- The strategic schemes identified in the Capital Programme will be closely monitored in-year.

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Appendix 2

| | 2016/17 £000 | 2017/18 £000 | 2018/19 £000 |
|--|-----------------|-----------------|-----------------|
| Local Funding | | | |
| Council Tax / Council Tax Grant | (2,117) | (1,335) | (1,362) |
| Council Tax Collection Fund Surplus | 980 | 0 | 0 |
| Business Rate Growth | (951) | (1,075) | 0 |
| Business Rate - Collection Fund Deficit | (1,000) | (1,000) | 0 |
| | (3,087) | (3,410) | (1,362) |
| Total Government Resources | | | |
| Revenue Support Grant | 9,500 | 9,000 | 6,500 |
| New Homes Bonus | (665) | (529) | (253) |
| Other Central Grants | 265 | 228 | 196 |
| | 9,100 | 8,698 | 6,443 |
| Net Additional (Reduction) in resources | 6,013 | 5,289 | 5,081 |
| Inflation and other increases | | | |
| Pay | 799 | 815 | 831 |
| Contract Inflation | 829 | 857 | 874 |
| Non Contract Inflation | 496 | 563 | 619 |
| Fees and Charges | (100) | (100) | (100) |
| | 2,024 | 2,135 | 2,225 |
| Capital Financing | | | |
| Prudential Borrowing & Treasury Management | 1,530 | 1,132 | 1,000 |
| | 1,530 | 1,132 | 1,000 |
| Adult Social Care & Health | (750) | (750) | 0 |
| Central Services | (600) | (632) | 0 |
| Cleaner Greener and Safer | (1,111) | 0 | 0 |
| Education and Childrens Social Care | (896) | (232) | 0 |
| Housing | 0 | 0 | 0 |
| Regeneration, highways and trnasportation | (344) | (620) | 0 |
| SERCO | (900) | (400) | 0 |
| Total Net Service Reduction | (4,601) | (2,634) | 0 |
| Demographics | 1,500 | 3,000 | 3,000 |
| | 1,500 | 3,000 | 3,000 |
| Delivery Risk | 3,500 | (3,500) | 0 |
| Total Savings to Identify | 9,966 | 5,422 | 11,306 |

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Government Funding – Dedicated Schools Grant (DSG)

| <u>2015/16 Schools Funding</u> | £000's |
|--|----------------|
| DSG Schools Block | 98,754 |
| Additional Allocation | 8,075 |
| SEN Transport | (1,252) |
| Maintained for Central Spend | <u>(1,546)</u> |
| | 104,031 |
| Retained for School Growth (Note b) | (750) |
| Transferred from High Needs block (Note c) | <u>509</u> |
| Distributed to Schools | 103,790 |
| | |

Notes

- a) Growth Funding will be allocated to Schools in year, where the school has been requested by the LA to open an additional class in year due to pupil demand. This funding is not allocated for general in year pupil movement. A growth policy has been approved by the DfE, and any remaining balance at the end of the year, must be returned to the Schools block.
- b) Schools have been transferred funding from the High Needs block to fund the extra responsibility of funding low level high incidence SEN pupils.

| <u>2015/6 Estimated High Needs Block Spend</u> | £000's |
|--|------------|
| Special Schools | 6,500 |
| Resource provisions | 3,000 |
| Independent/ Non Maintained Special School | 3,500 |
| Pupil Referral Unit/Alternative provision | 2,500 |
| Schools additional needs top up | 3,357 |
| Nursery SEN | 500 |
| Post 16 additional needs top up | 600 |
| Transferred to Schools block | <u>509</u> |
| | |
| Total | 20,466 |

2015/6 Early Years Block Spend3 and 4 year Old Provision

All of the Early Years block spend will fund the free 15 hour per week, 38 week placements for 3 and 4 year olds delivered at either a School, Private, Voluntary or Independent early years setting. In 2015/16 there has been an additional allocation to the DSG for an Early Years pupil premium. This funding must be directly passported to providers as a supplement to the hourly rate of 53p per hour, which equates to an additional £300 per year for eligible pupils.

2 Year Old Provision

For 2015/16 2 year old funding has been notified separately and will be based on actual take up of provision at the January 2015 and the October 2015 pupil count. Eligibility is based on income indicators and funding will all be allocated to providers to deliver the 15 hours, 38 week provision. This funding is subject to the normal DSG conditions.

SCHEMES TO BE FUNDED FROM BUDGETED RESOURCES

Appendix 4

| Scheme | 2015/16 £000s | 2016/17 £000s | 2017/18 £000s | Category | Notes |
|---|--------------------------|--------------------------|--------------------------|-----------------|---|
| Service Analytics - Children's Safeguarding profiling model - further deployment of Xantura software. | 208.0 | - | - | ICT | This will contribute towards the efficiencies required to deliver savings previously agreed. |
| EDRMS Phase 2 | 224.0 | 441.0 | - | ICT | Phase 1 is in the process of roll out. This bid allows for full implementation. |
| Transformation programme management support (professional fees) | 497.0 | - | - | ICT | Support in the delivery of current projects and in completing business cases for future projects |
| Analysis and Upgrading of Public Buildings and its supporting ICT Infrastructure (including ground floor Civic Offices and Thameside) | 1,900.0 | 2,250.0 | - | Corporate | This bid brings together a number of bids for improvements to the civic offices. The nature of the allocation will depend largely on the outcome of the Thameside. As such, the allocation of this funding will depend on a business case to Cabinet. |
| External sites upgrade to Windows 7 | 101.0 | - | - | ICT | Essential requirement for the Council to maintain a supported network. |
| Information and Advice Portal | 300.0 | 164.0 | - | ICT | Supporting residents to self serve applications for complex care packages and will be utilised for other online services. |
| E-Marketplace | 100.0 | 85.0 | - | ICT | Supports the implementation of the Care Act. |
| CO 1 - Fire Smoke Head Replacement | 38.0 | - | - | Corporate | Legal Requirement |
| CO 1 - Emergency Lighting Upgrade | 40.3 | - | - | Corporate | Required to ensure compliance with regulations |

SCHEMES TO BE FUNDED FROM BUDGETED RESOURCES

Appendix 4

| Scheme | 2015/16 £000s | 2016/17 £000s | 2017/18 £000s | Category | Notes |
|--|--------------------------|--------------------------|--------------------------|-----------------|--|
| CO 1 & 2 - Replace/Upgrade Access Control System | 138.0 | - | - | Corporate | Existing system components are obsolete, consideration of upgrade before failure. |
| CO 1 & 2 - BMS – Upgrade of Johnson Controls and PC | 41.4 | - | - | Corporate | Microsoft ceases support of Windows XP and no redundancy in the system for BC purposes. |
| Environment Service Local Depot security improvements | 100.0 | - | - | Corporate | Required to complete the Depot project |
| Grays Beach Riverside Park – Sand Pit Play Facilities | 21.0 | - | - | Corporate | To enhance existing facilities nearing the end of their useful life |
| Grays Beach Riverside Park – Splash Pool / Water Feature Facility | 322.0 | - | - | Corporate | |
| Path, road and related infrastructure improvements on Environment assets, including in parks, burial grounds and open spaces | 200.0 | - | - | Corporate | To enhance various infrastructure to avoid future revenue maintenance costs. |
| Highways - Carriageway Surfacing | 300.0 | 300.0 | 300.0 | Highways | Capital investment to meet enhancement requirements as previously reported to Cabinet and Overview and Scrutiny. Officers to seek match funding opportunities. |
| Highways - Footway Surfacing | 100.0 | 140.0 | 100.0 | Highways | |
| Highways - Drainage Improvements | 150.0 | 260.0 | 150.0 | Highways | |
| Highways - Safety Fencing | 50.0 | 75.0 | 75.0 | Highways | |
| Highways - White Lining | 75.0 | 100.0 | 75.0 | Highways | |
| Highways - Traffic Signals | 100.0 | 550.0 | 100.0 | Highways | |
| Highways - Bridge Strengthening | 0.0 | 250.0 | 750.0 | Highways | |
| | | | | | |
| | 5,005.7 | 4,615.0 | 1,550.0 | | |

