



Uttlesford District Council

Chief Executive: John Mitchell

Scrutiny

Date: Tuesday, 10 February 2015
Time: 19:30
Venue: Committee Room
Address: Council Offices, London Road, Saffron Walden, CB11 4ER

Members: Councillors G Barker, P Davies, I Evans, E Godwin (Chairman), S Harris, S Howell, D Morson, E Oliver, J Rich and D Watson.

Public Speaking

At the start of the meeting there will be an opportunity of up to 15 minutes for members of the public to ask questions and make statements subject to having given two working days prior notice.

AGENDA PART 1

Open to Public and Press

- 1 Apologies for absence and declarations of interest.
- 2 Minutes of the meeting on 25 November 2015 5 - 18
- 3 Matters arising.
- 4 Consideration of any matter referred to the Committee in relation to call in of a decision
- 5 Responses of the Executive to reports of the Committee (standing item)
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**SCRUTINY COMMITTEE held at COUNCIL OFFICES LONDON ROAD
SAFFRON WALDEN at 7pm on 25 NOVEMBER 2014**

Present: Councillor E Godwin – Chairman
Councillors G Barker, P Davies, I Evans, S Howell, D Morson, E
Oliver and J Rich.

Also present: Councillors C Cant, R Chambers, J Cheetham, A Dean, D
Jones and H Rolfe.

Officers in attendance: R Auty (Assistant Director Corporate Services), R
Dobson (Principal Democratic Services Officer), A Knight
(Assistant Director of Finance), V Taylor (Business Improvement
and Performance Officer) and A Webb (Director of Finance and
Corporate Services).

SC33 PUBLIC SPEAKING AND CHAIRMAN'S REMARKS

Statements were made by Mrs A Evans, Dr J Johnson and Mrs W Fish.
Summaries of the statements are appended to these minutes.

The Chairman said the item regarding Cranwellian would be considered
immediately after apologies and declarations of interest.

SC34 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors Harris and Watson.

*Councillor Godwin declared a non-pecuniary interest in relation to
Cranwellian, as she had been a member of the Planning Committee when one
of the applications was considered (although was away on holiday at the
time); and had been present at a meeting of Planning Committee last year
when the matter was discussed.*

Regarding the Day Centres item, the following members declared interests:

*Councillors Cant and Cheetham declared their non-pecuniary interests as the
Council's appointed representatives and as the Chairman for the Management
Committees of the Rowena Davey Centre and the Takeley Day Centre,
respectively.*

*Councillor Rolfe declared a non-pecuniary interest as the Council's
representative on the Saffron Walden Day Centre Management Committee.*

CRANWELLIAN

Councillor Morson presented the report of the Scrutiny Task Group. He said the report had involved much work, as many of the issues had been in contention for the past nine years. The Council had accepted the finding of the Local Government Ombudsman, which should have been the conclusion of the matter. The Task Group had been puzzled that the Ombudsman had recognised the professional judgment of officers but nevertheless had found the Council was at fault. It had also noted that, most unusually, clarification had to be sought from the Ombudsman. The Task Group therefore questioned the acceptance by the Council of the LGO's decision.

Regarding complaints regarding redaction procedure, the Council had accepted it was at fault and a revision of the procedures and robust audit trails had been agreed. The Task Group therefore presumed that this aspect of the complaint was now closed.

Regarding the claims about toxicity of water, the Task Group had examined two reports which had concluded that any materials buried were non-hazardous, and that the samples taken were representative of the area in question. Councillor Morson drew attention to a significant error in one report which should have stated that the substances found "do not breach the threshold" rather than "do breach". Whilst the Task Group found that toxicity was not an issue in itself, the Working Group considered water testing should be done.

Regarding alleged buried materials, this was a matter not for the Council but for the Environment Agency. The report set out the reasons why the Task Group was satisfied that Uttlesford District Council had acted properly in relation to enforcement of the recommendations of the Environment Agency.

The responsibility for drainage had transferred from the Environment Agency to Essex County Council. Councillor Morson said he was aware that the owner of the land was amenable to restoring the ditch subject to certain conditions.

The Task Group considered closure of the matter was appropriate.

Councillor Godwin invited members of the Committee to comment.

Councillor Howell said this was a serious issue of criticism of the Council and the Ombudsman. Whilst the three members had worked very hard on this report, the electorate were always right, and this rule applied also to the LGO. He was surprised at the approach the task group had taken. The Environment Agency had failed. The Council had made an apology, and had paid compensation. This report made the situation worse.

Councillor Morson said it had been apparent during the Task Group's interviews with officers that there was uneasiness over the fact that the Council had apologised. It had been exceptional to have had to seek clarification from the Ombudsman. The Ombudsman had admitted he was not

an expert in planning, and he had accepted the professionalism of officers. The Task Group was entitled to challenge the decision and there was no legal obligation to accept the Ombudsman's report.

Councillor Barker said the significant point was there was no wrongdoing. The case against the Ombudsman's finding could have perhaps been defended more strongly. Officers had felt however that to take it further would have resulted in no gain. The compensation paid was for loss of confidence.

Councillor Rich said he was pleased to see the matter had been addressed by the Task Group with great integrity. The Ombudsman was not always right, as shown in various authorities. He had called this matter to scrutiny because his primary aim was to see if the Council could handle a similar event better, but secondly to take the heat out of it. He was saddened that there was no agreement. However it was clear there was nothing political going on, and the three members had dealt with the matter very well indeed.

The Chairman agreed the issue was not political.

Councillor Oliver said he felt this type of situation appeared across the district, and he himself had a matter going forward to the Ombudsman regarding issues that had not been addressed. Dr Johnson was seeking a meeting between the Environment Agency and UDC. If that could be arranged that would surely bring matters to a close.

Councillor Cheetham said because there had been a live planning application regarding this site she had had to step back a great deal as chairman of the Planning Committee, but she had kept informed. She congratulated the Task Group as this had taken a lot of work and they had read all the extensive papers. Her concern related to two recommendations: first, the water should be tested, and secondly there must be closure. She did not consider it would be a solution for the Environment Agency and ECC to meet, having changed responsibilities four times in the last ten years.

Councillor Jones thanked the members of the Task Group for taking time to examine this matter. However to consider all aspects properly required more time. A draft report could have been submitted to residents to see whether it answered the issues, rather than the final report leaving residents in disagreement. The summary was not as clear as it might have been. He had no doubt that the full truth was not out yet and was prepared to demonstrate this further. He had implored Full Council to do what it could to resolve this matter. He had suggested to Councillor Morson that Peter Kirton should be involved and to engage with Essex County Council. He asked that before the Committee made its decision members think hard about the outcome.

Councillor Morson said he would accept the suggestion that there should be water testing. Subject to that, he was content for a meeting as proposed to be arranged. He would therefore recommend those actions to the Scrutiny Committee, with the proviso that this must then close the matter.

Councillor Godwin said the Committee had no power to compel the Environment Agency to attend a meeting.

Councillor Jones said Peter Kirton of the Environment Agency was willing to meet to discuss the case but his employer would require a formal request.

Councillor Rolfe said he was not a member of this Committee and did not wish to influence it. Clarity about the proposed meeting was needed, regarding what questions to be put, and what the next action might also be.

Councillor Morson proposed that the recommendations of the Task Group be accepted, that water testing be carried out, and that a meeting be arranged with the Environment Agency.

Members discussed the recommendations further in relation to the expenses of the Environment Agency advisor, the type of water testing and the involvement of Essex County Council.

RESOLVED

- 1 the conclusions as set out in the report of the Task Group be accepted;
- 2 The Council write to Peter Kirton at the Environment Agency to invite him to attend a meeting with residents with a view to achieving closure of the matter;
- 3 testing of water, including ground, underground and well, be carried out as soon as possible;
- 4 The Council to write to Essex County Council as the responsible body to seek initial comments about land drainage.

The meeting was adjourned for two minutes to allow a break.

SC36 **MINUTES**

The minutes of the meeting held on 7 October 2014 were approved and signed as a correct record.

SC37 **BUSINESS ARISING**

i) Minute SC27 – Saffron Walden Castle

Councillor Howell said the minutes did not reflect the meaning of his comments about the Castle's inclusion on the "at risk" register maintained by English Heritage. The point he had made was his overriding concern that the Castle was on the "at risk" register, and that there did not seem to be a plan to address the situation.

The Director of Finance and Corporate Services said he understood the Castle had been removed from the list, although works were not yet complete. Members would be updated once English Heritage had confirmed the position.

SC38 CABINET FORWARD PLAN

The Assistant Director Housing and Environmental Services said a new policy for housing allocations would be taken to Cabinet.

Councillor Rich asked about ongoing decisions regarding development sites. The Chairman asked for a scoping report on development sites to be brought to the March meeting of the Committee.

SC39 SCRUTINY FORWARD PLAN

The Chairman asked for a scoping report on Highways to be brought to a future meeting.

Councillor Evans said there were issues where works were not being done leading to residents becoming dissatisfied, with responsibility for different works belonging to different bodies such as NEPP or the Highways Rangers.

Councillor Howell said he would rather the Council scrutinised functions for which it was responsible. The Committee had received a list of statutory functions of the district council, and should continue scrutinising those.

The Director of Finance and Corporate Services reminded members that the next item on the agenda, the provision of day centres, had emanated from discussions about that list.

Members continued to debate the merits of scrutiny of highways, and which county member to invite. Councillor Rolfe said if the Committee wished to look at internal responsibility, then Councillors S Barker and Walters should be invited, as they were responsible for the North Essex Parking Partnership and the Highways Panel, respectively. However, any specific problems should be addressed to him.

SC40 DAY CENTRES

The Committee considered the report of the Scrutiny Day Centre Task Group.

Councillor Evans, as Chairman of the Task Group, thanked the Business Improvement and Performance Officer for her hard work. Members had undertaken this work by speaking to users and management committees. Day Centres were non-statutory services. A standardised approach had been taken. The report's recommendations, subject to the Committee's approval, would be taken to Cabinet.

Councillor Evans took members through the report, highlighting the fact that the centres were run by volunteers, the difficulty in recruiting to the management committees and that the feasibility should be considered of a reduction in the numbers from five day centres to three. It was apparent that certain day centres were struggling. For example, some did not have up to date accounts, there were difficulties with payroll and there had been inadequate dissemination of safeguarding training. It was perhaps true to say that there was a stigma attached to day centres. Research indicated there could be more demand for secure centres offering adequate supervision.

The Chairman thanked Councillor Evans and the Task Group members for their report.

Councillor Morson said it had been apparent during members' visits that customers were pleased with the centres. The workforce was clearly dedicated. There was an issue that Thaxted was very difficult to find and many residents of the nearby sheltered housing were not attending because they preferred to cook for themselves. In his view the day centre should have been located within the scheme.

Councillor G Barker said the Rowena Davey Centre was not "on the edge of town" but in its centre. He questioned the situation regarding the rent paid to Stansted Mountfitchet Parish Council for the use of the Crafton Room.

The Assistant Director Housing and Environmental Services said the rent had been calculated to be equivalent to the cost of maintenance for the building.

Councillor G Barker questioned the distribution of similar lunch club provision across areas such as The Rodings, and suggested councillors be invited to submit a list of all dining clubs in their wards.

Members commented on the cost of transport for those travelling from villages to town centres, particularly if they also had to pay for a wheelchair, although if transport were provided more of the potential users would be reached.

The Assistant Director Housing and Environmental Services said the experience with sheltered housing was very fluid, in that the situation during a review would be different over quite a short period. Last year she had visited Thaxted Day Centre, and the facility was then being very well used and people were happy with it.

