

CABINET

18 JANUARY 2016

Present: Mayor (Chair)
Councillors D Scudder, S Johnson, I Sharpe, P Taylor and M Watkin

Also present: Councillors Bell and Mehta

Officers: Managing Director
Shared Director of Finance
Head of Regeneration and Development
Head of Community and Customer Services
Head of Corporate Strategy and Client Services
Corporate and External Communications Section Head
Legal and Democratic Section Head
Regeneration and Property Section Head
Democratic Services Manager

32 **APOLOGIES FOR ABSENCE**

No apologies were received.

33 **DISCLOSURE OF INTEREST (IF ANY)**

There were no disclosures of interest.

34 **MINUTES OF PREVIOUS MEETING**

The minutes of the meeting held on 30 November 2015 were submitted and signed.

35 **CONDUCT OF MEETING**

Councillor Bell spoke on behalf of the Labour Group. Councillor Mehta spoke on behalf of the Conservative Group.

Cabinet agreed some changes to the order of the agenda items.

The Mayor introduced the meeting by setting the context that the Council's Government Grant would be reduced in the forthcoming years with the result that in 2019/20 there would be no grant received. This meant that the Council would need to consider other ways to generate income and to be more commercial. The reports before Cabinet reflected that and a tightening of the Council's focus.

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PROCUREMENT OF AN ELECTRIC POWERED STAFF POOL VEHICLE - EXEMPTION TO CONTRACT PROCEDURES IN RELATION TO PHASE 3 OF THE WORKS

A report was received from the Head of Regeneration and Development. In 2015 the Council extended its agreement with E-car for the provision of electrically powered vehicles to run to November 2017. Widening the scope of the E-car agreement in order to have an additional electric vehicle to replace the current diesel staff pool vehicle required the approval of an exemption to the Council's contract procedure rules, this was approved by the Managing Director and was now being reported to Cabinet.

Councillor Sharpe introduced the report and explained that the Council already had a relationship with the company that provided the existing electric car and therefore it made sense to continue with the same company for the provision of an electric pool vehicle.

In response to a question from the Mayor, the Head of Regeneration and Development confirmed that the vehicles would all be under one contract and that the cars were available for members of the public to book as well as for staff use.

RESOLVED

That Cabinet notes the approved exemption to the Council's procurement procedures in relation to an electric powered staff pool vehicle.

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WATFORD'S MONITORING REPORT 2015

A report was received from the Head of Regeneration and Development. The Authorities' Monitoring Reports (AMR) were required to outline the progress made on the local plan timetable and assess the effectiveness of planning policies against various targets and indicators to see whether the local plan objectives were being achieved.

The Mayor welcomed the report and asked about the frequency of publication.

The Head of Regeneration and Development explained that the plan used to have to be submitted to government. Although this is no longer the case it still had to be reported annually to Cabinet. The Head of Regeneration and Development drew Cabinet's attention to page 159 of the agenda where a score card had been produced for this year to provide people with an easy way in to the report.

Councillor Sharpe commented that it was a substantial piece of work every year. Its purpose was so the council had a way of assessing whether the planning policies and frameworks needed to be significantly modified or

change direction. If the council had a clear local plan strategy then there should not be any unexpected surprises. A large amount of work had taken place: there was already a core strategy, the final consultation on Local Plan Part 2, Community Infrastructure Levy (CIL) charging was agreed, work on conservation areas – particularly updating the appraisals and conservation area management plan – was proving successful as a result of having a strategy, it had been possible to get funding for improvement projects.

Councillor Sharpe explained that he had attended the Royal Town and Planning Institute (RTPI) conference last year where there was great anxiety from councils who were vulnerable to planning appeals and who were close to the end of their five year supply of land. Watford Borough Council had gone beyond this. Development was always controversial but nonetheless it was better to guide it to acceptable places. The Council would continue to seek to increase affordable housing through requiring 35% provision for major applications in the policy.

Although nationally there had been a difficult economic period, there were jobs being created. Improvements to the public realm were helping to create an environment in Watford that people wanted to do business in, and as a result projects like Charter Place were happening. The Council was in a good a position.