SCHEMES TO BE FUNDED ON A SPEND TO SAVE BASIS

| Scheme | 2015/16 | 2016/17 | 2017/18 | Category | Notes | Recommendation |
|--------------------------------------|----------------|----------------|----------------|-----------------|--------------|---|
| Thurrock On-Line Programme - Phase 2 | 250.0 | 500.0 | - | ICT | | Agreed subject to new identifiable savings – does not impact on annual provision |
| Fleet replacement programme | 150.0 | 1,304.0 | 6,652.0 | Vehicles | | Agreed, subject to reductions in service budgets (Already £0.920m allocated in programme for 15/16) |
| | | | | | | |
| | 400.0 | 1,804.0 | 6,652.0 | | | |

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| | |
|---|-----------------------------|
| 25 February 2015 | ITEM: 12 |
| Council | |
| Housing Revenue Account Base Estimates 2015/16 | |
| Wards and communities affected: All | Key Decision: Key |
| Report of: Councillor L Worrall, Portfolio Holder for Housing | |
| Accountable Head of Service: Sean Clark, Head of Corporate Finance | |
| Accountable Director: Barbara Brownlee, Housing | |
| This report is public | |

Executive Summary

The report identifies changes within the base estimates between 2014/15 and 2015/16. Increases to the budget will primarily be funded through savings as the rent increase this year has been kept to the absolute minimum and there is no increase to central heating charges.

Some key highlights of this report include an improvement in void turnaround times which has led to a reduction in the rent lost on void properties and a variation on the demand led repairs budget of less than 1%. These together with the negotiated increase in the commission received for the collection the water rates on behalf of Anglian water have ensured the HRA is in a robust position at the end of this year.

1. Recommendation(s)

The Council is recommended to

- 1.1 Agree the budget changes be included in the base budget for 2015/16**
- 1.2 Increase domestic rents by an average of 2.2%, in line with the 30-year HRA business plan from 6 April 2015**
- 1.3 Agree a 2.2% increase in de-pooled service charges for 2015/16**
- 1.4 Agree a 2.2% increase in garage rents for 2015/16**
- 1.5 Agree a freeze in charges relating to central heating in 2015/16**
- 1.6 Agree a 2.2% increase in Travellers sites rents**

2. Introduction and Background

- 2.1 The report sets out the base estimates for the Housing Revenue Account (HRA) for 2015/16. The key changes are discussed in the report.
- 2.2 The report identifies changes within the base estimates between 2014/15 and 2015/16. Increases to the budget will be funded through a combination of savings on existing expenditure and a minimum inflationary increase to current rent levels.
- 2.3 The Housing Revenue Account base estimates have been compiled in accordance with the 30-year business plan. This takes into account the long term strategy for the financial viability of the service.

Background:

What are the Base Estimates?

- 2.4 The base estimates represent the cost to the Council of continuing to operate the existing level of service. Options effecting the service have been considered by Cabinet within the Housing Rents report on 11 February 2015.

The major areas of income are:

- Rents and Service Charges - Paid by tenants; and
- Other Income - Income from residential and commercial leaseholder service charges and other miscellaneous sources.

- 2.5 The major items of expenditure on the HRA are:

- Capital Financing - this sum is used to finance the cost of major works as part of the HRA capital programme. This is calculated in accordance with 5 year HRA Capital programme.
- Repairs and Maintenance - responsive repairs, planned maintenance and adaptations;
- Salaries - the cost of employing staff; and
- Funding of further housing development and regeneration. This includes schemes to build 90 new properties which are on site this financial year.

3. Issues, Options and Analysis of Options

3.1 Forecast Out-turn 2014/15

3.1.1 Before considering the draft budget position in 2015/16, it is necessary to review the position in 2014/15. This will give an indication of the anticipated level of the HRA balance carried forward into 2015/16. This is detailed below:

Table 1 – Overall budget variance

| Service Area | Revised Budget | Forecast Pressures | Forecast Underspends | Total Variance |
|---|-----------------------|---------------------------|-----------------------------|-----------------------|
| | £000's | £000's | £000's | £000's |
| Rent and Income | (49,046) | 613 | (351) | 262 |
| Financing | 24,179 | 0 | (551) | (551) |
| Repair and Maintenance | 11,600 | 115 | 0 | 115 |
| Housing Management Development & Regeneration | 10,431 | 7 | (319) | (312) |
| | 2,603 | 0 | 0 | 0 |
| Grand Total | (233) | 735 | (1,221) | (486) |

Table 2 – Detailed budget variance

| Budget Variances | Forecast Pressures | Forecast Underspend | Total Variance |
|-------------------------------------|---------------------------|----------------------------|-----------------------|
| | £000s | £000s | £000s |
| - Rent and income | | | |
| Dwelling rent & water rates | 279 | (34) | 245 |
| Voids loss on Dwellings | | (241) | (241) |
| Voids loss on Garages | 308 | | 308 |
| Non dwelling rent income | 26 | (76) | (50) |
| Financing – interest payable | | (551) | (551) |
| Repair and Maintenance | | | |
| Responsive maintenance | 115 | 0 | 115 |
| Housing Management | | | |
| Landlord services | 7 | (30) | (23) |
| Business management & IT | 0 | (83) | (83) |
| Rent Collection | 0 | (109) | (109) |
| Sheltered Housing | 0 | (47) | (47) |
| Housing operations | 0 | (50) | (50) |
| Total | 735 | (1,221) | (486) |

Commentary on budget variances

Rent and income

The pressure is as a result of additional sales higher than forecast under the right to buy scheme. When a property is sold, the HRA no longer receives the rental income, but does retain a Capital receipt that is used for investment into new properties.

The level of income received in relation to garages is lower than originally forecast. This is address in the budget proposal for 2015/16 in order to re-align the income expectation to a more prudent level

There has been a reduction in the forecast level of rent lost through void dwellings due to a quicker turn-around time in re-letting the properties. Also shop rent and service charges have yielded more income than originally forecast.

Financing

Through the utilisation of HCA grant monies and retained capital receipts, the HRA has limited the amount of money that it had to prudentially borrowing in 2014/15, therefore savings a predicted £0.551m in interest payments.

Repair and Maintenance

At this stage of the financial year, there is a small variance of £0.115m estimated in relation to housing repairs. This is on a budget of £11.600m, which is partly made up of responsive repairs, which can be volatile as a result of unavoidable fluctuations (such as abnormal weather conditions) in repairs and maintenance demand.

Housing Management

Housing management represents the cost of delivering the landlord and business services functions, as well as central overheads and operational support. Across these services there is a net forecast under spends of £0.312m. The largest of these individually is within the rent collection budget. This is as a result of the revised contract that was negotiated with Anglian water in relation to the amount of commission that the HRA earns by collecting the rates due from its housing tenants. This was forecast to generate an additional £0.200m, for 2014/15, but the outturn projection is that this was actually worth £0.309m, resulting in further income of £0.109m.

Table 3 - New Build Schemes

| Scheme | Forecast Scheme Cost | Actual Expenditure 2013/14 | Estimated Expenditure 2014/15 |
|-------------------------------------|----------------------|----------------------------|-------------------------------|
| | £000s | £000s | £000s |
| Seabrooke Rise | 11,850 | 25 | 5,376 |
| Bracelet Close | 4,000 | 7 | 28 |
| Derry Avenue Empty Homes Renovation | 7,000 | 0 | 1,816 |
| Calcuatta Road | 2,116 | 0 | 162 |
| | 6,000 | 0 | 0 |
| Grand Total | 30,966 | 32 | 7,382 |

3.1.2 Table 3 shows the forecast and actual spend in relation to the Council's new build schemes. Whilst this is classified as Capital expenditure, the HRA part of the funding for such projects can be financed through direct revenue funding. Therefore, the balances within the Development reserve are intrinsically linked to the operating revenue position.