Councillor Cheetham said the Chairman of Takeley Day Centre management committee could not be present tonight, but had intended to speak to make a number of points. The report had been made public at short notice and a copy of it could have been sent to the management committees. The report was not correct in several aspects: the average number of lunches at Takeley was not 20, but 25 to 30. The village had had to fight hard to get the day centre. The report did not refer to other positives, such as the renting out of

the building to Crocus Wellbeing and Activity Centre, a Mother and Toddler Group, and various evening events which brought in additional income.

Councillor Cheetham said the Day Centre kept proper accounts. She was concerned that the conclusion of the Task Group was to close Takeley Day Centre and bus people to Dunmow. It was clear from discussion with day centre users at Takeley they would not wish to take transport to Dunmow Day Centre. The Council should be working in partnership with and supporting the community and this report was disturbing.

Councillor Cheetham said the number of lunches served at Takeley Day Centre was close to the numbers served by Stansted. The Centre was fulfilling a need in the community. Whilst reporting of repairs could be improved, the flat roof was an ongoing problem. To close the Day Centre would be a disservice to the community. She was concerned by this report and that it had been published on the website.

Councillor Cant said some of the information in the report should not be in the public domain. She agreed the number of users changed greatly from month to month as at the Rowena Davey centre the number during the last month had doubled. The demographics on the maps were interesting. Those who were now in their 70s would perhaps not wish to use day centres, but might have a different attitude in 10 years' time. If a day centre were to be closed, the demographic would change in a few years. Once lost these facilities were difficult to get back. The report was excellent, it was informative, but she was uncomfortable as someone who had had to take over as Chairman of the Rowena Davey Centre, that it had not addressed the real problems.

Councillor Cant referred to difficulties faced by day centres in dealing with wages. A request for the Council to help had been refused. Similarly, regarding contracts, she had assumed she could rely on the Council's HR department for advice, but instead she had been referred to the CAB and ACAS. Volunteers on Day Centre management committees did not want the risk of being taken to an industrial tribunal. Regarding repairs, the officers to whom these were reported had been fantastic and the management committee knew repairs would get done eventually, but the responsibility of contracts was very onerous. Whilst the day centre at Dunmow was able to fund some improvements to make the facility more attractive to rent out, it could not afford professional HR services. The Council had to decide whether to wash its hands of day centres or help them.

Councillor Rolfe said he found the report helpful as a focus. He was fully supportive of providing additional officer help. He had reservations about the points made regarding professional assistance. The balance with volunteers had to be retained, otherwise there was a risk that no-one would be prepared to run anything. The Day Centres were there to be community agencies, providing services for people who might otherwise find such services difficult to access, within the spirit of localism. The Council must be careful not to withdraw those services. The questions were wider than whether Dunmow and Thaxted day centres were open or not, as what was important was to

review with local communities what services there were in the community. The issue was not about the buildings but the provision of services in conjunction with other agencies that helped the elderly in their communities.

Councillor Evans said the information in the report was simply factual, and it gave a snapshot. Whilst circumstances could change, it was not possible to keep taking a snapshot every three months.

The Assistant Director of Housing and Environmental Services said the day centres which were more affected by fluctuating levels of use were Takeley and Thaxted, as the other three were more central to the areas which they served.

Councillor Cheetham said one size did not fit all, and Takeley was a growing place.

Councillor Davies said there was an aging population yet there was reducing use of Day Centres perhaps because people did not know about them. The reasons for any stigma should be examined. There was a great deal of commitment by volunteers which was under the radar. It was important to think not about capacity but about expanding outreach. If transport were provided, people would not want to use it. People should not be discouraged from using the services, and there was a need to find a way of agreeing how the duties should be dealt with. He was uneasy about asking volunteers to be specialists. He accepted this report was a snapshot, and the question now was how to plan for the next five years. The Day Centre Task Group did not have all the answers, the principles should be established and then the plan should be principle-led.

Councillor Godwin said it was for Cabinet to look at resources, and members wanted the day centres to thrive.

Councillor Rich said he had been a member of Stansted Day Centre, and it was true to say the popularity of use of day centres went in cycles. Clearly all the day centres fulfilled a very useful function, and the number of lunches served was not the relevant point. The demographics were important, as the map for Stansted seemed to indicate it had fewer people over 75. Issues relating to HR and payroll were not part of the support which the Council could provide, and such services could be obtained commercially. The day centres could perhaps be advised to club together to procure such services at a more competitive rate.

Councillor Howell thanked the task group members for their hard work. He did not support the recommendations to Cabinet and strongly objected to closing Thaxted and Takeley day centres. The volunteers needed more support and should be encouraged and valued. He supported the recommendations of the report only in so far as they acknowledged the essential role of the day centres in communities. It was true there was some stigma in using the day centres, but not perhaps for the over 80s. The day centres appealed to the most vulnerable and isolated people, and there were people living in The

Sampfords, Radwinter and Hempstead who would like these opportunities. He would not support the recommendations going to Cabinet.

Councillor Barker also expressed gratitude to the task group members for the report, however the two day centres should not be closed. The provision of day centres was not one of the Council's statutory duties, but was made possible by the good work of volunteers. The Rowena Davey Centre was doing very well, but there was a concentration of assets in Dunmow with the nearby Foulkes Hall and Dourdan Pavilion. For the Council to provide support to Dunmow was inequitable to those living in peripheral areas of the district such as White Roding.

Regarding the burden of bureaucracy, the question was whether the Council would provide day centres with HR support. To what extent should the Council reinforce their operation?

Members discussed in detail the recommendations to be made to Cabinet, voting on each paragraph of the report's recommendations.

RECOMMENDED to Cabinet

- 1 Officers should be requested to investigate the feasibility of providing a fixed term (1year), part-time resource to provide support and assistance to the remaining three day centres. The remit given could include investigating partnership opportunities, developing service provision, improving income and identifying grant funding opportunities, increasing usage, support the recruitment of additional committee members and help with succession planning. All responsibility for Day Centres should be removed from the Tenant Participation Officer. A financial business case will need to be worked out to address the funding of this resource. Funding for this post could be found through the current General Fund re-charge for Officers' time, which would mean the Housing Revenues Account would have to fund the Tenant Participation Officers role entirely.
- 2 A review of the management agreements between the Council and the Management Committees that have responsibility for the day centres is undertaken. This should reflect the changes in responsibilities of both the council and management committees and include agreed service levels, monitoring and the relevant communication channels.

SC41

FINANCIAL OUTLOOK AND 2015-16 BUDGET STRATEGY

The Director of Finance and Corporate Services said, having just spent a considerable amount of time discussing a non-statutory service, and amending the report to potentially increase the cost of the service to the

Council, this report would hopefully set the scene for future discussions. He invited the Committee to consider the financial outlook and 2015/16 budget strategy, for approval and recommendation to Cabinet.

The Director of Finance and Corporate Services drew members' attention to key assumptions made in the report, in particular a significant assumption regarding universal credit. It was also assumed there would be continued freeze in 2015/16 and 2016/17 of Council Tax, enabling the Council to benefit from a grant of £50,000. Members were reminded of a significant risk regarding the Diamond Hangar, which posed a potential gross reduction of revenue to the localisation of business rates scheme. It was noted that the Hangar was now being let in accordance with its proper use.

The Director of Finance and Corporate Services also drew attention to the assumptions that the formula grant would be nil by 2019/20 and that the New Homes Bonus would continue in accordance with existing published policy.

Members were invited to consider outcomes of budget modelling, which indicated a significant future change in the level of in year surplus. The surplus levels during the next two years would be likely to change under a new government. The New Homes Bonus would probably end in 2017/18. Members should be aware that the current healthy surplus levels were likely to be subject to a significant downward trend. Prudent planning was necessary, given the eventualities which could follow the 2015 General Election. Reserves had to be retained at a reasonable level, because the extent of reduction could not be found from services efficiencies.

The Director of Finance and Corporate Services said the report for the first time now included a section on forecasted reserves. If Universal Credit did not go ahead, the £600,000 reduction in the Working Balance would have to be reinstated which would have a detrimental effect on the bottom line. A review of reserves was necessary, and would be included as part of this year's budget strategy.

The Director of Finance and Corporate Services drew members' attention to the key actions and budget strategy for 2015/16. He invited questions and asked that members also submit via the Chairman any further comments after the meeting.

Councillor Morson said this was an excellent advance on what had been made available to members in the past, and reflected what the Committee had requested. He welcomed the report as a good basis for the next meeting in February.

Councillor G Barker said this was a good report. It would be helpful to include line-by-line numbering. He asked how officers had managed the assumptions regarding risk.

The Director of Finance and Corporate Services said information was obtained from various government sources and forming a view.

Members asked further questions about reserves, including whether reserve levels were sufficiently high.

Councillor Chambers said assumptions were informed by speaking to other local authorities. In reply to a question about inflation, he said the levels of reserved had been considered to be reasonable by the Performance and Audit Committee. This was the right approach to the potential difficulties facing local authorities over the next two or three years. Information would be more certain after the General Election. The Council was assuming the situation would worsen, and there could be difficult decisions to be made.

The Director of Finance and Corporate Services said given the current uncertainty prior to the General Election, it would not be right to suggest any service cuts at this stage.

Councillor Howell said it was a pity the evening was now so late, as this was the most important item on the agenda. The good relative financial position of the Council was a tribute to officers and members. It was striking how vulnerable the Council would be in five years, as by 2019 the Council was going to be running at a deficit of about £1 million, which was one of the reasons why the Council had reserves. He disagreed with the comment in the report that the Council should look for service savings and cost-sharing options only as opportunities arose, as the Council should not wait to do so. He considered it had been a wrong decision to bring the Council's cleaning services in-house.

The Director of Finance and Corporate Services said the report was worded in this way as it was a one-year report. This Council was in the best position financially of all councils in Essex. It had two years to make a saving of £1 million. There was no question of waiting until 2018/19 to make provision for this saving.

Members agreed the Council should actively search for service savings and cost-sharing options.

Councillor G Barker asked when the accounts had last been zero-based.

The Director of Finance and Corporate Services said zero-based budgeting had been undertaken on sections of the accounts such as Waste, however this was not done each year due to the amount of work involved. Councillor Chambers said cost and time were a factor in zero-based accounting.

RECOMMENDED to Cabinet the approval of the financial outlook and 2015/16 budget strategy subject to the following comments of the Scrutiny Committee:

- 1 consideration should be given as to whether the level of reserves was sufficient;

- 2 the Council should assume the worst in terms of future challenges for local government funding;
- 3 the Council should look for efficiencies and partnerships;
- 4 the budget format should be made clearer.

Councillor Rolfe said the Council was in good shape for the next three years, but that it should be run to ensure optimum efficiency. The sum of £1 million had been put into the Strategic Initiatives Fund, and there would be a review of car parks which could result in long-term income.

SC42

2015-16 BUDGET SETTING PROCESS

The Committee considered the report of the Director of Finance and Corporate Services, which gave an overview of the budget setting process and suggestions for how scrutiny of the process could be approached.

Councillor Godwin said it would be important to ensure there were checks regarding how monies allocated had been spent.

The Director of Finance and Corporate Services said some grants to the voluntary sector were now on a three-year rolling basis and recipients were required to justify further grants by showing how they had used the money.

In reply to a question about publication of all expenditure, the Assistant Director of Finance said expenditure data was published on the Council's website in relation to sums over £250.

The Assistant Director Corporate Services said the Transparency section of the website included information on grants to the voluntary services.

Councillor Godwin said she would like further information regarding what grants were spent on.

The Director of Finance and Corporate Services said this item could be included on a future agenda post May 2015.

The meeting ended at 10.10pm.