The Mayor explained that Watford was in the upper quartile of councils for planning policies and was surprised at the number of councils that were not in the same position with their policies. There was legislation from the government which meant that policies such as assumed permission on brown field sites were being introduced. Although the council had a genuine desire to increase the number of homes it was important not to be vulnerable to developers.

The Head of Regeneration and Development continued to explain that in terms of the Housing and Planning Bill, it was likely from March that if a council did not have a post 2004 adopted plan the Department of Communities and Local Government (DCLG) would step in and make a plan for that council. Watford Borough Council was not a place like that and had recognised that it was more important to be a town with a plan than a hostage to fortune.

The Mayor requested a meeting to draw together some of the conclusions from the report. For example in the report it stated that fewer 3 bed properties had been built, however, this would not be an issue as there was greater demand for 2 bed properties. Therefore, it was important to draw out some of the underlying issues.

Councillor Bell welcomed the report and noted that it only went up to 31 March 2015, therefore, there would have been developments completed since then.

The Mayor responded that the town's demographics had shifted and there was work taking place on what our town looked like now and how to align services differently.

The Mayor passed on her thanks to the team for the report.

RESOLVED

That Cabinet notes the information provided by the AMR 2015.

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COMMUNITY INFRASTRUCTURE LEVY GOVERNANCE

A report was received from the Head of Regeneration and Development. It was a requirement of the Community Infrastructure Levy (CIL) regulations to establish a CIL governance structure. This would oversee the collection, auditing and spending of CIL monies. The protocol outlined the relationship of the Local Plan and other strategies to the Infrastructure Delivery Plan and the CIL Infrastructure Regulation 123 List. The Council had already committed £5.85m of CIL and other developer contributions to the Metropolitan Line Extension. This would leave limited funding for other infrastructure based on current income projections. There would be 5% of CIL income retained towards the administrative costs.

The Mayor introduced the report and commented that government legislation meant that local government's position had been weakened to be able to receive money from developers to ameliorate the impact of development. The income from CIL would not be sufficient for Watford for this purpose and this was the same nationally.

The Head of Regeneration and Development further explained that when CIL was first discussed it was supposed to recoup 80% of the costs of infrastructure for new development, it was now unlikely to make 20%. This was due to a watering down of the regulations. There was a tension between development viability and the cost of infrastructure.

The report set out the governance structure for CIL. There was a delivery plan in place which explained how the council would allocate any receipts received to key pieces of infrastructure from the Metropolitan Line Extension to school provision. There would be an annual report to Cabinet. There was a discussion in the report about the proportion of CIL receipts that went to a neighbourhood. As Watford was one town, unlike other councils which might have areas consisting of several towns, it was effectively a neighbourhood. To date there was potentially £800,000 in CIL liable developments. Developers only had to pay once they had started building. The governance arrangements would begin from 1 February and Watford Borough Council was ahead of many other local authorities who could lose out on CIL receipts.

RESOLVED

1. that the CIL governance framework set out in the report be taken forward and form the basis upon which the Council would manage the spending of CIL receipts.
2. that Cabinet has overarching responsibility for the annual reporting of CIL and the allocation of CIL monies.

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PROPERTY INVESTMENT STRATEGY, GOVERNANCE AND MANAGEMENT ARRANGEMENTS

A report was received from the Head of Regeneration and Development on the progress that had been made to date since the Property Investment Board was established in March 2015. The report also included a proposed Property Investment Strategy recommended by the Property Investment Board.

Councillor Sharpe commented that as it had been alluded to earlier, the Council's funding from central government would diminish to nothing in the future. If the Council was to retain the current level of services and fulfil its aspirations then it would be necessary to seek other ways to generate income and make the best use of resources. The Council's property portfolio had a value of £100m. However, the key issue was that the portfolio was dominated by retail which did not necessarily achieve the best returns. Through the property review it was being clarified which assets were important for operational or community reasons and which were there to provide an income.

This was a dynamic area which did not sit well with committee meeting schedules. The purpose of the report was to enable quicker decisions to be made by increasing the delegation and enabling decisions to be made by the Property Investment Board in accordance with the Property Investment Strategy. Council would be asked to agree the changes to the constitution on the levels of delegation. Any decisions on property had to be subject to a business case agreed by the finance and legal sections. The decisions would be reviewed through the Major Projects Board where questions could be raised. It was necessary, however, to be able to move quickly when properties came onto the market.