3.2 The Forecast outturn position has the following effect on the level of reserves within the Housing Revenue Account:

Table 4

Estimated Retained surplus at the end of 2014/15

| | £m | £m |
|---|---------|----------------|
| <i>Projected net operational overspends</i> | 0.735 | |
| <i>Projected net under spends</i> | (1.221) | |
| Net Operating Surplus | | (0.486) |
| | | |
| Contribution to development reserve | | (1.815) |
| | | |
| Retained Earnings | | (2.301) |

Forecast level of financial reserves held within the HRA 31/3/15

| Unallocated Balance | £m |
|--|----------------|
| Balance as at 1 April 2014 | (2.654) |
| Use of balances | 0 |
| Projected Balance as at 31 March 2015 | (2.654) |

| Development Reserve | £m |
|---------------------|----|
| | |

| | |
|--|----------------|
| Balance as at 1 April 2014 | 0 |
| Budgeted contribution | (1.815) |
| Net Operating Surplus | (0.486) |
| Use of balances - Transforming homes | 1.000 |
| Projected Balance as at 31 March 2015 | (1.301) |

Preparation of 2015/16 Base Budgets

3.4 A summary of the inflationary increases between the 2014/15 and 2015/16 budget estimate is shown in Table 5 below.

Table 5

| 2015/16 Budget Estimates | Budget Changes £'000 |
|---|---------------------------------|
| Budget pressures / inflation: | |
| Garage rent adjustment | 200 |
| Salaries and pay award | 148 |
| Inflation on repairs contract @ 2% | 118 |
| Inflation on housing SLA | 20 |
| Inflation on utilities and fuel | 28 |
| Insurance premiums | 20 |
| | 534 |
| Budget savings: | |
| Sheltered housing review | (258) |
| | (258) |
| Net Additional budget requirement in 2015/16 | 276 |
| Additional income from rents | (986) |
| Additional planned maintenance projects | 710 |
| Total HRA Net 2015/16 Budget | 0 |

The main reasons for the changes between the budget in 2014/15 and 2015/16 are as follows:

3.5 **Garage rent adjustment: £0.200m:** There is a two year review currently taking place to bring garages back into use and start to realise the revenue potential of this stock. However, whilst this work is being undertaken, it is felt prudent to re-align the current income projections. It is predicted that following the review, additional revenue will be generated, and can be reinvested back into the HRA.

- 3.6 **Salaries and pay awards: £0.148.** As part of the terms and conditions of employment, incremental increases as well as a provision for a pay award (1%) have been included within the estimates for 2015/16.
- 3.7 **Inflation on Contracts: £0.118m.** This figure has been set as an estimate on inflation that will be applied on the responsive repairs contract with Mears.
- 3.8 **Additional planned maintenance projects - £0.793m:** As part of the Council's commitment to the continuous improvement of the existing stock, the additional funding generated from standard rent increase is proposed to be invested into additional planned maintenance. This will increase the overall planned works programme to £4.429m. The main focus of the additional funding will be to address works required in relation to damp and mould and external cladding. This spend will lever additional funding from the Energy Company Obligations scheme which is being used to fund this energy saving work. This additional budget has been set to utilise the additional income that the HRA will generate in 2015/16, and represents and investment directly into the housing stock

Rent Levels

- 3.9 The Council has previously followed the government's guidance on rent restructuring introduced in 2004. The government announced a significant change to this guidance for the setting process in 2015/16, namely by using the September 2014 CPI figure (1.2%) + 1% as opposed to the RPI figure, and removing the standard £2 per week additional increase. Under the former arrangement, the average rent increase would have been around 5.1%. This is made up from 2.8% being the Sep 2014 RPI + 0.5% + 2.3% equivalent to £2 per week on the 2014/15 average weekly rent
- 3.10 In 2014/15 Tenants agreed to a higher rent increase (RPI+£5) meaning the vast majority of properties achieved target rent in this financial year. This increase allowed the department to continue with the major investment programme across the stock and was accepted on the understanding that for 2015/16 the Council will use its discretion to raise rent by the absolute minimum
- 3.11 Therefore, the recommendation to Council is that a rent increase equating to 2.2% on average be put forward to Council. If agreed, this will mean the average weekly rent for a property in Thurrock will be £87.26, rising from £85.50. The HRA stock, by bedroom size & average rent is shown below

| Bed Room Size | Number of Properties | 2015/16 Average Weekly Rent |
|----------------------|-----------------------------|------------------------------------|
| 0 | 247 | £56.51 |
| 1 | 2,862 | £73.72 |
| 2 | 2,288 | £78.62 |
| 3 | 4,534 | £100.63 |
| 4 | 198 | £114.29 |
| 5 | 2 | £107.52 |
| 6 | 2 | £122.96 |
| Grand Total | 10,133 | £ 87.26 |

3.12 For comparison purposes only, the previous rent setting arrangement would have set an average rent of circa £89.86, as opposed to £87.26 shown above.

3.14 De-pooled Service Charges

As part of the overall rent calculation, and in order to follow rent restructuring, it is recommended that the de-pooled service charges (caretaking and concierge) are increased by 2.2%. This calculation for this is to ensure that these services are self financing, and this increase will finance inflationary cost pressures that arise in 2015/16. **Members are asked to agree this as per recommendation Para 1.3.**

Other Charges

3.15 Garage rents

The current weekly charges for garage rents are £8.64 for a Council tenant garage and £10.01 for a privately rented garage per week. It is recommended to Council that an increase of 2.20% be agreed in 2015/16, in line with the rate of consumer price inflation that has been applied to housing rents. **Members are asked to agree this as per recommendation Para 1.4.**

3.16 Travellers Sites

The Council currently maintains and provides services for the following sites, Pilgrims Lane, Ship Lane and Gammons Field

The gross cost of providing the service must be recovered by the Council through rent charges, excluding utility charges which are not supported by Housing Benefit payments.

The base budget for travellers' sites for 2014/15 has been reviewed and it is expected that there will be an increase in 2015/16 costs due to inflationary pressures. Therefore, in order to ensure that a breakeven budget is set, a

2.2% increase needs to be applied to the current weekly rent charge.
Members are asked to agree this as per recommendation Para 1.6.

4. Reasons for Recommendation

- 4.1 The report sets out the implications for the HRA budget in 2015/16. The items suggest have been calculated in line with affordability consideration and ensure that financial reserves remain within the agreed levels.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 The key points in this report have been subject the subject of a presentation to Housing Overview and Scrutiny Committee on 7 January 2015. The report was submitted to Cabinet on 11 February 2015.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 The Council's MTFs recommends that the HRA maintains its minimum level of general reserves at £1.7m with a maximum level of £3.0m
- 6.2 The management and operation of the HRA strives to supports vulnerable people. The 30-year business plan sets out to ensure there is value for money within the Housing service

7. Implications

7.1 Financial

Implications verified by: **Mike Jones**
Management Accountant

Financial implications are included within the paragraphs above.

7.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Legal

This report has been produced pursuant to Part 2 of the Local Government Act 2003. The Act contains a series of duties and powers that give statutory support to important aspects of good financial practice in local government, but leaves the outcome of those processes to the judgement of local authorities.

The Council has a legal requirement to review the Housing Revenue Account and ensure that it does not go into deficit. In addition, determinations made

under the Local Government and Housing Act 1989 prescribed what can be charged to the HRA and the calculation of those charge.

7.3 **Diversity and Equality**

Implications verified by: **Becky Price**
Community Development Officer

The base budget for reflects the Council's policy in relation to the provision of social housing with particular regard to the use of its own stock. In addition to the provision of general housing, it incorporates a number of budgetary provisions aimed at providing assistance to disadvantaged groups. This includes adaptations to the stock for residents with disabilities.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

N/A

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- N/A

9. **Appendices to the report**

- None

Report Author:

Mike Jones
Management Accountant
Corporate Finance

| | |
|---|---------------------|
| 25 February 2015 | ITEM: 13 (i) |
| Council | |
| Cabinet Member Report – Central Services | |
| Report of: Councillor V. Holloway | |
| This report is public. | |

Introduction

The central services portfolio includes all of the central functions, which provide corporate support across the council, in finance, legal, HR & Organisational Development. In addition corporate performance, the transformation programme and the Serco contract also fall under this current remit. In summary it is a wide ranging and varied portfolio.

The past year has been particularly challenging for local government, and Central Services have played a crucial role in supporting the work of the Council and in ensuring we continue to provide good value, sound financial management, proper governance and an employment environment that enables us to recruit and retain the workforce we need.

The report sets out some of the key issues from the past year and some of the issues for the future.

Sundry Debtors

The Sundry Debt Team continues to perform strongly in achieving targets for timely accurate billing and continues to improve collection rates. In comparison to the same period last year the value of invoices raised has increased by £0.691m but as at the end of January the debt book is £254k less than the comparable period last year.