Summary of public speaking statements

Mrs A Evans

I should like to thank Councillor Jones for his support. Residents accepted the Ombudsman's report, and did not ask for this matter to go to the Scrutiny Committee. I am surprised the Ombudsman's judgment has been called into question. The residents have asked for a meeting between the original investigating officer and the Environment Agency, and I question why this simple request has not been agreed. Such a meeting would allow closure. I am used to feeling undermined by Uttlesford District Council, but am surprised this should be the reaction from the Scrutiny Committee. We've been told we can't reply to the discrepancies in the report until tonight. The report is not correct in its description of the meeting with the Chief Executive, as the residents met the Chief Executive at his request. At no point did residents request that minor matters be enforced. I would question how placing conditions on top of unenforced conditions would help. I would say that the Council by acting expediently showed a lack of moral fibre.

Mrs W Fish

The Scrutiny documents appear to me to say the Council has done nothing wrong and that the Ombudsman was incorrect. I disagree with the report. There is nothing to determine whether water testing in the future will be carried out. What kind of water testing would it be? Nothing has been resolved and nothing has changed. I would also like to state that this is not about our neighbours but about UDC.

Dr J Johnson

I feel like the villain of the piece; all we have done is say the Council has got this wrong. By going to Full Council I simply wanted to state that we had a problem, not to ask for the matter to go before Scrutiny Committee. I refute the description of this matter as a neighbourly dispute. I've been branded a liar. The request to the Ombudsman for all copies of correspondence with residents because the Council needed to verify all statements made us feel residents were the ones under scrutiny. This was about maladministration. We didn't ask the Ombudsman to overthrow the Planning Committee decision. Neither the Ombudsman nor the Scrutiny task group has the power to question the professional judgment of officers.

I'm told it is a first for the Council not to agree the Ombudsman decision was the right decision. If the Council felt it was not right, then why did they apologise when they did not mean it? I'm not questioning the Ombudsman, but maladministration. Most of what the residents said has been ignored. Our original request was that the residents and the original investigating officer Peter Kirton should have a meeting. This would give us closure. We think probably that non-disturbance of the site would be best but we are very worried about the drainage. A meeting would lay it to rest.

I'm disappointed in the report. I note the Council's officer acknowledged that whilst the Council's actions were in accordance with the law, they were maybe not best practice, but were accepted practice – that's not good enough for residents.

I would like a meeting with the Environment Agency and for UDC to acknowledge it got it wrong and then close the matter.

**UTTLESFORD DISTRICT COUNCIL
FORWARD PLAN**

KEY DECISIONS

Decision	Decision maker	Date of decision	Documents submitted to the decision maker for consideration	Portfolio Holder	Contact officer from where the documents can be obtained
Housing strategy	Cabinet	19 March		Cllr J Redfern	Roz Millership - Assistant Director Housing and Environmental Services rmillership@uttlesford.gov.uk
Development Sites	Cabinet	ongoing		Cllr J Redfern	Roz Millership - Assistant Director Housing and Environmental Services rmillership@uttlesford.gov.uk
Localism Act 2011 Community Empowerment	Cabinet	Ongoing		Cllr H Rolfe	John Mitchell - Chief Executive jmitchell@uttlesford.gov.uk

OTHER DECISIONS

Non-Key Decision	Decision to be taken in private? (reason)	Decision maker	Date of decision	Documents submitted to the decision maker for consideration	Portfolio Holder	Contact officer from where the documents can be obtained
Budget Items	N	Cabinet	17 February 2015		Cllr Chambers	Adrian Webb – Director of Finance and Corporate Services awebb@uttlesford.gov.uk
Local Development Scheme	N	Cabinet	17 February 2015		Cllr Barker	Andrew Taylor – Assistant Director Planning and Building Control ataylor@uttlesford.gov.uk
Climate Local Commitment	N	Cabinet	17 February 2015		Cllr Barker	Andrew Taylor - Assistant Director Planning and Building Control ataylor@uttlesford.gov.uk
Cycle Strategy	N	Cabinet	17 February 2015		Cllr Barker	Andrew Taylor - Assistant Director Planning and Building Control ataylor@uttlesford.gov.uk
Stansted Community Pot	N	Cabinet	17 February 2015		Cllr Barker	Andrew Taylor - Assistant Director Planning and Building Control

						ataylor@uttlesford.gov.uk
Lower Street Car Park, Stansted	N	Cabinet	17 February 2015		Cllr Barker	Roger Harborough - Director of Public Services rharborough@uttlesford.gov.uk
Conservation Area Appraisal Rickling & Quendon	N	Cabinet	23 April 2015		Cllr Barker	Andrew Taylor - Assistant Director Planning and Building Control ataylor@uttlesford.gov.uk
Bridge End Garden Culvert	N	Cabinet	On-going		Cllr Chambers	Adrian Webb - Director of Finance and Corporate Services awebb@uttlesford.gov.uk
Essex Energy Consortium	N	Cabinet	On-going		Cllr Redfern	Roger Harborough - Director of Public Services rharborough@uttlesford.gov.uk

Committee: Scrutiny Committee

Agenda Item

Date: 10 February 2015

8

Title: 2015/16 Budget – covering report

Author: Angela Knight

Item for decision

Assistant Director - Finance

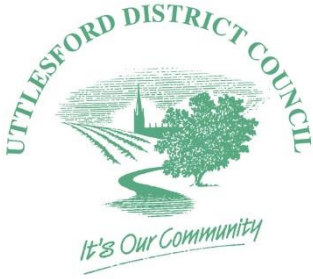
Summary

1. Under a Cabinet system of governance, it is best practice for the Scrutiny Committee to review the draft budget proposals prior to consideration by the Cabinet and Full Council.
2. This is a proactive measure so that the Scrutiny Committee has an opportunity to make comments and suggestions that the Cabinet may take into account when determining its budget recommendations for Full Council.
3. The budget consists of a series of reports, all on today's agenda, as follows:

Report	Purpose
Equalities Impact Assessment (attached to this covering report)	To demonstrate consideration of the impact on minority groups
Robustness of Estimates and Adequacy of Reserves Reserves Strategy	A statutory report which sets out the key risks in the General Fund budget, and advice about safe levels of contingency reserves. This is a new report and sets out a new strategy for the reserves and details the purpose and lifespan of these reserves.
Temporary Accommodation	Proposal to transfer designated temporary accommodation from the HRA to the General Fund
Medium Term Financial Strategy	Sets out a five year plan for ensuring that the General Fund remains in a stable and sustainable position, including indicative levels of Council Tax.
Treasury Management Strategy	Details how cash flow will be managed, and a strategy for prudent borrowing and investment.
Capital Programme	A five year plan setting out capital expenditure on the Council's assets including buildings, vehicles and ICT and the associated financing of these programmes

Housing Revenue Account Budget	<p>Covers spending plans for council housing in the district from 2015/16 with a 5 year forecast.</p> <p>The report contains proposals for increases in rents and service charges. The proposals have been endorsed by the Tenants Forum and Housing Board.</p> <p>2015/16 is the fourth year of the self-financing arrangements and the 30 year plan approved by the Council in 2012.</p>
General Fund Budget and Council Tax	Detailed budget for all services except Council Housing, and proposals for the district council share of the Council Tax bill

4. The budget reports, annotated with the Scrutiny Committee's comments, will be submitted to the Cabinet on 17 February and Full Council on 26 February 2015.
5. The Scrutiny Committee received a briefing on the budget strategy at the December meeting along with suggestions of areas it may wish to examine. These are reproduced in the individual reports is applicable.



Uttlesford District Council

Fast-track equality impact assessment (EqIA) tool

What is this tool for?


This tool will help you to assess the impact of existing or new strategies, policies, projects, contracts or decisions on residents and staff. It will help you to deliver excellent services, by making sure that they reflect the needs of all members of the community and workforce.

What should be equality impact assessed?

You only need to equality impact assess strategies, policies, projects, contracts or decisions that are **relevant** to equality. If you are not sure whether your activity is relevant to equality take the 'relevance test' on Page 9.


How do I use the tool?





This tool is easy to use and you do not need expert knowledge to complete it. It asks you to make judgments based on evidence.

The tool uses a system of red flags  to give you an indication of whether or not your responses are identifying potential issues. Getting a red flag does not necessarily indicate a problem, but it does mean that your assessment is highlighting issues or gaps in data that may require further investigation or action.

If there is insufficient space to answer a question, please use a separate sheet.

▪ General information		
1	Name of strategy, policy, project, contract or decision.	2015/16 budget
2	What is the overall purpose of the strategy, policy, project, contract or decision?	To allocate financial resources to UDC services enabling corporate priorities, statutory requirements and policy objectives to be met
3	Who may be affected by the strategy, policy, project, contract or decision?	<input checked="" type="checkbox"/> Residents <input checked="" type="checkbox"/> Staff <input checked="" type="checkbox"/> UDC service users
4	Responsible department and Head of Division.	Adrian Webb – Director of Finance and Corporate Services on behalf of CMT
5	Are other departments or partners involved in delivery of the strategy, policy, project, contract or decision?	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes – all departments.
Gathering performance data		
6	Do you (or do you intend to) collect this monitoring data in relation to any of the following <u>diverse groups</u> ?	<input type="checkbox"/> Age <input type="checkbox"/> Disability <input type="checkbox"/> Sex <input type="checkbox"/> Race <input type="checkbox"/> Gender Reassignment <input type="checkbox"/> Sexual Orientation <input type="checkbox"/> Religion & Belief <input type="checkbox"/> Pregnancy & Maternity <input type="checkbox"/> Marriage and Civil Partnerships <input type="checkbox"/> Rural Isolation

7	How do you (or how do you intend to) monitor the impact of the strategy, policy, project, contract or decision?	<input checked="" type="checkbox"/> Performance indicators or targets <input type="checkbox"/> User satisfaction <input type="checkbox"/> Uptake <input type="checkbox"/> Consultation or involvement <input type="checkbox"/> Workforce monitoring data <input type="checkbox"/> Complaints <input type="checkbox"/> External verification <input type="checkbox"/> Eligibility criteria <input checked="" type="checkbox"/> Other: Budget monitoring process; internal audit, external audit <input type="checkbox"/> None 
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Analysing performance data		
8	<p>Consider the impact the strategy, policy, project, contract or decision has already achieved, measured by the monitoring data you collect. Is the same impact being achieved for diverse groups as is being achieved across the population or workforce as a whole?</p>	<p> <input checked="" type="checkbox"/> Yes * <input type="checkbox"/> No* <input type="checkbox"/> Insufficient  <input type="checkbox"/> Not applicable  </p> <p><i>*Please state your evidence for this, including full document titles and dates of publication for audit purposes. Where applicable please also state the nature of any issues identified:</i></p> <p>No specific groups are referred to in the documents and none of the information within the documents will have a differential impact on any group. There are no service cuts proposed.</p>
9	<p>Is uptake of any services, benefits or opportunities associated with the strategy, policy, project, contract or decision generally representative of <u>diverse groups</u>?</p>	<p> <input checked="" type="checkbox"/> Yes * <input type="checkbox"/> No* <input type="checkbox"/> Insufficient  <input type="checkbox"/> Not applicable  </p> <p><i>*Please state your evidence for this, including full document titles and dates of publication for audit purposes. Where applicable please also state the nature of any issues identified:</i></p> <p>No specific groups are referred to in the documents and none of the information within the documents will have a differential impact on any group. There are no service cuts proposed.</p>

Checking delivery arrangements

10

You now need to check the accessibility of your delivery arrangements against the requirements below. Click on the hyperlinks for more detailed guidance about the minimum criteria you should meet.

If assessing a proposed strategy, policy, project, contract or decision, indicate 'Yes' if you anticipate compliance by launch of implementation.