Councillor Bell commented that the Property Investment Board had met on four occasions in 2015, and again today. There needed to be more Major Projects Board meetings on a regular timetable as currently they were often cancelled. It was important for back bench councillors to have the opportunity to review decisions.

The Mayor considered that Councillor Bell had a valid point. It was also important that the policy and framework were very clear so councillors would be reassured about governance. Once a decision was taken to purchase property it would be final.

The Managing Director commented that decisions that were made within the context of the investment strategy were approved by the Property Investment Board. The report included a matrix which would be used to determine which

properties would be an appropriate purchase. He suggested inviting Lambert Smith Hampton to Major Projects Board to demonstrate how the criteria from the matrix would be applied, what sort of acquisitions might result and the format of the business case so the members could see the structures involved. For example purchasing high value light industrial properties would give a better return than the 6% yield on retail properties which the council was receiving currently. The decisions taken were purely commercial and not political.

The Mayor commented that a similar practice had been in place at Hertfordshire County Council for a number of years and asked Councillor Bell to feedback any information to Watford if there were any further helpful practices.

In response to a request from Councillor Bell the Managing Director agreed to provide a list of the properties going to auction in February.

RESOLVED

That Cabinet:

1. approves the property investment strategy annexed to the report.
2. agrees further changes to the scheme of delegation in order to expedite decision making and ensure a commercial approach.
3. recommends to Council further changes to the constitution to that end.
4. notes that decisions on funding the acquisition of replacement assets by recycling receipts from the disposal of investment property will be made by the Property Investment Board in accordance with the agreed Property Investment Strategy, taking into account the Council's other financial commitments.
5. that in order to ensure a commercial approach to property investment management, services including rent collection are outsourced and that the Head of Regeneration and Development is authorised to procure and appoint an appropriate specialist firm.

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JOINT VENTURE HOUSING COMPANY WITH WATFORD COMMUNITY HOUSING TRUST

A joint report was received from the Head of Community and Customer Services and the Head of Development and Regeneration. Watford Community Housing Trust (WCHT) had approached Watford Borough Council (WBC) to explore the possibility of establishing a joint-venture vehicle to generate additional income. WBC wished to generate additional affordable housing in the Borough and increase revenue to support its activities and services. The Trust was seeking to generate capital or property to sustain its delivery of new rented and shared ownership homes and provide services for residents.

Councillor Johnson introduced the report commenting that it made a lot of sense to work in partnership with the Trust. The main aim was to work together with WCHT to bring forward more affordable housing. The Housing Department would be able to use the properties for people who were waiting on the housing list as currently there were still a large number of people in temporary accommodation.

The Head of Community and Customer Services explained that it was a commercial opportunity, as mentioned in the Mayor's introduction to the meeting, to bring in additional revenue to achieve the council's aims and goals.

The Mayor stated that this type of approach was encouraged by the Local Government Association and although Watford would not be the first, it would be an early pioneer. There were concerns regarding the Planning Bill around affordable homes which she would raise with Watford's MP, however, as part of the Bill there would also be more home ownership. WCHT were an obvious partner for the Council.

Councillor Bell commented that he supported this approach and would be having a briefing with WCHT.

RESOLVED

That Cabinet:

1. approves the formation of a Joint-Venture Housing Company with Watford Community Housing Trust.
2. approves the expenditure to establish the Company, currently estimated at £12,500 which is contained within existing budgets.
3. confirms the directors to be appointed as Joanne Wagstaffe, Shared Director of Finance and Alan Gough, Head of Community and Customer Services.
4. approves that other projects may be brought forward which further the aims of the Joint-Venture.
5. approves that the Joint-Venture projects should be overseen by the WBC Property Investment Board and the Trust's Board of Management.
6. notes that the Joint Venture projects will also be reported to the Major Projects Board for wider review.

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IRRECOVERABLE WRITE OFFS FOR NATIONAL NON-DOMESTIC RATES (NNDR)

A report was received from the Director of Finance. Cabinet considered the write-off for individual or business debts of over £3,000. The council had sought

to recover all the debt it was owed by residents and businesses, using all recovery methods.

The Mayor explained that any detailed information about individuals was in the Part B appendices. A revised Part B Appendix 2 had been circulated at the meeting. The Part A report dealt with the principle of the write-offs.