Council Tax

The service continues to perform very and it is expected the collection rates this year will achieve 98.7% which again places Thurrock amongst the top performing councils for collection. In conjunction with the Thurrock online agenda the service continues to develop its online offering. As a result Residents can now undertake the following transactions online:

- Move In/ Move Out
- Claim Discounts/ Exemptions
- Set up or amend direct debit

Make a Payment
View their online statement

National Non Domestic Rates (Business Rates)

The collection of the Business Rates as at December 2014 stands at 83.91% compared to 88.66% as at December 2013. Whilst this appears to be a large variance to last year the reason for this is that for the first time this year businesses can opt to pay the bill over 12 monthly instalments rather than 10 in previous years. The team is on target to achieve a collection rate of approximately 99% by the year end which will again place Thurrock amongst the top performing Councils.

Bailiff Reforms

The new Bailiff Reform Regulations "Taking Control of Goods" came into force on 6th April 2014. Thurrock welcomed this change and proactively notified all charge payers with unpaid debts from early February 2014 of these changes to enable them to clear their debts prior to the new fees being imposed.

The Team has a member of staff specifically appointed to manage cases referred to them from support workers such as the CAB, Catch22, StepChange, Social Workers and Family Mosaic and a recent cross party meeting should see improvements in the Council's relationship with the CAB and the support given to vulnerable debtors

Housing Benefits

The service continues to build its online facilities to enable residents to transact online. Thurrock Benefits claimants are now able to complete the following activities via the internet:

Make a Claim for Housing Benefit and the Local Council Tax Scheme
Report a change in circumstances
View their details including date of next payment etc.

As Members will be aware Thurrock has been included in the next phase of Universal Credit rollout which will commence in Thurrock on March 16th. Initially the rollout will be for single people of working age submitting a new claim for Job Seekers Allowance. Whilst claims for Universal Credit will be administered by the DWP, even when fully rolled out the Thurrock benefits team will still be responsible for processing claims for Local Council Tax Support and Housing Benefit for pensioners and some other groups. Thurrock continues to work closely with the DWP to develop a support framework to assist claimants within this process.

Exchequer Services

BACS and Post

We currently pay 91% of our suppliers by BACS (electronically). The number of remittances and Purchase Orders sent via post as opposed to email has also

reduced by 85% in the last two years, with the vast majority of commercial suppliers receiving them via email.

This year to date Thurrock has paid 94.6% of invoices within 30 days and performance continues to improve. The improvement has been delivered through increased focus and development of a new dashboard that highlights performance by service and source and is reviewed by Directors' Board on a monthly basis.

Further improvement will be made through the implementation of iSupplier that allows our suppliers to 'self-serve' their own transactions eliminating the need for any data processing duplication. To date approximately 820 of our commercial suppliers have signed up, which is about half of our commercial supplier base. This is a reduction of approximately 30% of our paper invoices.

Corporate Finance

Counter Fraud & Investigation Service

The Counter Fraud and Investigation Service is currently working through a transition phase from investigating just benefit activity to a full corporate wide service that has attracted partnership working with Southend Council, the Ministry of Justice and the DWP.

The momentum gained by the service in combating fraud and corruption was recognised by the Department for Communities and Local Government with grant funding of £594k to create a central specialist hub, hosted at Thurrock Council, to share resources and best practice with other public authorities and this innovative counter fraud project seeks to implement robust policies and training across Thurrock Council and partner agencies to develop a strong anti-fraud culture.

Procurement and Contract Management

The Serco (previously Vertex) Partnership has been in place for eight years, in which time the service requirements of the Council from its partner have changed, and the partnership arrangement has been developed through negotiation to continue to meet the needs of the Council. However this year, the Surveying, Asset management and Highways service have been returned to the Council for internal management.

There is ongoing issues with this contract and more broadly the principle concern with this partnership is that there have not been enough savings made in these services to meet the council's financial targets. This is being addressed in a separate report.

Legal Services

Shared Services

- The shared legal service has now been established for just over 3 years;
- It continues to enhance its capacity, resilience and internal expertise resulting in both savings and the generation of traded income for the Council;
- The service was highly commended as a finalist in the Municipal Journal Achievement Awards for 2014;
- Alison Stuart, Principal Regeneration Solicitor was recognised as “Individual Lawyer of the Year” by Lawyers in Local Government for her outstanding and nationally recognised work in the field of regeneration;
- We continue to be in the top performing legal services for Lexcel Accreditation by The Law Society which recognises solicitors who meet the highest management and customer care standards and show excellence in areas such as client care, case management and risk management;
- This year’s annual monitoring inspection by the Lexcel Inspector noted that our active legal files had risen from 1,650 to 2214 legal files open across the shared service.

Traded Services

Towards the latter half of 2013 the legal team were appointed as legal providers to Brentwood District Council providing both the Monitoring Officer and Head of Legal role along with legal support across the full range of a District council’s responsibilities. This work has been undertaken on a fee traded basis. The team has also successfully provided legal services to Westminster, Havering and Newham Council’s and Lea Valley Regional Park on a fee traded basis over the last year and have been approached by a range of other authorities interested in learning lessons on shared working.

Our future Plans are to:

Continue to trade the service to (i) generate income and raise the reputation of the Council and (ii) to provide in house solicitors with greater opportunities for personal development and thereby further increase our staff retention rates.

To continue to seek to improve our client satisfaction from both our in-house and external clients and provide a value for money service.

Human Resources, Organisational Development & Transformation

Shaping the Council

To meet the increasing financial pressures and support the organisation through change the team have prioritised a comprehensive change programme. This has incorporated an organisational wide voluntary redundancy programme which has resulted in reductions of over 45 FTE and contributing over £1.5m in savings – mitigating the requirement for compulsory redundancies.

Staff Survey

In April 2014 we celebrated the most successful staff survey we have delivered to date with an exceptionally high response rate of 72%. This puts us comfortably above the Local Government benchmark, which currently stands at of 59% and on a par with some private sector organisations that reached between 70 – 77%. One key area of improvement evidenced by the survey and externally validated by our IIP Gold status is performance management.

Oracle My Dashboard

Oracle Performance Management (OPM) and Oracle Learning Management went live in April 2014. The online system allows managers and employees to use self-service, driving the internal transformation of the council.

Staff Recognition

One area of feedback from our IIP gold accreditation was the reintroduction of staff recognition - the council re-launched a staff recognition scheme that celebrated the successes of our employees across 7 different categories culminating in a fully sponsored awards evening held in November 2014 and attended by approximately 100 staff to recognise fantastic performance across the council.

Training and Development

In the last year we have provided 3000 training day across the workforce and this has included the provision of newly developed change and wellbeing programmes.

Making Change Happen (MCH)

Making Change Happen (MCH) is a process developed to support staff through changing working practices and policies and moving them into new spaces with their new IT kit

Digital Council Programme

The programme is now in full flight implementing digital solutions for document management, automating assessment and decision making for Adult Social Care and a Children's' safeguarding profiling model.

Since Thurrock Online 'Go Live' 1700 customers have registered for the council tax service, 900 for housing benefits and over 11,000 customers have registered for MyAccount. Marketing the Council's online services is now well underway and a leaflet is being included with daily council tax bills to promote online council tax services and additional functionality.

It is worth noting that Thurrock's website has recently been recognised by SOCITM as providing the fastest service to users in the UK.

IT Connects

75% of Civic Offices Staff have now been equipped with new computing devices and 100% have the new telephony system enabling them to work more productively and more flexibly.

Whilst there have been two significant IT outages during the past year the infrastructure is now more robust and resilient as a result of the IT upgrade and subsequent testing. The recent Good Technology failure was associated with the Exchange server. There were teething problems during the initial roll out of the new telephone system resulting in inability to contact officers, which have been addressed by the introduction of uni-logon (automatic registration when logging onto the IT system) and team hunt groups (which automatically divert calls to other team members).

Operational Estate

There has been substantial progress in transforming the workspace in Civic Offices. New flexible working arrangements have been introduced on three floors and work is progressing to complete by the summer. These changes have increased the capacity in Civic Offices from 700 staff to 1100 staff. The investment and benefits detailed in the business case are running to plan with £2.6m of capital investment which is offset over a five year period by revenue savings of £2.9m

Complaints

During 2013/14, 2549 complaints were received. The previous year (2012/13) 3505 complaints were logged. However this decrease (27%) is primarily due to a change in our complaints process with the introduction of a concerns stage which has resulted in 1026 concerns being recorded.