	Yes	No 	N/A
The premises for delivery are accessible to all.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Consultation mechanisms are inclusive of all.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Participation mechanisms are inclusive of all.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If you answered 'No' to any of the questions above please explain why giving details of any legal justification.

Checking information and communication arrangements

11 You now need to check the accessibility of your information and communication arrangements against the requirements below. Click on the hyperlink for more detailed guidance about the minimum criteria you should meet.

If assessing a proposed strategy policy, project, contract or decision, indicate 'Yes' if you anticipate compliance by launch of implementation.



	Yes	No 	N/A
Customer contact mechanisms are accessible to all.	<input type="checkbox"/>	<input type="checkbox"/>	X
Electronic, web-based and paper information is accessible to all.	X	<input type="checkbox"/>	<input type="checkbox"/>
Publicity campaigns are inclusive of all.	<input type="checkbox"/>	<input type="checkbox"/>	X
Images and text in documentation are representative and inclusive of all.	<input type="checkbox"/>	<input type="checkbox"/>	X

If you answered 'No' to any of the questions above please explain why, giving details of any legal justification.


Future Impact

12 Think about what your strategy, policy, project, contract or decision is aiming to achieve over the long term and the ways in which it will seek to do this. This is your opportunity to take a step back and consider the practical implementation of your strategy, policy, project, contract or decision in the future. As well as checking that people from diverse groups will not be inadvertently excluded from or disadvantaged by any proposed activities, it is also an opportunity to think about how you can maximize your impact, reach as many people as possible and really make a difference to the lives of everyone in Uttlesford regardless of their background or circumstances.

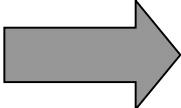


Is it likely to inadvertently exclude or disadvantage any diverse groups?

- No
- Yes * 
- Insufficient evidence 

*Please state any potential issues Identified.

Improvement actions	
13	<p>If your assessment has highlighted any potential issues or red flags, can these be easily addressed?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No* </p> <p><input checked="" type="checkbox"/> Not applicable</p> <p><i>*If Yes, please describe your proposed action/s, intended impact, monitoring arrangements implementation date and lead officer:</i></p>

Making a judgement – conclusions and next steps

14	<p>Following this fast-track assessment, please confirm the following:</p> <p><input checked="" type="checkbox"/> There are no inequalities identified that cannot be easily addressed or legally justified  No further action required. Complete this form and implement any actions you identified in Q13 above</p> <p><input type="checkbox"/> There is insufficient evidence to make a robust judgement.  Additional evidence gathering required (go to Q17 on Page 7 below).</p> <p><input type="checkbox"/> Inequalities have been identified which cannot be easily addressed.  Action planning required (go to Q18 on Page 8 below).</p>
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15	<p>If you have any additional comments to make, please include here.</p> <p><input type="checkbox"/> None</p>
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Completion

16	<p>Name and job title (Assessment lead officer)</p> <p>Angela Knight Assistant Director - Finance</p>
	<p>Name/s of any assisting officers and people consulted during assessment:</p> <p>CMT</p> <p>Date:</p> <p>30 January 2015</p> <p>Date of next review:</p> <p>January 2016</p> <p><i>For new strategies, policies, projects, contracts or decisions this should be one year from implementation.</i></p>

Committee: Scrutiny

Agenda Item

Date: 10 February 2015

9

Title: Robustness of Estimates and Adequacy of Reserves

Author Adrian Webb

Item for decision

Director of Finance and Corporate Services

Summary

1. As part of the annual budget setting process, the Section 151 Officer is required to give the Council formal advice on the robustness of estimates and the adequacy of reserves. This is so Members can set a budget in full awareness of the risks and uncertainties, and ensure that adequate contingency reserves exist.
2. The advice, known as the “Section 25 report”, is due to be considered by Cabinet on 17 February and Full Council on 26 February as part of the budget approval process.
3. This is an opportunity for the Scrutiny Committee to review the report and provide comments in support of the recommendations, or to propose alternatives. Examples of the questions Scrutiny may wish to consider are:
 - Are the risks clearly explained?
 - Is the advice about minimum safe contingency reserves proportionate to the risks involved?
 - Is the level of reserves held by the Council appropriate?

Recommendations

4. The Scrutiny Committee is requested to endorse the following recommendations to Cabinet, or suggest alternatives:
 - a) That the Cabinet recommends to Full Council that it takes account of the advice in the report when determining the 2015/16 General Fund budget and Council Tax.
 - b) That the Cabinet recommends to Full Council that it approves the risk assessment relating to the robustness of estimates as detailed in the report
 - c) That the Cabinet recommends to Full Council that it sets the minimum safe contingency level for 2015/16 at £1.214 million.
 - d) That the Cabinet recommends to Full Council that it adopts the attached Reserves Strategy.
 - e) That the Cabinet recommends to Full Council that no transfers to or from the Working Balance should be built into the 2015/16 budget.

Financial Implications

5. No direct implications arise from the recommendations.

Background Papers

None.

Impact

Communication/Consultation	The top priority emerging from public consultation is that the Council should continue to deploy strong financial management.
Community Safety	No specific implications
Equalities	No specific implications
Health and Safety	No specific implications
Human Rights	No specific implications
Legal implications	The report is prepared in order to comply with Section 25 Local Government Act 2003
Sustainability	No specific implications
Ward-specific impacts	No specific implications
Workforce/Workplace	No specific implications

Section 25 report

6. Section 25 of the Local Government Act 2003 requires each local authority, when setting its annual General Fund budget and level of Council Tax, to take account of a report from its Section 151 Officer on the robustness of estimates and adequacy of reserves. This document is the report made under Section 25 by the Director of Finance and Corporate Services, as UDC's Section 151 Officer, applicable to the setting of the General Fund budget and Council Tax for 2015/16.
7. The purpose of this requirement is to ensure that when deciding on its budget for a financial year, a local authority is formally made aware of any issues of risk and uncertainty by the Section 151 Officer. The local authority is then expected to ensure that its budget provides for a prudent level of reserves to be maintained.
8. The Director of Finance and Corporate Services has assessed that the minimum safe contingency level is £1,258,000. However as the current forecasted level of the Working Balance is £1,214,000 the Director of Finance and Corporate Services' advice is that the budget need not make any provision to increase the Working Balance, nor however should it be reduced.
9. Section 26 of the Act empowers the Secretary of State to set a minimum level of reserves for which a local authority must provide in setting its budget. Section 26 would only be invoked as a fallback in circumstances in which a local authority does not act prudently, disregards the advice of its Section 151 Officer, and is heading for financial difficulty.

Basis of advice for the Section 25 report

10. In forming the advice for this report, the Director of Finance and Corporate Services has considered the following:

- The requirement established in the Council's Medium Term Financial Strategy to ensure that a safe level of contingency is maintained.
- The degree to which the Council's financial plans are aligned to the Council's statutory obligations, local priorities and policy objectives.
- The adequacy of the information systems underpinning the Council's financial management processes.
- Risks associated with the Council's activities, as identified within the risk register.
- The level of earmarked and unearmarked reserves within the General Fund.
- The degree to which uncertainties exist within the draft 2015/16 budget.

Robustness of Estimates

11. There has been detailed scrutiny, review and challenge of budgets by managers, finance officers and CMT. The aim has been to ensure that the budget is based upon realistic estimates, for example, ensuring that contractual commitments are provided for, salary budgets reflect the approved establishment and current staff in post, and income budgets are based on an assessment of price and demand.

12. No budget can ever be completely free from risk. Necessarily, assumptions are made which means that the budget will always have an amount of uncertainty. The analysis below sets out the major risks applicable to 2015/16 and an indication of the possible impact.

13. It is not possible to give a precise estimate of the impact of each identified risk. As a general guide, the following broad definitions have been used:

Probability	Low	Possible, but unlikely
	Medium	Probable
	High	Almost certain
Impact	Low	Possible variance of up to £100,000
	Medium	Possible variance of £100,000 to £250,000
	High	Possible variance of over £250,000

Risk item	Prob-ability	Impact	Overall Risk of budget variance
<p>a) Waste & Recycling – This service continues to be the most complex financially and at greatest risk of volatility. Fuel costs are variable. Other budget risks have been identified regarding trade waste and green waste, all of which have income budgets that depend upon accuracy of forecasting activity levels. The Council maintains a Waste Management reserve to mitigate the risk.</p>	High	High (adverse or favourable)	High
<p>b) Localisation of Business Rates. The actual share retained by UDC will not be known until well after the end of the financial year and will depend on many variables including collection performance, value of new ratings, appeals, refunds, and reliefs granted. Because of known risks relating to potentially substantial appeals, the budget prudently assumes that the Council's share will be at the minimum safety net level. Accordingly there is no downside risk in terms of budgeted income. The downside risk relating to loss of unbudgeted income is considerable and the upside opportunity is potentially significant if growth and other outcomes exceed losses.</p>	High	High (favourable)	High
<p>c) Efficiency Savings. Work continues to find ways of achieving the same or improved outcomes at lower cost. It is probable that some savings opportunities will be realized with unbudgeted savings arising in 2015/16. In addition, the budget does not include the implementation costs that may arise, on the basis that these will be funded from the Transformation Reserve. Therefore it is probable that unbudgeted costs will arise. Where budgets have already been reduced because of identified savings, the revised budget level is untested so there is an inherent risk of adverse variances.</p>	Medium	Medium (adverse or favourable)	Medium
<p>d) Car Parks Income. The budget is based on the existing tariff and charging periods as detailed in the fees and charges section of the budget report. If at some point during the year the Council decides to make changes, this will affect the income. For example if the charging period is shortened, or if there is a repeat of Christmas/New Year free periods, income will reduce. There is also an additional risk for 2015/16 around the Fairycroft car park which is being closed for the Waitrose refurbishment. Providing alternative arrangements has an unbudgeted cost which will need to be met from Reserves.</p>	Medium	Medium (adverse)	Medium

Risk item	Prob-ability	Impact	Overall Risk of budget variance
e) Fees & Charges income. If economic conditions deteriorate or demand fluctuates there may be unbudgeted loss of income. Building Control, Planning, Land Charges, Licensing, Lifeline, Pest Control and Food Imports are all income streams where risk of volatility has been noted.	Medium	Medium (adverse)	Medium
f) Planning appeals. A risk of costs of defending appeals and the meeting of costs awarded against the planning authority. The current position of the Local Plan process raises the risk levels in this area.	Medium	Medium (adverse)	Medium
g) Treasury management. Investment risks are spread between public and private sector counterparties including UK banks systemically important to the UK economy. In the unlikely event of a banking failure, there could be a serious impact on the Council.	Low	High (adverse)	Medium
h) Reforms to Housing & Council Tax Benefit. The Council has approved a Local Council Tax Support Scheme that will require non-vulnerable working age people to pay more Council Tax than previously. The Council has committed to subsidise the LCTS scheme to ensure cost neutrality for major precepting authorities. This is based on estimates and subject to variation. Housing Benefit reforms including the 'Spare Room Subsidy' and 'Benefit Cap' affect working age people living in rented accommodation. In some cases hardship will be caused as people struggle to pay their rent, which means that the Council is at risk of incurring costs associated with preventing homelessness. Discretionary Housing Payments and Council Tax Hardship policies and budgets are available to assist those in genuine need. The budget maintains the 2014/15 increase in the Homelessness service resources in order to continue to meet the increased demand.	Medium	Low (adverse)	Low
i) Universal Credit – This was due to commence in early 2015/16 but has been delayed to late 2015/16. Implications of delay are primarily around the Working Balance level.	Medium	Medium (adverse)	Medium

Risk item	Prob-ability	Impact	Overall Risk of budget variance
j) Local Plan – Additional consultancy spend or resources may be needed in order to take forward the Local Plan process. The Planning Service has budgets for the majority of this work; however the Planning Reserve exists to meet additional costs.	Medium	Low	Low
k) Flitch Green Community Centre. Risks have been identified with the Flitch Green community centre. This issue is unresolved and the Council may be required to incur further costs before the facility is transferred to the parish council.	Medium	Low (adverse)	Low
l) External funding. Due to inherent uncertainty about local authority budgets, there is a risk that funding for services such as A120 cleaning and the Highways Ranger could be reviewed or reduced.	Medium	Low	Low
m) Supplies & Services contracts. Where contracts have indexation clauses, estimates have been made of the inflationary increase that will be applied. In addition some contracts are due to be re-tendered during the year which could affect the base price. Accordingly there is an inherent risk of price volatility.	Medium	Low (adverse or favourable)	Low
n) Capital Financing costs. These are influenced by variable factors such as cash flow, variations in the Capital Programme and availability of capital receipts. In some circumstances greater revenue financing of capital expenditure may make economical sense over the longer term.	Medium	Low (adverse or favourable)	Low

14. Taking all of the above issues into consideration, the Director of Finance and Corporate Services is unable to provide a full assurance that there will be no unforeseen variances. This is an expected and acceptable situation for any organisation that has to deal with a large number of variables. Provided that the minimum safe level of balances is maintained (as set out in the attached Reserves Strategy below), any variations arising as a result of any lack of robustness in the estimates should be manageable.