Councillor Watkin commented that the write-offs of accounts which amounted to 0.16% of the total invoiced gave officers the opportunity to focus on areas where debts could be recovered.

The Shared Director of Finance explained that it was not just councils but every commercial business, that prepared for a small percentage of invoices that would not be paid. On the balance sheet it would still show that the money was owed but the reality was that it would be unlikely to be paid. There was also a bad debt provision which set aside money to cover the bad debts. Attempts had been made to recover the money through bailiffs and a tracing arrangement which the council had with Luton Council. However, a view had been taken that these debts were not recoverable.

The Mayor thanked the recovery team that during a recession and difficult times had still collected such a high percentage. She also said that the council wanted to support companies and if they were struggling they should contact the council. There were a number of companies which had made their books available for examination and the council had worked with them to establish a payment plan which was achievable. If companies would not work with the council then they would be taken to Court, but that was in a very few cases.

The Mayor suggested that a review could be carried out on those who were not paying their debts to see if there were any underlying issues for example with communication.

RESOLVED

That Cabinet approves writing-off 21 accounts for National Non-Domestic Rates (NNDR) debts, covering the period 2007 through to 2015, amounting to £97,211.90 listed in the table at appendix 1. This represents 0.16% of the £510,000,000 invoiced over the same period (see Appendix 1.)

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IRRECOVERABLE WRITE OFFS FOR HOUSING BENEFIT OVERPAYMENTS AND SUNDRY DEBTORS

This was discussed as part of the preceding item.

RESOLVED

That Cabinet approves writing off 5 accounts; 1 for Sundry debts and 4 for Housing Benefit Overpayments, covering the period 2010 through to 2014, amounting to £18,211.94 listed in the report.

DRAFT REVENUE AND CAPITAL ESTIMATES 2016/2019

A report was received from the Shared Director of Finance on service level expenditure, funding and council tax levels for the medium term 2016/17 to 2018/19 including consideration of the use of reserves and balances.

The report had also been considered at the Budget Panel meeting on 13 January and the minutes were circulated at the meeting.

The Mayor thanked the Budget Panel and stated that it was important that all members of Budget Panel understood the position of the council and were reassured that the council's accounts had been done properly. Discussion about how the budget had been divided could be reserved for the full Council meeting.

There had been one item from Budget Panel which was brought to Cabinet's attention.

The Head of Corporate and Client Services described that issues had arisen at Budget Panel around the work on Equality Impact Assessments as a result of some communities requiring burial that they might be disproportionately affected by an increase in burial fees. The benchmarking which had been carried out on the fees was not only with Hertfordshire authorities but also London Boroughs, such as Brent and Harrow who had a cemetery close by in Carpenders Park. The original figures which went to Budget Panel were closer to those of London. It was now proposed to reduce the increase to 50% and monitor the impact of this on demand, income and on different communities. The Council would also look at what other local authorities had done this year with their charges and what investment was required to implement the cemetery strategy which would be coming to Cabinet in February. It was still proposed that non-residents would pay three-times the fees due to the need to manage demand as land availability was restricted and currently estimated at seven to nine years.

An additional recommendation to amend the increase was circulated at the meeting:

"In light of the Budget Panel's recommendations and a further review by officers of the Equality Impact Assessment and benchmarking exercise it is recommended to Cabinet that the increase in charges for 2016/17 for burials is reduced by 50%. That officers review the impact of this increase on demand and undertake further benchmarking during that financial year with a view to securing:

- cost recovery in the face of budget pressures and reduction in government grant
- income to facilitate additional resourcing requirements of the Cemetery Strategy
- aligning the council's costs with those of similar authorities
- to manage the demand for diminishing cemetery space.

It is recommended that the fees to non-residents remain at 3 times the charges made to residents as this is a key policy to manage the demand on the depleting stock of available grave space.”

The Mayor stated that apart from burying people who had no means, burials were a service that the council could chose to provide. Each service needed to cover its costs and burial charges were considerably less than at other authorities. However, the points made by Budget Panel were fair and were being adopted.

Councillor Bell commented on other points raised at the Budget Panel meeting, and the Mayor responded that these would be considered.