2013/14 also saw a reduction in housing repair complaints. During 2013/14, the combined total of complaints and concerns volumes recorded for housing repairs was 1109. The previous year 1370 housing repair complaints were received.

During 2013/14, 97% of complaints were responded to within timeframe. This is an improvement on the previous year's figure of 91%.

Members Enquiries

Members' enquiries performance has improved during 2013/14 despite an increase in volumes. During the reporting year, 2023 enquiries were received with 98% responded to within timeframe.

The correct process for logging Members Enquiries has been reinforced recently and Members are being asked to ensure that use membersenquiries@thurrock.gov.uk.

Future Plans

Pay and Reward Review

The pay review will progress over the next 12 months. This will include the introduction of a 'job families' approach, which many forward-looking Councils are starting to adopt; pay grades which will be compliant with equal pay legislation and an improved job evaluation scheme.

People Strategy and Staff Charter

A revised People Strategy will be developed aimed at equipping the Council with the workforce we need for the future. To support this, a new Staff Charter will also be created which will set out the relationship between staff and the Council and outline our mutual expectations.

Operational Estate

We are exploring the potential for a new customer service centre on the ground floor of Civic Offices, enhancing community areas and supporting channel shift. The Council's external operational estate is currently being evaluated to determine future use and infrastructure requirements and a paper is scheduled to go to Cabinet in June.

Financial Information:

(A Motion agreed by the Council on 23 January 2013 requires the Cabinet Member to cover all finance and budget issues of their portfolio that they consider relevant, including (but not limited to): fiscal management; budget responsibility of the cabinet member; receipts and actual spend vs. predicted spend; the levels of virements; and value for money.)

| Service | Cost Centre | Total |
|---|---|------------------|
| Business Services | MFD Useage Charges | 176,001 |
| | E-Government Reserve Revenue Expenditure | 347,956 |
| | Central Complex | 543,389 |
| | Civic Offices 1 | 168,577 |
| | Civic Offices 2 | 947,705 |
| Business Services Total | | 2,183,628 |
| HR. OD & Customer Strategy | Head Of Policy & Organisation Development | 232,084 |
| | EAP Counselling | 12,900 |
| | Information Management | 369,895 |
| | Occupational Health | 8,197 |
| | Trade Unions | 43,594 |
| | Developing Together | 197,201 |
| | Organisational Development | 254,193 |
| | Workforce Planning | 632,839 |
| HR. OD & Customer Strategy Total | | 1,750,903 |
| Legal Services | Registration | 45,301 |
| | Electoral Administration | 127,702 |
| | Register of Electors | 63,896 |

| | | |
|--------------------------------|---|-------------------|
| | Election Expenses | 197,680 |
| | Legal Management | 262,658 |
| | Legal Business Support | 36,333 |
| | Legal Social Service and Education | 263,839 |
| | Legal - Housing & Litigation | 158,864 |
| | Legal - Corporate & Contracts | 166,923 |
| | Legal – Regeneration | 289,728 |
| | Members Allowances | 653,574 |
| | Scrutiny | 5,700 |
| | Democratic Services | 262,583 |
| | Democrat Representation and Management | 204,360 |
| | Members Development | 5,800 |
| | Legal Services Total | 2,744,941 |
| Corporate Finance | Internal Audit | 298,141 |
| | Insurance Premiums | 188,400 |
| | Insurance Team | 189,542 |
| | Fraud Team | 336,302 |
| | Corporate Finance Total | 1,012,385 |
| Finance & Corporate Governance | Revenues & Benefits Finance Client | 122,312 |
| | Council Tax and NNDR | (460,973) |
| | Finance & Corporate Governance Total | (124,427) |
| SERCO | Contract Payments to Serco | 16,823,957 |
| Grand Total | | 24,391,387 |

| | |
|---|----------------------|
| 25 February 2015 | ITEM: 13 (ii) |
| Council | |
| Cabinet Member Report - Housing | |
| Report of: Councillor Lynn Worrall, Cabinet Member for Housing | |
| This report is Public | |

Introduction

I am pleased to introduce to Council my portfolio holder report.

This report reflects the volume of activity and progress that has occurred over the past 12 months. We have continued with our strategic approach to doing business and in particular have increased our work with colleagues across the council to ensure that Housing is playing its full part in the difficult financial environment we currently face.

Housing is now explicitly referenced as part of the local authorities' new duty under the Care Act and for the first time the suitability of someone's living accommodation is listed as part of the definition of well-being. Recognition of the inherent relationship between health, wellbeing and housing is a positive step forward and has underpinned the department's work for the preceding 12 months. Services are being reviewed to ensure that the best use possible is being made of all available resources in the department.

At the same time we have levered-in significant external funds to enable us to extend our programmes of work. Over seventeen million pounds of additional funding has been brought into Thurrock for use in Housing.

Whilst we work against a backdrop of regulatory changes to Welfare benefits and significant economic challenges which have produced real threats to our ability to maintain and deliver services, I am proud to say that we have not only faced-down the challenges but found a route to altering the delivery of our services to provide an improved 'offer' to our tenants. Resident satisfaction surveys reflect growing levels of satisfaction with the housing services which we offer.

We are not however complacent, we are well aware of the challenges that still lie ahead of us. As we work to gain an improved understanding of our service needs so this places us in a position to act deftly to re-shape our services to address those changing needs.

The report below outlines the significant programmes of work that have been undertaken in the Housing Directorate

Improving contact and responsiveness – Customer Slip

The most common complaint received about our housing service is that housing officers do not get back to people. This is the same complaint whether it is by phone, letter or email. We have done a huge amount of work to tackle this issue and during this year the Housing Department rolled out a new customer contact tool called the customer slip. This tool records all contact made through the Customer Contact Centre and tracks queries sent to the various housing team. The slips allow managers to track incoming queries, manage resources appropriately and ensure that tenants receive a response to their query within 48 hours. Since April 2014:

- Over 7000 Customer Slips logged to the Housing Team.
- Satisfaction with Estate Officers increased from 65% in Quarter 1 2013/14 to 74% for same quarter this year.
- Initial role out to Tenancy Management Team, now being used for Capital Works, Homelessness and Rents.

Maintaining and Transforming our existing homes

In maintaining our existing housing stock, there has been significant progress in the development of improved repairs management, substantial capital investment and improvements through Transforming Homes and support for our growth agenda by the creation of pathways into employment, training and wider investment in community projects through social value commitments achieved by strategic commissioning.

Using the £68m Transforming Homes programme, the £5m annual Repairs & Maintenance programme, and the forthcoming investment through new builds and estate regeneration, Thurrock is committed to both achieving the best for housing stock maintenance and development, but also for the maximising the positive impact of this investment in the wider community. Delivering Social Value is a key component of housing strategy now and going forward, focusing on delivery of employment, education and training, as well as further benefits for the wider community.

Repairs and Maintenance

The period has seen continued improvements in Repairs & Maintenance provision through the interim contract, as well as completion of procurement for the new 5 Year Repairs & Maintenance contract.

- Over 97% of the repairs undertaken in the past year have been completed within their required timeframes,

- 83% residents provided a Good or Excellent rating for delivery of repairs service
- Increasing number of residents happy with the quality of repair carried out – an increase from 76% in April 2014 to 81% in October 2014, whilst remaining at over 80% in each of the past five months.
- Award of the new Repairs & Maintenance service contract – approved by Cabinet in December

The new service focuses on further improving the delivery of a quality service while maintaining competitive and efficient performance – the contract documents draw on implementing resident-focused provision, learning from previous service provision, and establishing effective procedures and performance management.