15. The risks identified will be proactively monitored and mitigating action taken as soon as reliable trends emerge. Budget monitoring reports to Members during the financial year will set out the latest position and action being taken, where applicable.

Adequacy of reserves

16. Attached is the new Reserves Strategy which sets out the purpose, risks and calculation for each reserve held by the council.

17. It is the opinion of the Director of Finance and Corporate Services that the reserves as set out in the Strategy are adequate and appropriate.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
In general, actual events may differ from the assumptions and estimates used to produce the draft budget, which will lead to variances from the budget.	4 (variances will occur requiring action to be taken)	3 (potential impact which could adversely affect the council's financial position if not managed)	Budget monitoring and corrective action taken as necessary. Maintain sufficient reserves and Working Balance.



Uttlesford District Council

Reserves Strategy



Prepared by:
Finance Section
Uttlesford District Council
January 2015



Reserves Strategy

1 Background

- 1.1 Reserves are an essential part of good financial management. They help the Council to cope with unpredictable financial pressures and plan for future spending commitments. The level, purpose and planned use of reserves are important factors for the Council to consider in developing the Medium Term Financial Strategy (MTFS) and setting the annual budget.
- 1.2 In setting the budget, the Council decides what it will spend and how much income it needs from fees, charges and council tax to supplement government funding. The Council may choose to fund some of its spending from its reserves, or set aside some of its income to increase reserves for future spending.
- 1.3 Having the right level of reserves is important. If reserves are very low, there may be little resilience to financial shocks and sustained financial challenges.
- 1.4 There is no available guidance on the minimum level of un-earmarked reserves that should be maintained. In 2003 CIPFA stated that each authority should determine what a prudent level of reserves is based upon their own circumstances, risks and uncertainties.
- 1.5 Councils are therefore free to determine the level of reserves they hold, although Audit will report/give an opinion on what in their opinion is reasonable. Members are responsible for ensuring that the Council's reserves are part of the MTFS and need to be appropriate for our circumstances. The Section 151 Officer has a duty to provide members with advice on the level of reserves.
- 1.6 Councils face significant financial challenges. The unprecedented reduction in government funding from 2010/11 to 2015/16 and the inevitable continuation of that trend, a decline in other income, rising costs and growing demand for many services are all testing the Councils' financial management and resilience.
- 1.7 The introduction of local business rates retention and new arrangements for providing council tax support in 2013/14 have created additional risks to the Council's finances.
- 1.8 Current and future financial challenges pose significant, and increasing, risks for the Council. The Council can consider using reserves to balance competing pressures for example:
 - Using reserves to offset funding reductions and protect services – although this can only be a short-term strategy as reserves are a one-off funding resource – or invest in making changes that reduce the cost of providing services in the longer-term.
 - Increasing reserves to strengthen resilience against future, uncertain cost pressures.

2 The approach to setting the Reserves Strategy.

- 2.1 The Reserves Strategy is integral to the MTFs and the annual budget setting process. Therefore the MTFs will include:
- Information showing the current level of reserves.
 - Consideration of the forward strategy for reserves needed to support the Council's MTFs.
 - A summary of the financial risks facing the Council, how it will mitigate these risks, and the minimum and maximum level of residual risk for which the council may need to hold funds in its reserves.
- 2.2 Reserves will be monitored throughout the year as part of the routine financial monitoring and the level of reserves reported as part of the year-end accounting processes.

3 Why the Council holds reserves

- 3.1 We use different terms to refer to the reserves depending on why they are held. Terms we use in this report have the following meanings:
- Available earmarked reserves – funds we choose to set aside to meet known or predicted future spending or ring-fenced by previous Council decisions.
 - Working balances (unallocated reserves) to manage cash flows, funds to protect annual budgets against multiple, less predictable, costs and uncommitted accumulated surpluses.
 - Other reserves the Council holds but which are not available to fund their general spending: some reserves with statutory restrictions on how they can be spent, such as capital receipts or Housing Revenue Account reserves;
 - Total reserves – the sum of earmarked and ring-fenced reserves.
- 3.2 Available earmarked reserves include funds for contingent spending that is hard to predict (risk-based reserves) – for example, Transformation Reserve to cover the cost of implementing changes in working practices including new ways of working and the costs associated with a reduction in staffing levels.
- 3.3 Reserves are distinct from provisions. Provisions are funds set aside for probable future liabilities where the timing and amounts are uncertain.

Ring-fenced income

- 3.4 The Councils must spend some of its income on specific purposes, for example, some ring-fenced grants, or property developers' contributions for local environmental improvements. Spending ring-fenced income before the end of a financial year is not always possible or desirable. The Council will carry forward unspent ring-fenced income from one financial year to the next in its reserves.

Delivering a balanced budget

- 3.5 The Council, in common with other organisations, needs financial reserves to help manage unforeseen circumstances and to smooth the impact of known spending requirements over time. The Council will use reserves for such purposes to enable it to manage variations between its planned and actual budgets that result from unpredictable spending and income. Reserves will also be used by the Council to plan its finances strategically to support activities over the medium and long term.
- 3.6 The Local Government Finance Act 1992 requires the Council to calculate its expected outgoings and income for the year – including any additions to or use of reserves. Where expected outgoings exceed expected income, the difference is the authority's council tax requirement for that year.
- 3.7 If unplanned costs are incurred during the year that are not funded externally – for example, by a grant from government or an insurance policy – or the Council experiences a shortfall in expected income, there will be few options if it is to deliver to budget. Raising extra income or making in-year savings may have an unacceptable impact on service users. Therefore the Council may want to consider using reserves to balance spending and income.
- 3.8 The 2015-16 Budget identifies a surplus which will be allocated to the Strategic Initiatives Fund.

4 Reserves and the management of risks

- 4.1 With regard to the Council's financial stability reserves are used to manage risks. There are certain earmarked reserves that have been set aside for specific risks, for example: Business Rates Retention. These reserves and the potential pressures that need to be managed are reviewed as part of the budget setting process.
- 4.2 The Council also manages unforeseen financial shocks by maintaining a Working Balance. For the General Fund the Council's agreed policy is to maintain working balances in line with the following formula;

(Total gross service expenditure + total gross service income + capital financing costs + investment income + recharge to HRA + HRA share of corporate costs) x 2%

For 2015/16 this is calculated as

$£33,829,000 + £24,228,000 + £3,454,000 + £50,000 + £1,138,000 + £234,000 = £62,933,000 \times 2\% = £1,258,660$

The current Working Balance is £1,214,000 and whilst slightly lower than the new calculation is deemed sufficient for 2015/16.

For the HRA the same principal of 2% of total expenditure and 2% of total income is applied. For 2015/16 this is calculated as

$£4,442,000 + £15,694,000 + £4,811,000 + £11,000 + £1,138,000 + £234,000 = £26,330,000 \times 2\% = £527,000$ For ease this is rounded up to £530,000

Increasing Financial Risks

4.3 The risk environment for local government funding has significantly increased. This strategy identifies the following issues which have increased risk over recent years:

- The partial retention of locally collected business rates to replace some government funding – this means that future changes in funding will be linked to changes in the local business rates base, rather than to government assessment of need.
- The new system of business rate retention passes the risk of non-collection from Central Government to the Council.
- The Council has also taken responsibility for the settlement of any outstanding Business Rates appeals.
- The transfer of responsibility for council tax support to the Council.
- The necessity to pass on a proportion of the reduction in Council Tax Support to working age claimants may increase Council tax non-recovery risk.
- Welfare reforms including the benefits cap and the impact on Housing Benefit as part of the introduction of Universal Credit which could impact on rent collection and potentially increase the level of homeless people seeking accommodation in the district.
- The continued problems that the government is experiencing managing the deficit and the likelihood of further spending reductions.
- Unexpected changes in grant regimes.

On-going risks in the current strategy.

4.4 In addition to the risks identified in 4.3 above there are still the risks that are normally managed within the MTFS:

- Service budgetary control.
- Service spending pressures, e.g. unavoidable demand.
- Exceptional inflation beyond that provided for within the annual budget.

4.5 The prospect of further grant reductions beyond 2015/16 means that it is prudent to retain sufficient reserves so that any future spending reductions can be implemented in a planned and efficient fashion.

5 Budgeted Reserves

5.1 The forecast value of General Fund Earmarked Reserves as at 31 March 2015 is currently £6.555 million.

5.2 The table on the following page summarises the General Fund Reserves at the end of the last financial year and the forecast end position for the current year.

Reserves Strategy

£000	1.4.2014 Actual	31.3.2015 Forecast
USABLE RESERVES		
<u>Financial management Reserves</u>		
Budget Equalization	1,416	1,016
Change Management	923	923
Council Tax Freeze Grant	174	225
Budget Slippage Reserve	28	28
<u>Contingency Reserves</u>		
LGRR Contingency	1,385	1,451
Emergency Response	140	140
Municipal Mutual Insurance	51	0
NHB Contingency	790	632
<u>Service Reserves</u>		
Planning	935	952
Neighbourhood Front Runners	57	57
Waste Management	300	230
Homelessness	101	84
Economic Development	220	50
Licensing	47	27
Elections	67	87
Hardship Fund	100	100
NHB Community Projects	15	0
Strategic Initiatives Fund	0	353
Access Fund	0	200
TOTAL USABLE RESERVES	6,749	6,555

- 5.3 Historically a number of reserves have been established without a defined purpose and lifespan being determined. This has led to confusion over the purpose of some reserves and the total level of reserves held.
- 5.4 The work on the reserves strategy has identified some scope to utilise about £1m of the total general fund usable reserves balance for current projects. It is proposed to transfer 8 temporary accommodation units from the Housing Revenue Account (HRA) to the General Fund at an estimated cost of £1.047m to enable the HRA to continue its good work in improving the sheltered accommodation units throughout the district.

Reserves Strategy

5.5 Taking the proposal in 5.4 above into account (£6.555m - £1.047m = £5.508m) it is therefore proposed to create new reserves as set out below.