In accordance with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 the votes were recorded as follows –

Those in favour

Mayor Thornhill, Councillors Johnson, Scudder, Sharpe, Taylor and Watkin

The resolutions as set out in the report were CARRIED by 6 votes to 0

RESOLVED

That Cabinet:

1. Resolves in accordance with the *Local Authorities (Calculation of Tax Base) Regulations 1992*, the amount calculated by Watford Borough Council as its Council Tax Base for the year 2016/17 is 31,314.71 as outlined in paragraph 7.5 and summarised at Appendix 8.
2. Approves the estimate surplus and deficit position on the Collection Fund.
3. Approves the 2016/17 savings of £430,760 as detailed at Appendix 1.
4. Approves the 2016/17 growth of £922,600 and as detailed at Appendix 2a, 2b and 2c.
5. Approves the proposed fees and charges for 2016/17, which are included in the base estimates and detailed at Appendix 4.
6. Approves all the assumptions made with the Medium Term Financial Strategy at Appendix 6 which includes a council tax freeze for 2016/17.
7. Delegates to the Director of Finance and Portfolio Holder the ability to amend the budget figures in accordance with decisions taken at the Cabinet meeting and any minor variations that may occur before the Council meeting on 27 January 2016.

8. In light of the Budget Panels recommendations and a further review by officers of the Equality Impact Assessment and benchmarking exercise agrees that the increase in charges for 2016/17 for burials is reduced by 50%. That officers review the impact of this increase on demand and undertake further benchmarking during that financial year with a view to securing:

- cost recovery in the face of budget pressures and reduction in government grant
- income to facilitate additional resourcing requirements of the Cemetery Strategy
- alignment of the council's costs with those of similar authorities
- management of the demand for diminishing cemetery space.

It is agreed that the fees to non-residents remain at 3 times the charges made to residents as this is a key policy to manage the demand on the depleting stock of available grave space.

That Council be recommended to approve:

1. The General Fund Budget Requirement (Net Expenditure) (before use of grants and reserves) as outlined at paragraph 7.1 and detailed at Appendix 6 as follows:
 - Revised budget for 2015/16 as £16,797,035.
 - Base budget for 2016/17 as £16,035,060.
2. The Capital programme as set out at Appendix 11 and 11a.
3. The key financial risks set out in Appendix 10.
4. The current Local Council Tax Reduction Scheme continues for financial year 2016/17 (paragraph 7.7).
5. The use of reserves and balances as identified in paragraph 7.9.
6. The Treasury Management Strategy for 2016-19 as set out in Appendix 12 and that where reserves or cash balances can be deployed in accordance with the Property Investment Strategy to generate better returns for the Council, then the Director of Finance may authorise investment of Council funds accordingly.

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EXCLUSION OF PRESS & PUBLIC

RESOLVED

that, under Section 100A (4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business as it is

likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during consideration of the item there would be disclosure to them of exempt information as defined in Section 100(1) Schedule 12A of the Act for the reasons stated in the report.

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HERITAGE PROJECTS IN WATFORD

Following a request by the Mayor the Legal and Democratic Section Head explained that the report was Part B as there were certain types of decision which were taken that fell within exempt categories due to the nature of the business being discussed. Examples could be the financial affairs of the council or personal information on individuals. The report before Cabinet related to the financial and business affairs of the council.

The Managing Director continued that the particular element of the report which was commercially sensitive was the Heads of Terms. Whilst the Council was still in negotiations these were not shared publicly. That was the financial aspect to which the rules applied.

The Mayor commented that the council had two grade 2* listed buildings in the town – Frogmore House and Little Cassiobury. It was important to find a way forward on these buildings. It had been unfortunate that the Waitrose deal fell through and the council wanted to bring Frogmore house back into use. With regards to Little Cassiobury there was a very committed Friends of Little Cassiobury group. However, there was also a considerable financial underpinning required so the future use of the building and governance issues were important.

Councillor Watkin commented that he was disappointed that so much of the report was Part B and felt more should have been Part A to allow the public to hear the council's considerations.

The Cabinet then moved into Part B session to discuss the report and the Managing Director responded to questions.

RESOLVED

That the recommendations in the Part B report be agreed.

Mayor

The Meeting started at 7.00 pm
and finished at 8.00 pm