A number of benefits will be seen with the launch of the new Repairs & Maintenance service:

- Using outcomes from resident consultation, tenders were required to include commitments to improved access to the service – with the recommended bidder offering increased appointment slots, as well as evening and weekend repairs service
- Further requirements were improved communications with residents – with the recommended bidder offering development of online & mobile repairs reporting
- Tenders were required to provide a resident-focused service – with the recommended bidder offering tailored provision for vulnerable residents, additional security measures, and improved identification of needs

Transforming Homes

Improvements to the housing stock are continuing through the Transforming Homes programme, which has now delivered:

- Works to over 3,600 homes since the programme commenced, 1,500 of which have taken place in 2014/15 financial year.
- 2,400 bathrooms and in excess of 2,300 kitchens.
- 78% residents have rated this service Good or Excellent.
- Over 160 homes have also benefited from works, including loft and external wall insulation, delivered through the thermal efficiency programme
- Thurrock is working with EON Energy for delivery and funding of thermal efficiency works
- It is anticipated that a further 2000 homes will have internal improvement works in the 2015/16 financial year, and with the initiation of the external improvements programme in March 2015, all properties will be assessed for these works.

Tackling Damp and Mould

In the context of these substantial programmes, it is recognised that there are ongoing issues with Damp & Mould in some properties – and this may need specific action to address and resolve. A new initiative seeks to provide improved recognition, management and resolution of Damp & Mould issues.

This addresses the key elements of Damp & Mould management:

- Improved guidance: recognising issues caused by damp in the property, or alternately by condensation and behavioural factors contributing to this;
- Establishing repairs management procedures: coordinating capital and responsive repairs so that resolution is found through the most appropriate route.

So far the Council has undertaken

- Over 1500 damp and mould surveys
- Over 700 homes receiving remedial actions to prevent reoccurrence
- 28 properties with extensive works (greater than £10k in value)
- 160 homes with improvements in thermal Efficiency
- Tackling Damp, Condensation and Mould - Guidance leaflets developed and sent to all 10,000+ residents with their October rent statement,
- Improved guidance in a new section on the Thurrock Council website.

It is anticipated that through the improvements being put in place, residents will experience a reduction in the instances of damp and mould issues, either through their improved management of condensation, or through the appropriate repairs and maintenance being put in place. Correspondingly, a reduced number of responsive repairs relating to damp and mould is anticipated to positively impact 'repairs per property' performance for Thurrock housing.

Garages

For the previous two years Housing have had a huge focus on improving the standard of its current housing stock, through its Transforming Homes Programme and it has also had a focus on restarting construction of high quality new build homes within the borough. This led to refurbishment of garages, being delayed.. This has now changed and from 2014/15 £150k worth of investment has been put aside to bring garages back into use and let them to tenant and residents. Since July 2014 we have:

- Let 80+ garages bringing in additional revenue of over £35,000 per year.
- Identified all garages that need minor works and are fit to let instantly.
- Advertised garages to let to gather interest.
- Created a new GIS layer on Thurrock Systems with the intention of allowing residents to view void garages online and apply to rent them.
- Create a capital programme of works to refurbish, repair or demolish garages that are currently unusable.

Delivering new homes:

A substantial programme has been built up, with start on site achieved for the first three schemes and successful bids to two major funding streams plus further bids made that are awaiting approval.

The National Affordable House building Programme awarded £5,954,000 to deliver 212 new homes for affordable rent by March 2018 and the Local Growth Fund has secured £11,580,000 in additional borrowing capacity for the HRA, to develop a further 193 new homes for affordable rent and shared ownership. As well as this the Council has submitted an expression of interest for “Housing Zone” status for a variety of Thurrock’s key housing growth areas as included in the Council’s submission to the South East Local Enterprise Partnership (SELEP) and the private sector has submitted a bid for loan finance in conjunction with the housing department, to deliver estate regeneration at the Garrison Estate in Purfleet.

Building council houses:

- Seabrooke Rise; 53 dwellings plus the Community House facility is on-site and due to complete in autumn 2015.
- Derry Avenue; 25 dwellings, is on-site and due to complete in November 2015. These homes for older persons are all designed in accordance with HAPPI principles.
- Bracelet Close; 12 dwellings due to start on site in November 14 and due to complete in January 2016.

Estate Regeneration

Consultation has taken place on Seabrooke Rise and the High Rise Blocks (the Seabrooke Rise Estate) to involve residents in deciding how further improvements and regeneration can be achieved.

- Residents and officers have started the process of setting up a steering group to work with officers to take forward proposals across three main areas:
 - New housing development – where, how and priorities including a conversation about the role of tower blocks in the area.
 - Improvement of the estate, its environment and amenities, including improved access to the river.
 - Development of further strategies for training and employment

Gloriana

Gloriana, the Council's Wholly Owned Company has been set up offering a viable development option to complement the HRA. There are two sites in development with Gloriana at present; St Chads Road in Tilbury which has received planning approval, and Belmont Road in Grays.

- St Chads will feature 128 new homes and associated parking. Projected start on site, , is spring 2015.
- Belmont Road in Grays will accommodate around 85 new homes and associated parking. The projected Start on Site is October 2015.

Delivering Social Value through commissioning

Delivering tangible social value outcomes is an integral part of the planning, commissioning and delivery cycle – this has led to job creation and investment in our local communities.

A key focus has been the delivery of real benefits to residents and the community beyond those having works to their home. The programmes have helped to develop skills and establish direct routes for local people to access local employment opportunities through large value commissioning and partnerships such as the Transforming Homes contract.

Delivering opportunities for training and employment, with substantial outcomes already achieved in Transforming Homes, and significant commitments made by the recommended Repairs & Maintenance contractor.

Achievement in 14/15

- 25 apprenticeships,
- 100 Jobs created or retained.
- Over 50 long term unemployed or young people not in Education or Training – provided with job training and work experience through different pathways programmes created through our investments programmes and over 65% of them now either in work or training including 8 with apprenticeships.
- Further benefits to the wider community are seen in refurbishment of war memorials, through refurbishment of community centres and other community commitments.
- Commitment to delivering social value through comprehensive & structured approach, from identifying need, through procurement and engagement with broad base of local partners, to delivery using effective contract & performance management
- Development and expansion of partnerships with delivery specialists, providing tailored programmes for Thurrock residents – including Prince's Trust and Wates' Building Futures, and emerging partnerships with John Laing Training, Construction Youth Trust and others.

We are taking forward approach this approach to forthcoming investment programmes including our new build and estate regeneration programme – it is estimated 200-300 jobs will be created or retained, and a further 100 apprenticeships established including a number of craft apprenticeships .

Well Homes

Thurrock Housing launched its Well Homes scheme in June 2014 with the aim of improving Private Sector Housing in three wards within the borough. The aim of the scheme is to drive up housing standards and through that, improve wellbeing of those living in the properties. Since June 2014 the Well Homes advisor has contacted 2432 residents with 128 agreeing to a Well Homes visit. The outcome of these visits is

- 293 referrals to other agencies such as Health and Lifestyle Services – 81% surveyed saying that the agencies had contacted them.
- 33 Category 1 hazards identified in Private Sector Homes.
- 42% uptake of NHS Health Checks
- 9% looking to give up smoking.
- 5 households to receive financial assistance to improve properties.
- 11 long term vacant properties identified and 2 Houses of Multiple Occupation (HMOs) identified.

Housing Enforcement

As part of the housing restructure in 2013/14 a new Housing Enforcement Team was created to help ensure that Thurrock Tenancies were maintained correctly. The Team consist of CCTV, Private Sector Housing, Anti-Social Behaviour and Housing Fraud. This team has had great success over the last year since forming, some of the highlights since April 2014 being:

- 35 Properties returned to Housing Stock by Housing Fraud Team and 3 Right to Buys stopped from progressing due to fraud.
- Three properties recovered for tenancy breaches due to ASB
- Brought the Sanctuary (Domestic Abuse) scheme back in house allowing a renewed focus on tackling Domestic Abuse
- Officer directly placed within Thurrock MASH to support Safeguarding of children
- Housing Enforcement “Eyes and Ears” Conference held, pulling together over 15 agencies to network and showcase partnerships.
- CCTV working closely with Essex Police and Tenancy Management. Average of 6 evidence packs per month going to the

Police to help tackle crime and over 50 referrals to tenancy management per month regarding Anti-Social Behaviour

- Housing Enforcement now a key part of the Community Safety Partnership and helping to achieve the 4 priorities for the CSP.