	£000	31.3.2015 Forecast
	USABLE RESERVES	
	<u>Financial management Reserves</u>	
C1	MTFS Reserve	1,000
C2	Transformation Reserve	1,000
	<u>Contingency Reserves</u>	
C3	Emergency Response	40
	<u>Service Reserves</u>	
C4	New waste depot site	1,500
C5	Planning	1,000
C6	Waste Management	230
C7	Homelessness	40
C8	Economic Development	50
C9	Elections	95
C10	Strategic Initiatives Fund	353
C11	Access Fund	200
	TOTAL USABLE RESERVES	5,508

5.6 It is also important to set out the criteria for the purpose, lifespan and risks associated with each reserve. This is attached as Appendix One.

General Fund Ring-fenced Reserves

5.7 These reserves are held for specific purposes and cannot be used for any other.

	£000	Purpose	1.4.2014 Actual	1.4.2015 Forecast
C12	General Fund Working Balance	Maintained to protect the Council's budget from unexpected risks, Calculation as set out in 4.2 above	1,214	1,214
C13	Business Rates Reserve	This is to manage the Collection Fund deficit, which is mainly due to the large appeals both lodged and anticipated.	4,424	3,623
C14	Licensing	A ring-fenced reserve that can only be spent on the taxi licensing service	47	27
C15	DWP Reserve	Amount of benefit subsidy currently being reviewed in light of the External Audit grant claim process	0	175
	TOTAL		5,685	5,039

Housing Revenue Account (HRA)

5.8 The table on the following page summarises the HRA Reserves at the end of the last financial year, the forecast end position for the current year and the starting position for 2015/16.

£000		1.4.2014 Actual	1.4.2015 Forecast
	USABLE RESERVES		
H1	Transformation	200	147
H2	Capital Projects	1,223	798
H3	Potential Development Projects	800	800
H4	Revenue Projects	60	60
H5	Sheltered Housing Reserve	318	586
H6	Major Repairs Reserve	91	125
H7	Additional Resource Reserve	0	1,047
	TOTAL USABLE RESERVES	2,692	3,563

HRA Ring-fenced Reserve

5.9 This reserve is held for specific purposes and cannot be used for any other.

£000		Purpose	1.4.2014 Actual	1.4.2015 O/Balance
H8	HRA Working Balance	Maintained to protect the Council's budget from unexpected risks, Calculation as set out in 4.2 above	680	530
	TOTAL		680	530

Capital Receipts

5.10 This reserve identifies capital receipts which are available to finance capital expenditure in future years.

£000		1.4.2014 Actual	1.4.2015 O/Balance
CR1	Capital Receipts Reserve	1,259	1,643
	TOTAL RESERVE	1,259	1,643

5.11 Under the Right to Buy 1-4-1 agreement, for each sale of council dwellings the local authority must replenish housing stock using the retained receipt held in the capital receipts reserve; this is to ensure the government's plan to provide further social housing is continued whilst increasing home ownership is fulfilled.

6. Total Reserves

6.1 The table below sets out the total of reserves in each element of the council finances.

£000	1.4.2014 Actual	1.4.2015 Forecast
General Fund Earmarked Reserves	6,749	5,508
General Fund Ring-fenced Reserves	5,685	5,039
Capital receipts	1,259	1,643
HRA Reserves	2,692	3,563
HRA Ring-fenced Reserves	680	530
TOTAL	17,065	16,283

7. General Fund Reserves 5 year plan

7.1 The table below sets out the 5 year plan for the General Fund

	£000	31.3.2015 Forecast	2015/16 additions	2015/16 deductions	31.3.2016 Forecast	31.3.2017 Forecast	31.3.2018 Forecast	31.3.2019 Forecast	31.3.2020 Forecast
	USABLE RESERVES								
	<u>Financial management Reserves</u>								
C1	MTFS Reserve*	1,000	22	-50	972	972	972	972	972
C2	Transformation Reserve**	1,000	0	-50	950	850	550	350	150
	<u>Contingency Reserves</u>								
C3	Emergency Response	40	0	0	40	40	40	40	40
	<u>Service Reserves</u>								
C4	New waste depot site	1,500	0	-1,500	0	0	0	0	0
C5	Planning**	1,000	0	-200	800	600	400	400	400
C6	Waste Management	230	0	-30	200	200	200	200	200
C7	Homelessness	40	0	0	40	40	40	40	40
C8	Economic Development	50	0	-50	0	0	0	0	0
C9	Elections	95	20	-95	20	40	60	80	20
C10	Strategic Initiatives Fund	353	1,034	0	1,387	1,387	1,387	1,387	1,387
C11	Access Fund	200	200	-200	200	200	200	200	200
	TOTAL USABLE RESERVES	5,508	1,276	-2,175	4,609	4,329	3,849	3,669	3,409
	RING-FENCED RESERVES								
C12	Working Balance	1,214	0	0	1,214	1,183	1,077	860	567
C13	Business Rates Reserve	3,623	0	-2,689	934	0	0	0	0
C14	Licensing Reserve	27	0	-22	5	2	2	20	2
C15	DWP Reserve	175	0	-175	0	0	0	0	0
	TOTAL RING-FENCED RESERVES	5,039	0	-2,886	2,153	1,185	1,079	862	569
	TOTAL RESERVES	10,547			6,762	5,514	4,928	4,531	3,978

* The MTFS Reserve will be drawn down to assist with shortfalls identified in the Medium Term Financial Strategy

** These reserves show spend that is anticipated but not shown in the General Fund budget as the precise expenditure cannot yet be identified.

*** The forecast underspend for 2016/17 is not shown in the 5 year plan

8. HRA Reserves 5 year plan

8.1 The table below sets out the 5 year plan for the HRA. The logic behind the reserves is contained within the HRA Business Plan.

£000		31.3.2015	2015/16	2015/16	31.3.2016	31.3.2017	31.3.2018	31.3.2019	31.3.2020
		Forecast	additions	deductions	Forecast	Forecast	Forecast	Forecast	Forecast
H1	Transformation	147	42		189	189	189	189	189
H2	Capital Projects	798		-514	284	284	1,188	1,118	1,011
H3	Potential Development Projects	800		-620	180	0	0	0	0
H4	Revenue Projects	60			60	60	60	60	60
H5	Sheltered Housing Reserve	586		-221	365	126	1,015	668	440
H6	Major Repairs Reserve	125	3,355	-3,334	146	146	146	146	146
H7	Additional Resource Reserve	1,047		-61	986	0	0	0	0
H8	HRA Working Balance	530			530	530	530	530	530
	HRA RESERVES TOTAL	4,093			2,740	1,335	1,940	2,711	2,376

Appendix One

No.	Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
C1	MTFS Reserve	To offset the predicted shortfall in budgets the council is expected to encounter in the life of the plan whilst enabling the council to transform.	<p>1. New Homes Bonus – for the calculation of this reserve it is assumed there will be an additional cut in funding of 20%.</p> <p>2. Universal Credit – The working balance assumes Universal Credit will be implemented on time. This model takes the pessimistic view that it will not and that the working balance has to be reinstated at the current level</p>	<p>1. The 20% NHB model presented as part of the December MTFS review identified the deficit by the end of the plan to be £800,000</p> <p>2. The Working Balance reduces by £650,000 over the remaining life of the plan</p> <p>Together this gives £1,450,000. It is reasonable to expect service efficiencies/additional income to play a part in addressing the shortfall during the plan however the quick win easy savings are gone, we will be looking at significant changes in the way in which the council operates and this takes time to achieve.</p>
C2	Transformation Reserve	To enable the council to change the way it operates in order to meet the financial challenges ahead.	<p>1. Universal Credit – The Department for Work and Pensions will not announce until October 2015 whether or not TUPE applies to those staff working in the Benefits Section.</p> <p>2. Resistance to change – it is essential the council adapts to new ways of working such as more automation of outgoing mail and better functionality and use of the council website. Failure to adopt new ways of working will seriously affect the future functioning of the council.</p> <p>3. As the council transforms it is likely that a number of services will cease to be provided. This will inevitably lead to statutory redundancy being paid</p>	The software alone for a single area is likely to cost in the region of £75,000 therefore the calculation allows for four large areas to be transformed and for necessary other costs to be included

No.	Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
C3	Emergency Response	To enable the council to undertake an emergency response such as that encountered with the Lebanese evacuation.	<ol style="list-style-type: none"> 1. No such emergency arises 2. The reserve is insufficient 	<ol style="list-style-type: none"> 1. The likelihood of such an emergency is relatively low however as the council moves forward an budget pressures become significant a small reserve is appropriate. 2. The council learnt a lot from the Lebanese emergency and now has a policy to assist any such evacuees on their onward journey not to provide on-going support therefore the reserve should be sufficient.
C4	New waste depot site	The depot in the south of the district is in the centre of Great Dunmow. The council has had an aim to rent land to enable it to move however no such land has been found. It is now proposed to purchase land and provide the necessary buildings and utilities. The aim is to have identified and if possible purchased land during 2015/16	<ol style="list-style-type: none"> 1. No such piece of land is identified. 2. The reserve is insufficient to meet the total costs 	<ol style="list-style-type: none"> 1. It should be easier to find suitable land to purchase rather than rent. 2. The land vacated would have residual value and whilst a proportion should be retained to provide additional income streams some could be sold to cover additional costs. <p>The figure in the reserve is a best estimate from an initial look at the market.</p>

No.	Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
C5	Planning	<p>For three primary purposes</p> <ol style="list-style-type: none"> 1. Stansted Airport studies 2. Planning Appeals 3. Local Plan <p>The Council is expecting to receive an application from Stansted Airport to lift the cap on traveller movements. This will require careful consideration including the commissioning of specialist studies. Due to the buoyant housing market the Council is receiving large numbers of planning applications, some of which are taken to appeal. The development of the new Local Plan will require supporting studies to support its development. The reserve is expected to be used over the next few years.</p>	<p>1. The reserve is insufficient to meet the total costs</p>	<p>Current indications are that the amount allocated is sufficient to meet the needs of the service in respect of the three areas for which the reserve was established.</p>

No.	Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
C6	Waste Management	This is a high profile service and by the nature of the work suffers from budget variances. To enable the council to smooth fluctuations in areas such as cost of disposal and agency staffing. The reserve will be reviewed in 12 months' time once the new cost for dry recyclables has been in place for a year.	<ol style="list-style-type: none"> 1. Agency staffing levels exceed the forecasted levels 2. Disposal costs increase 	<ol style="list-style-type: none"> 1. The amount of agency staffing required is calculated using actual figures from the last few years. 2. In 2014/15 there was a significant change in the cost of disposal of dry recyclables. The amount now paid reflects the current market conditions. <p>Until the new disposal charges have been in place for a year it is felt that a prudent decision is to leave the reserve level as previously calculated.</p>
C7	Homelessness	To assist with the fluctuating demand for homeless support.	1. The decision to reduce the reserve amount is wrong	In 2014/15 it is anticipated that £17,000 of the reserve will be used. That is the most since the reserve was established. Accordingly having in place a reserve which provides 2 years support is felt appropriate
C8	Economic Development	To assist with the promotion of economic development within the district. The need for this reserve will be reviewed in March 2016	1. The Discretionary Rate Relief is not fully utilised in year.	This is the final year sum for the Discretionary Rate Relief Policy
C9	Elections	Each year £20,000 is allocated to the reserve to fund future election costs. The reserve is used in election years	1. The costs exceed the reserve amount	The reserve is to offset the impact of the cost of elections not to fully cover it. The amount is felt to be sufficient