Welfare Reform

You are not able to talk about Housing without referring to Welfare Reform. Due to the hard work of the Housing Team in 2013/14 Welfare Reform did not affect as many tenants that year as originally expected. Many tenants were given advice, guidance and financial support to help them sustain their tenancies whilst potentially looking for more suitable accommodation. The evidence of this being that only 26 tenants were evicted last year due to rent arrears. Similar numbers to the previous 2 years.

For 2014/15 so far we have however, seen an increase in evictions as cost of living increases and some of the benefit adjustments have built to a level where more tenants are struggling to pay their rent. In 2014/15 we have already evicted over 20 tenants for rent arrears, this will be after months of intense work from our Rents and Welfare Team and always used as a last resort.

Thurrock Housing still has their own Financial Inclusion Officer, who visited over 600 tenants last year and a partnership with Family Mosaic for financial crisis intervention. The Housing team will continue to work with all tenants to sustain their tenancies and working with Housing Benefit, the Essential Living Fund and other agencies to support tenants in need. We are now working with DWP and looking at ways of strengthening the benefit advice service and making welfare benefit advice a key part of our Housing Solutions service.

Financial Information:

(A Motion agreed by the Council on 23 January 2013 requires the Cabinet Member to cover all finance and budget issues of their portfolio that they consider relevant, including (but not limited to): fiscal management; budget responsibility of the cabinet member; receipts and actual spend vs. predicted spend; the levels of virements and value for money.)

Table 1: Weekly cost of operational service delivery

| | | |
|-------------------------------------|---------------------|------------------------------------|
| Average Number of Properties | 10,183 | |
| | Total Budget | Budgeted Unit cost per week |
| | £'000 | £ |
| Housing and Management Costs | £10,431 | £19.70 |
| <i>Including:</i> | | |
| Caretaking / CCTV / Concierge | £2,739 | £5.17 |
| Sheltered Housing | £1,416 | £2.67 |
| Housing Operations | £1,332 | £2.52 |
| Grounds Maintenance | £1,179 | £2.23 |
| Management and Strategy | £1,035 | £1.95 |
| Business Improvement | £965 | £1.82 |
| Letting and Allocations | £659 | £1.24 |
| Housing Enforcement | £453 | £0.86 |
| Neighbourhood Action Plan | £394 | £0.74 |
| Rent Collection | £259 | £0.49 |
| | | |
| Repairs and Maintenance | £11,600 | £21.91 |
| <i>Including:</i> | | |
| Responsive Repairs - Mears | £6,355 | £12.00 |
| Planned Programmed Work | £3,755 | £7.09 |
| Repairs & Maintenance Management | £1,490 | £2.81 |
| | | |
| Financing | £24,179 | £45.66 |
| <i>Including:</i> | | |
| Interest and other costs | £6,814 | £12.87 |
| Transforming homes | £13,756 | £25.98 |
| Central support and overheads | £3,609 | £6.82 |
| | | |
| Transformation | £233 | £0.44 |
| Development and Regeneration | £2,603 | £4.92 |

Weekly cost of operational service delivery

Table 2: HRA – Operational Summary for 2014/15

| Service | Revised Budget | Forecast Pressures | Forecast Underspends | Total Variance |
|--------------------------------------|-----------------|--------------------|----------------------|----------------|
| | £000's | £000's | £000's | £000's |
| Rent and Income | (49,046) | 630 | (391) | 239 |
| <i>Dwelling rent and water rates</i> | | 320 | (47) | 273 |
| <i>Void loss on dwellings</i> | | | (240) | (240) |
| <i>Void loss on garages</i> | | 303 | | 303 |
| <i>Non dwelling rent income</i> | | 7 | (104) | (97) |
| Financing | 24,179 | 0 | (550) | (550) |
| <i>Prudential borrowing interest</i> | | | (550) | (550) |
| Repair and Maintenance | 11,600 | 80 | | 80 |
| <i>Responsive repairs demands</i> | | 80 | | 80 |
| Housing Management | 10,431 | 41 | (339) | (298) |
| <i>Landlord services management</i> | | | (39) | (39) |
| <i>Business management & IT</i> | | | (143) | (143) |
| <i>Grounds maintenance</i> | | | (23) | (23) |
| <i>Rent collection</i> | | | (54) | (54) |
| <i>Sheltered housing</i> | | | (80) | (80) |
| <i>Housing operations</i> | | 41 | | 41 |
| Transformation | 233 | 0 | (88) | (88) |
| Grand Total | 2,603 | 751 | (1,368) | (617) |

Table 4: Forecast level of financial reserves held within the HRA 31/3/15

| Unallocated Balance | £m |
|--|----------------|
| Balance as at 1 April 2014 | (2.654) |
| Projected Balance as at 31 March 2015 | (2.654) |

| Development Reserve | £m |
|--|----------------|
| Balance as at 1 April 2014 | 0 |
| Budgeted contribution | (1.815) |
| Net operating surplus | (0.617) |
| Use of balances – transforming homes | 1.000 |
| Projected Balance as at 31 March 2015 | (1.432) |

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QUESTION TIME

Questions from Members to the Leader, Cabinet Members, Chairs of Committees or Members appointed to represent the Council on a Joint Committee in accordance with Chapter 2, Part 2 (Rule 14) of the Council's Constitution.

There are 4 questions to the Leader and a further 5 questions to Cabinet Members, Committee Chairs and Member appointed to represent the Council on a Joint Committee.

QUESTIONS FROM MEMBERS TO THE LEADER

1. From Councillor Jones

"Would the leader do all he can to work towards keeping all 9 of Thurrock libraries open?"

2. From Councillor Aker

"Can the Leader of the Council confirm whether the 34 illegal immigrants who entered Britain through Tilbury Docks last August were housed in the borough?"

3. From Councillor Gledhill

"Can the Leader outline how much in savings have been proposed and achieved from Vertex, now SERCO, since 2010?"

4. From Councillor Speight

"Can the leader comment on the future of library services in Thurrock?"

QUESTIONS FROM MEMBERS TO CABINET MEMBERS, COMMITTEE CHAIRS AND MEMBERS APPOINTED TO REPRESENT THE COUNCIL ON A JOINT COMMITTEE

1. From Councillor S. Little to Councillor Gerrish

"With only a third of a mile between the proposed Paramount Park in Kent and Thurrock can the portfolio holder outline any conversations that have taken place to secure a passenger river crossing between Paramount Park, Kent County Council and Thurrock?"

2. From Councillor C. Baker to Councillor Worrall

“With the 750 new homes being built on the old Ford site in South Ockendon how many houses will there be for council tenants and how many will be sold off privately?”

3. From Councillor C. Baker to Councillor Speight

“What infrastructure do we have in place with the new houses being built on the Old Ford Site in South Ockendon. Will there be sufficient school places for the children and will there be enough doctor's surgeries and parking spaces for the extra residents that will shop at Derwent Parade?”

4. From Councillor Hipsey to Councillor Speight

“Over the last couple of months Conservative politicians in Thurrock have started speaking out and referring to the "Collinson report" which I believe was published several years ago. Would the Cabinet Member kindly refresh our memories as to why the report was needed, exactly who it was referring to and under who's leadership and administration this report was issued into the public realms?”

5. From Councillor Aker to Councillor Smith

“Is the Portfolio Holder for Public Protection able to confirm if Thurrock Council has any responsibility or provided financial resources for the 11 illegal immigrants found in Thurrock on Thursday 5th and 15 found on Monday 9th February?”