No.	Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
C10	Strategic Initiatives Fund	<p>The stated purposes of the Strategic Initiatives Fund are</p> <ul style="list-style-type: none"> a. Support for the local economy b. Partnership working with voluntary sector organisations c. Community initiatives and services in rural locations d. “Spend to save” projects to make the Council more efficient and more resilient to funding changes in future years e. Putting some Council services onto a more commercial footing. 	<p>1. Insufficient projects that meet the criteria are identified</p>	<p>There are four key criteria that each project must meet to be considered for funding from the Strategic Initiatives Fund. The four criteria are</p> <ul style="list-style-type: none"> 1. The project demonstrably supports the Council’s corporate priorities, as set out in the Corporate Plan 2. The project fulfils at least one of the five suggested uses for the Fund, as set out above 3. The project results in tangible financial benefit to the Council, either by reducing future cost pressures, efficiency savings, or income generation 4. The project does not give the Council any additional ongoing revenue budget commitments beyond the 2016/17 financial year

Reserves Strategy

No.	Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
C11	Access Fund	This reserve was set up to pump prime the provision of cycle paths in the district. The intention is that the initial £200,000 would be replenished by appropriate S106 monies as they become available	1. No suitable S106 monies are available to continue the cycle path rollout	This is an Essex County Council responsibility which this council contributes to by way of S106 monies. If no such money is available the council will need to decide whether or not to invest more money from other reserves into this scheme
C12	Working Balance	Maintained to protect the Council's budget from unexpected risks, Calculation as set out in 4.2 above	1. Universal Credit does not have the forecasted impact on the Working Balance	There could be an adverse impact on the forecast of £680,000 by the end of the plan. Discussions are ongoing with DWP
C13	Business Rates Retention	This is to manage the Collection Fund deficit, which is mainly due to the large appeals both lodged and anticipated. Reserve should cease to be needed after 2016/17	1. Fund is insufficient to meet demand	This is based on central government calculations which make this unlikely to happen
C14	Licensing	A ring-fenced reserve that can only be spent on the taxi licensing service.		The taxi licensing service must break even on a rolling basis. Accordingly any in-year surpluses are allocated to the reserve and drawn down in years of shortfall/reduced fees
C15	DWP	Amount of benefit subsidy currently being reviewed in light of the External Audit grant claim process. Reserve is for one year only	1. DWP seek to recover more money than in the reserve	This is the amount identified by the auditors

Committee: Scrutiny

Agenda Item

Date: 10 February 2015

10

Title: Temporary Accommodation

Author Adrian Webb

Item for decision

Director of Finance and Corporate Services

Summary

1. To enable the Housing Service to continue to develop new housing, without impacting on the debt cap, it is being recommended that the designated temporary accommodation units currently held within the Housing Revenue Account (HRA), are transferred to the General Fund at the estimated open market value of £1,047,000
2. This is an opportunity for the Scrutiny Committee to review the report and provide comments in support of the recommendation, or to propose alternatives. Examples of the questions Scrutiny may wish to consider are:
 - Is this a good use of General Fund balances?
 - Is there any other way of supporting the HRA in the development of new properties and the refurbishment of existing?
 - Has this been done elsewhere and what happens if approval isn't given?

Recommendations

3. The Scrutiny Committee is requested to endorse the following recommendation to Cabinet, or suggest alternatives:
 - a) That the Cabinet recommends to Full Council that it approves the transfer of the eight designated temporary accommodation units from the HRA to the General Fund at the estimated market value cost of £1,047,000 subject to Secretary of State Approval.

Financial Implications

4. The Reserves Strategy identifies that there is the scope for the council to utilise this sum in support of the HRA and the Strategy has been prepared on this basis.

Background Papers

None.

Impact

Communication/ Consultation	The top priority emerging from public consultation is that the Council should keep[ing] Council Tax as low as possible while maintaining or improving services and providing support to the vulnerable
Community Safety	No specific implications
Equalities	No specific implications
Health and Safety	No specific implications
Human Rights	No specific implications
Legal implications	This process will require Secretary of State approval.
Sustainability	No specific implications
Ward-specific impacts	No specific implications
Workforce/Workplace	No specific implications

Background

5. The Housing Service is continuing with a programme of refurbishment of sheltered units and development of potential sites for new housing.
6. In 2012 the HRA reforms meant that the council had to take out an £88.4m loan. The debt was taken out on the basis that the council does not start to repay the principal until 2017/18 so as to give the council the maximum opportunity to kick-start a development programme.
7. As part of the HRA reforms from 2012 the council had a debt cap imposed. This is a figure that sets out the maximum borrowing level, both external and internal, that the HRA must not exceed.
8. The loan structure has worked insofar as the council has made good progress in redesigning sheltered unit sites and delivering new housing, however it means that in 2015/16 and more so in 2016/17 the HRA is very close to the debt cap and cannot incur more borrowing either external or internal.
9. The Council is keen to progress with additional new builds however the debt cap could potentially stop this happening. As part of the work in developing the new Reserves Strategy it has been identified that there is scope to utilise approximately £1m of the reserves balance to support the work of the HRA. However as set out above the debt cap means the General Fund cannot simply loan the HRA any money.
10. The solution to this involves the Homelessness service which is a General Fund service. Where the HRA has dedicated temporary accommodation units these could be transferred, subject to Secretary of State Approval, to the General Fund at open market value.
11. The Housing Manual 2006/07 which offers guidance on the transfer of assets between the Housing Revenue Account and the General Fund, this transaction follows the recommended guidelines

12. In this case, as the property is still required for the purposes of Part II of the Housing Act 1985, i.e. for the provision of housing, the authority will need to seek a direction from the Secretary of State under section 74(3)(d) of the Local Government and Housing Act 1989 to take the property out of the HRA.
13. The Council has eight designated temporary accommodation units, four at Burnt Villas Takeley and four at the new Mead Court development in Stansted. The estimated market value for these eight units is £1.047m.
14. The General Fund would become the landlord and would receive the rent from the lettings of the property. This would give an annual income in the region of £50,000 which equates to a yield of about 4% per annum, after expenses including maintenance and utilities, which compares with about 0.3% per annum on our current government/bank/building society investments.
15. A reflection of the times is that it is normal for all of our designated temporary units to have 100% occupation (excluding changeover days). However the income budget will be based on a more prudent occupation level of 95%.
16. The capital sum generated will enable increased HRA investment in development schemes, which will in turn generate additional income for the HRA through affordable rents. This will offset any loss of rental income to the HRA from the temporary accommodation
17. The Council will determine the way in which the units are used on an annual basis. Should homelessness levels fall the units can be converted back to social housing and ownership transferred to the HRA at market value.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
The Secretary of State refuses the transfer	1 (specific legislation exists to allow this to happen)	3 (the council would be unable to invest in the Housing Service until the principal starts to be repaid in 2017/18)	A well-presented case to the Secretary of State to obtain authorisation

Committee: Scrutiny

Agenda Item

Date: 10 February 2015

11

Title: Medium Term Financial Strategy

**Author: Adrian Webb
Director of Finance and Corporate Services**

Summary

1. The purpose of the Medium Term Financial Strategy is to ensure the ongoing financial health and stability of the Council. The Strategy looks ahead in order to anticipate issues that may arise in the Council's finances. This enables measures to be taken and plans to be put in place ahead of the issues arising.
2. The Council is in a strong financial position, currently insulated from the widespread problems in local government due to a combination of prudent financial management and New Homes Bonus.
3. Reasonably reliable forecasts of costs, income and Council Tax can be made, but it is not possible to forecast with any degree of certainty what will happen to Government funding.
4. If there is a change in the system of local government funding, regardless of the General Election outcome, it is unlikely (but not impossible) that any significant changes will impact until the year 2017/18.
5. The Council can therefore have reasonable confidence that in the next two financial years (2015/16 and 2016/17) its total income will exceed the forecasted budget. This gives opportunities in the first year to make meaningful investment in projects that benefit local communities and businesses. However, it is absolutely essential that the Council does this in a prudent and sustainable way, and avoids making ongoing revenue commitments.
6. The forecast surplus in the second year (2016/17) should be put into reserves to help offset future challenges.
7. During the next two years the Council should also give active consideration to investing in cost reduction and/or income generation schemes, in case there are challenges from 2017/18 onwards.
8. There is material uncertainty about the ongoing amount of funding that may or may not be available under the New Homes Bonus (NHB) scheme. The MTFS demonstrates the impact on the council budget should a 10%, 20% or 30% cut in NHB be implemented.

9. Because of this material uncertainty from 2017/18 onwards, the Council must use the intervening two years to ensure it is ready to meet potentially challenging scenarios.
10. This is an opportunity for the Scrutiny Committee to review the report and provide comments in support of the recommendations, or to propose alternatives. Examples of the questions Scrutiny may wish to consider are:
 - Are the assumptions used to build the forecasts reasonable?
 - What would happen if actual events differed from the assumptions?
 - Does the Council have a robust plan for addressing any deficits forecasted?
 - Are plans for the use of any surpluses prudent, sustainable and good value for money?

Recommendations

11. The Scrutiny Committee is requested to endorse the following recommendation to Cabinet, or suggest alternatives.
12. The Cabinet is requested to approve, for recommendation to Full Council, the Medium Term Financial Strategy as attached.

Financial Implications

13. Detailed in the report.

Background Papers

None.

Impact

Communication/Consultation	None
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	The Council has a legal duty to set a balanced budget.
Sustainability	None
None Ward-specific impacts	None
Workforce/Workplace	None

Forecasting the Council's Budget Requirement

14. It is relatively straightforward to forecast what the Council's costs and income will be, based on extrapolating the 2015/16 budget into future years, using prudent assumptions about inflation.

15. Where actual increases or reductions are not already known, the following annual inflation assumptions have been used:

Budget item	Annual inflation assumption used	Approx value of each 1% change
Salaries	2%	£87,700
Employer's pension	0.9% of salary	£84,700
Other staff costs	0%	£5,700
Members allowances	1%	£3,000
Utilities & fuel	3%	£6,300
Supplies & services (contractual)	3%	£31,900
Supplies & services (non-contractual)	0%	£14,900
Fees & charges income (except car parking)	2%	£32,900
Car parking income	0%	£8,600
Benefits case load	0%	£800
Benefits rent increases	5%	£800
Demand growth	£50,000 cumulative additional spend per year	n/a

16. The model also assumes that during the next few years, the Government will proceed with its policy intention to transfer Housing Benefit to the Universal Credit scheme. The model makes assumptions that benefits expenditure and related DWP subsidy grant income will be progressively removed from the Council's budget during the next few years. This has the effect of reducing gross expenditure and gross income, but the bottom line effect is slight because 98% of expenditure is met by grant.

17. Other assumptions:

- No changes to the Council's priorities; existing levels of service provision to continue.
- Capital financing costs based on the draft five year capital programme and allied financing strategy.
- Recharge of costs to HRA to remain at the current level.

- Investment income will remain constant at £50,000 per annum.

Strategic Solutions Workstreams

18. In 2009 the five workstreams were established and from 2010 a small corporate team was set up to secure the savings needed by the MTFs. The Workstreams are:

- Shared Services
- Devolution
- Income Generation
- Service Reduction
- Efficiency Savings

19. The workstreams have been successful to date, with cumulative annual savings of around £2.7 million delivered by the end of 2014/15.

20. There is more to do however. Because of the inherent volatility and conjecture in the MTFs projections, and in particular the risks highlighted for the post 2016/17 period, the Council must continue efforts to ensure it is well placed to meet future challenges.

21. The priorities for the workstreams in 2015/16 are as follows:

- Asset Management
- Mail services
- Back office costs
- Online service delivery.

MTFs: Guiding principles

22. The Council will continue to exercise prudence and discipline in its financial management. Costs will be controlled and kept under review, and income will be maximised wherever appropriate. Work will continue to identify ways to deliver services at a lower cost.

23. Inevitably, resource allocation decisions will be required based upon changing circumstances and priorities. Some budgets will need to be increased, and some reduced. The Council will seek to safeguard those activities that it considers to be highest priority as stated in the Corporate Plan.