Item 17 - Update on Motions agreed by the Council – 25 February 2015

| Date | From | Motion | Status | Accountable Director |
|----------|---------------|--|---|------------------------------------|
| 26/02/14 | Cllr Hipsey | Recently national publicity has demonstrated the Treetops school is among the very best schools in the country for children with special needs, (autism). Therefore, council resolves to congratulate the school on its continued fantastic work with our children and young people. | A letter has been sent to Treetops school to congratulate the staff for their fantastic work with Thurrock's children and young people. | Carmel Littleton |
| 26/03/14 | Cllr Hipsey | This elected chamber condemns the acts of indecent exposure where individuals are using the public highway to relieve themselves, which is starting become a regular occurrence seen along major trunk routes within Thurrock's boundary. Council also request the urgent assistance of Essex Police to attempt to clamp down on this ignorant disgusting behaviour. | This has been passed to Essex Police, who have responded as follows: Urinating in public is disgraceful behaviour, all cases that are received by Council staff are reported to the Police for further action. The Police Chief inspector is aware of the councillors concerns and has committed to act accordingly. | Lucy Magill |
| 26/03/14 | Cllr Ojetola | The Thurrock Business Awards on Friday 14 March was a unique occasion in Thurrock as numerous businesses were commended for their resilience for surviving the difficulties in the economy. This Council hereby delightfully congratulates all businesses on their achievements whether they won or were finalists. | No update required. | Graham Farrant |
| 26/03/14 | Cllr Anderson | This council would like to put on record its thanks to those Members who are standing down at the 2014 local elections for their service to Thurrock during their time in office. | No update required. | Graham Farrant |
| 23/07/14 | Cllr J Kent | This council believes that work should pay and therefore opposes the introduction of schemes which force job seekers into unpaid work or face losing their benefits – schemes known popularly as | In accordance with the pledge the council is not using workfare placements. A letter is being sent to partners and contractors to | Graham Farrant / Jackie Hinchliffe |

Item 17 - Update on Motions agreed by the Council – 25 February 2015

| | | | | |
|----------|-------------|---|--|------------------------------|
| | | <p>workfare.</p> <p>This council is concerned that there is no evidence workfare assists job seekers in finding work and in fact working a 30-hour week makes that more difficult; that workfare is replacing paid work; and that workfare stigmatises benefits claimants and locks them further into poverty.</p> <p>This council therefore pledges not to use any workfare placements and also calls for our partners and contractors not to use the schemes.</p> | <p>highlight the pledge and seek their co-operation.</p> <p>The Council has given information via the procurement process for all contractors (existing and potential) on the council's position re fair pay. We are committed to ensuring this is done on an ongoing basis that respective contractors will be aware of.</p> | |
| 23/07/14 | Cllr C Kent | <p>This council believes that the changes proposed to Grays Fire Station are detrimental to the safety of the public and firefighters and we call on the Chief Fire Officer to reconsider them in light of new information brought to our attention by the Fire Brigades Union highlighting Thurrock as an area of extremely high risk.</p> | <p>A letter was sent to the Chief Fire Officer and Deputy Chief Fire Officer on 8 July 2014 and a response was received on 22 August 2014.</p> <p>In the absence of the Chief Fire Officer, the Deputy Chief Fire Officer acknowledged that the motion had been considered by Members of the Fire Authority.</p> <p>Furthermore the Deputy Chief Fire Officer recognised the invitation to attend a meeting of Council and confirmed that he was happy to meet with Thurrock Councillors to explore the rationale for the recent decision of Essex Fire Authority and the impact of the Fire and Rescue Service on Thurrock. He invited a group of Councillors that included both Councillors nominated to Essex Fire Authority, the Leaders of each Political Group, the Leader of the Council and the Mayor of Thurrock to a briefing at Service Headquarters at Kelvedon Park, Witham, in order to discuss this matter further.</p> <p>A copy of the letter from the Deputy Chief Fire Officer that was sent to the Mayor of Thurrock was copied to Councillors Cathy Kent and Tom Kelly in their position of</p> | Graham Farrant / Lucy Magill |

Item 17 - Update on Motions agreed by the Council – 25 February 2015

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| | | | nominated Councillors to the Essex Fire Authority. | |
| 23/07/14 | Cllr Hebb | <p>On Thursday 10th July 2014, employees in the public sector took strike action in respect of pay, which caused disruption to the tax-paying public.</p> <p>With a number of local authorities being hit with strike action, and to free up funds to allow Thurrock to negotiate and determine salary increases locally, we call on the Chief Executive, as part of the current budget process, to:</p> <ol style="list-style-type: none"> 1. Ask Senior Officers to volunteer a salary reduction of 5% in annual salaries, which had approval by members back in 2010. 2. Undertake a review of all indirect or direct funding to trade-union representatives in the council – moving to a volunteer-based representative-model (like the private sector). | The Chief Executive has written to all Members following consultation with the Leadership Group. | Graham Farrant |
| 23/07/14 | Cllr Halden | While acknowledging the justifiably protected nature of information in child social care, Council expresses concern in regards to comments made at the last meeting of the corporate parenting committee, in regards to removing financial information and reports from members for their scrutiny. Council reaffirms its commitment to the principles of corporate parenting in terms of making the service budget as transparent and accountable to members as possible via appropriate reports. | The contents of the information provided to the Corporate Parenting Committee have been reviewed by the Portfolio Holder for Children's Services, the Shadow Portfolio Holder, the Director of Children's Services and Senior Officers in Democratic services. All agree that there is a need and desire for transparency around financial matters whilst protecting the individual details of children and young people. Reports have been prepared with this fine balance in mind. Members will have the opportunity for further discussion in a pre-meeting of the committee. | Carmel Littleton |
| 10/09/14 | Cllr Tolson | Thurrock Council calls upon government to make the display of Food Hygiene Rating Scheme Certificates compulsory in England as it currently is in Wales. | Letter drafted and sent by Cllr Tolson to Jackie Doyle-Price MP and Stephen Metcalfe MP | Graham Farrant / Lucy Magill |

Item 17 - Update on Motions agreed by the Council – 25 February 2015

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| 10/09/14 | Cllr Gerrish | <p>That Thurrock Council pays tribute to Andy Smith and mourns his sad passing. We recognise and give thanks for the many years of hard work and commitment that he gave to the people of Thurrock.</p> <p>The Council asks that the Mayor holds a memorial service in Andy's memory.</p> | Officers are currently exploring options for a memorial service to be held in memory of Councillor Smith. | Graham Farrant / Linda Foster |
| 10/09/14 | Cllr Kelly | We call on Thurrock Council to complete the verge hardening projects started in Little Thurrock Rectory, Stifford Clays and Aveley. | <p>Works within the scope of the current pilot have been completed. The pilot is ongoing and the performance of the materials used will be monitored throughout the winter months. The geo-grid material used for the pilot costs £100 per square metre and the Council does not have money within the current year capital programme to extend the pilot.</p> <p>The Council is currently pursuing competitive grant funding for highways maintenance. The potential to finance a verge hardening programme will be reviewed once the outcome of Thurrock's funding bid is known. The bid for highway maintenance improvements was submitted before the DfT deadline of 9 February 2015 and the result of the funding decisions is expected in March 2015.</p> | David Bull |
| 10/09/14 | Cllr Gledhill | We call on government to make Councils, who are housing authorities, subject to the same sanctions as private landlord. This would require changing the law to allow Councils to be prosecuted easier where they fail to bring tenants homes up to an acceptable standard. | A letter has been sent to the Prime Minister to advise of the request made in the Motion and to seek a response to the issue raised. Any response received will be reported to a future meeting of the Council by way of this update report. | Barbara Brownlee |
| 22/10/14 | Cllr Halden | The Chamber instructs the constitution working group to carry out a governance review, in order judge the need for the committee, cabinet, mayoral, or hybrid forms of governance from May 2015 onwards. | It was agreed at the meeting of Council on 22 October 2014 that an item on the Constitution Working Group be brought back to the next meeting of Council (28 January 2015) and a small budget be allocated to the group to investigate thoroughly the benefits and disadvantages of different forms of governance within similar size | Graham Farrant / Fiona Taylor |

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| | | | <p>authorities, such as Brighton and Hove and East Cheshire.</p> <p>The CWG was constituted at Council on 28/01/15 and a budget allocated to the group. The first meeting of the CWG has been scheduled to undertake the work as instructed.</p> | |
| 28/01/15 | Cllr Pearce | Along with the residents of Aveley and Uplands this council welcomes the decision by the Secretary of State to reject plans for 500 houses on the former fireman's club site in Aveley on greenbelt land. | No update required. | David Bull |
| 28/01/15 | Cllr Aker | Thurrock Council calls on the Cabinet to reject fortnightly bin collections. | At its meeting on 11 February 2015 Cabinet considered the comments of the Cleaner, Greener, Safer Overview and Scrutiny Committee in respect of the proposal to move to alternate weekly collections for the residual and recycling waste streams. Following receipt of the committees comments Cabinet agreed to withdraw the proposal for alternate week collections of these two waste streams within the current year's budget proposals and instructed officers to seek alternative savings from within the waste collection budget. | Mike Heath |

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ITEM 18

Motions Submitted to Council

No motions were received.

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