24. During the first two years of the plan the Council will endeavour to make savings in priority areas only if there is no significant adverse impact to quality and level of service provision. For example, the Council may find a more efficient means of delivering the service. Otherwise, the Council will not make savings that result in diminution in service quality in these areas unless there is no alternative e.g. inability to balance the budget.

25. The Council acknowledges the need to provide statutory services, and in many cases these will be consistent with Corporate Plan priorities. Where the link between the need to provide a statutory service and Corporate Plan priorities is not as strong, the Council will provide a level of service consistent with affordability. Efficiency gains and partnership working will be explored as means of providing statutory services to an acceptable level at a lower cost. In some circumstances, the Council will consider reducing the level of service in order to make savings and redirect resources to the Council's highest priorities.
26. Subject to the above, unavoidable and essential growth items will be funded by the making of savings from elsewhere within the Council budget, or the generation of additional income. The Council will not make ongoing revenue commitments from non-recurring funding sources
27. The Council will manage its budget as a corporate whole, if necessary transferring money from one activity to another if this is what is necessary to match limited resources to the highest priorities.
28. In ordinary circumstances the Council will not use reserves to fund any ongoing expenditure. In exceptional circumstances, the Council may use reserves for one-off items or to alleviate budget pressures within the context of an overall plan to achieve a balanced budget but will seek opportunities to replenish reserves consumed in this way.
29. The Council will ensure that all reserves are held for clearly defined purposes and the amounts kept under review as per the Reserves Strategy.
30. Investment in new initiatives and service improvements will be subject to a value for money assessment and a post-implementation review to assess whether the intended benefits were achieved.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Actual experience differs from the assumptions in the budget and business plan	4 some variation is inevitable	3 sums involved are potentially significant	Ensure MTFS has element of flexibility Maintain adequate reserves Robust monitoring Half yearly review by Cabinet

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

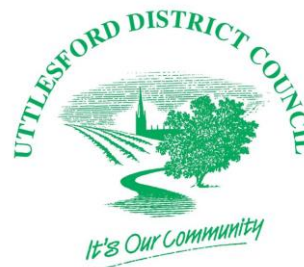


Uttlesford District Council

Medium Term Financial Strategy



Prepared by:
Finance Section
Uttlesford District Council
January 2015



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Financial Outlook

Budget planning this year is again characterised by uncertainty about government funding and local government finance generally. Root and branch reform of the funding system continues apace with localisation of Business Rates and Council Tax support having taken effect from 1 April 2013. The local government finance system has radically altered such that councils' funding depends directly on growth and prosperity in their local economies. Further adjustments are expected to both New Homes Bonus and localisation of business rates following the general election.

When preparing this document, a number of significant assumptions have been made. For clarity these are set out below along with potential consequences if the assumptions prove to be incorrect

- a) **New Home Bonus (NHB)** – This is the major uncertainty in the budget forecast; New Homes Bonus income which is £3.6m in 2015/16 and forecasted to be £4.3 million in 2016/17. This is a variable item and depends upon the number of new homes entering the Council Tax system. The format of the scheme in future years will be determined by the result of the general election. Terminology being used by the main parties range from “reform” to “scrapping”. There is little or no talk of it staying in the current format. Whatever the outcome of the election there is a high risk that the amount of funding received by this council will be significantly reduced. It is unlikely that any revision to the scheme will take place before 2017/18 and it is on this assumption that the model is based. If in fact changes are made to 2016/17 (i.e. the first full year of a new government) then the forecast surplus will be significantly smaller.
- b) **Localisation of Business Rates** – whilst some change to the current scheme is expected, the scheme has a “safety net” element so unless this is removed or significantly reduced, potential impact on the council budget is limited.
- c) **Universal Credit** – It is assumed that Universal Credit will be implemented on the current timescales. If there is any delay this will have a significant impact on the council's budget as the forecasted reduction in the Working Balance Reserve is entirely due to the fact that the council budget will reduce following the introduction of Universal Credit. There is a significant risk that the actual level of claims transferred to Universal Credit will be significantly lower than that expected, due to the high number of pensioner and other types of disregarded claims.
- d) **Planning Fee Income** – For both 2015/16 and 2016/17 additional fee income has been built into the forecast. This reflects the current trend. No such increase has been built into the subsequent years.

Assuming that the criteria for both New Homes Bonus and localisation of Business Rates will not change before 2017/18, then 2016/17 will show an in-year surplus. Thereafter the position is far less certain.

Budget Model

To inform the financial outlook for UDC, a detailed budget model is used. The following are key assumptions used in the model.

- a) **Gross service expenditure:** Uses the 2015/16 base budget as a starting point and one-off items removed. Assumptions about annual inflation for 2015/16 are used: staff pay 2%; utilities 3%; contractual indexation 3% (unless specified otherwise); price inflation 2%.
- b) **Gross Service Income:** Again uses the 2015/16 base budget as a starting point. Assumed price inflation 2% for fees and charges except where special arrangements apply e.g. car park charges and taxi licences.
- c) **Universal Credit** – assumed that Housing Benefits expenditure and subsidy will start to phase out of the UDC budget in 2016/17.
- d) **Service demand** – due to growing population and housing numbers, it is prudent to assume greater demand for council services such as refuse and recycling, revenues collection, etc. A cumulative figure of £50,000 pa has been used.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Gross service expenditure	£33.829m	£33.198m	£30.920m	£26.466m	£22.095m	£20.630m
Gross service income	-£24.229m	-£23.274m	-£20.255m	-£15.313m	-£10.438m	-£8.441m
Net service expenditure	£9.600m	£9.924m	£10.665m	£11.153m	£11.657m	£12.189m

- e) **Corporate items:** Pension Fund deficit payment – inflationary increase. Capital Financing Costs – in line with expected capital expenditure financing requirements. Investment Income – nominal sum only due to continued low interest rates and prudent investment policy. Recharges to HRA – no change in methodology.

£000	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Pension Fund	102	102	502	527	552	577
Capital Financing	3,454	1,366	1,429	1,546	1,540	1,509
Collection Fund Balance	-89	0	0	0	0	0
Recharge to HRA	-1,372	-1,300	-1,300	-1,300	-1,300	-1,300
Investment income	-50	-50	-50	-50	-50	-50
Total corporate items	2,045	118	581	723	742	736

- f) **Specific grants:** Assumed no change to PFI, Homelessness and NNDR collection costs funding. Housing Benefits subsidy at 98% of expenditure, phased out from 2016/17. Benefits admin subsidy reduced to reflect onset of Universal Credit.

- g) **Council Tax Freeze Grant** – The Government has announced that Council Tax Freeze Grant will be rolled into formula grant from 2015/16 onwards.
- h) **Localisation of Business Rates** – Under most foreseeable scenarios the amount retained by UDC shall be between £1.3m and £1.5m. The figures assumed in the model are based on incremental growth from the 2014/15 baseline position. In the event of gross revenue reduction e.g. because of the Diamond Hangar case, or additional discretionary rate relief being granted, the amount retained by the council would reduce.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Retained Business Rates	£1.303m	£1.329m	£1.356m	£1.383m	£1.411m	£1.439m

- i) **Formula Grant:** 2015/16 figure is that includes the council tax freeze grant. The model assumes Formula Grant is nil by 2019/20 and is profiled accordingly.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Formula Grant	£1.234m	£0.925m	£0.62m	£0.3m	£0.0m	£0.0m

- j) **New Homes Bonus:** Assumes that the scheme will continue in line with the existing published methodology. The council will be rewarded by around £1,456 pa for six years for each new home brought into the Council Tax system. There are two major uncertainties here. NHB is a six year scheme and the MTFS period goes beyond the sixth year. Based upon predictions of housing growth consistent with the latest Local Plan Statement the estimated NHB funding is as shown below.

MTFS PERIOD								
	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
2011/12 award	£0.714m	£0.714m	£0.714m	£0.714m				
2012/13 award	£0.534m	£0.534m	£0.534m	£0.534m	£0.534m			
2013/14 award	£0.794m	£0.794m	£0.794m	£0.794m	£0.794m	£0.794m		
2014/15 award		£0.835m	£0.835m	£0.835m	£0.835m	£0.835m	£0.835m	
2015/16 award			£0.721m	£0.721m	£0.721m	£0.721m	£0.721m	£0.721m
2016/17 provisional				£0.708m	£0.708m	£0.708m	£0.708m	£0.708m
2017/18 provisional					£0.93m	£0.93m	£0.93m	£0.93m
2018/19 provisional						£1.435m	£1.435m	£1.435m
2019/20 provisional							£1.441m	£1.441m
2020/21 provisional								£1.051m
TOTAL NHB	£2.042m	£2.877m	£3.598m	£4.306m	£4.522m	£5.423m	£6.070m	£6.286m

Council Tax

The Administration has given instruction that UDC’s Council Tax should be cut by 3% in 2015/16 and frozen in 2016/17, thereafter to plan on the basis of a 2% annual increase from 2017/18. The Administration shall be looking carefully at the council's finances during the next 2 to 3 years and will take appropriate and responsible decisions depending on the circumstances at the time. Tax base assumptions are in line with housing growth forecasts and an estimate of LCTS discounts and additional income arising from reducing discounts on second homes and empty homes. These assumptions give rise to the forecasts on the table below.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Tax Base	34,132	34,652	35,374	36,492	37,308	37,884
LCTS discounts	-2,420	-2,320	-2,220	-2,220	-2,220	-2,220
Extra tax base from changing discounts	248	248	248	248	248	248
Tax Base (net)	33,540	34,132	34,652	35,374	36,492	37,308
UDC Band D	£138.74	£138.74	£141.51	£144.34	£147.23	£150.17
Planning assumptions	-3%	0%	2%	2%	2%	2%
Council Tax income	£4.653m	£4.736m	£4.904m	£5.106m	£5.373m	£5.603m

Cumulative CPI inflation since April 2010 (date of last UDC Council Tax increase) to December 2014 (latest published inflation data) is 12.26%.

December 2014 CPI Index 128.2

April 2010 CPI Index 114.2

Cumulative CPI = (Later index figure – Earlier index figure) ÷ Earlier index figure x 100

$$(128.2 - 114.2) = 14.0 \div 114.2 = 0.1226 \times 100 = 12.26\%$$

If a 3% cut is approved by the council, the district Band D figure will have reduced by 6% during this period. This would represent a real term reduction in the UDC precept of 16.16% since 2010.

(2010/11 Band D £147.42 + 12.26% = £165.49. £138.74 is 83.84% of £165.49. Real terms reduction therefore of 16.16%.)

Outcome of Budget Modelling

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000	£000	£000
Gross service expenditure	33,829	33,148	30,820	26,316	21,895	20,380
Gross service income	-24,228	-23,274	-20,255	-15,313	-10,438	-8,441
Demand growth	0	50	100	150	200	250
Net service expenditure	9,600	9,924	10,665	11,153	11,657	12,189
Capital financing costs	3,454	1,366	1,429	1,546	1,540	1,509
Pension fund deficit	102	102	502	527	552	577
Recharge to HRA	-1,372	-1,300	-1,300	-1,300	-1,300	-1,300
Other corporate items	-50	-50	-50	-50	-50	-50
Total budget	11,733	10,042	11,246	11,876	12,399	12,925
Funding						
Business Rates Retention	-1,303	-1,329	-1,356	-1,383	-1,411	-1,439
Council Tax Freeze Grant	0	0	0	0	0	0
Collection Fund Balance	-89	0	0	0	0	0
Section 106 Funding	-10	0	0	0	0	0
Formula Grant	-1,234	-925	-620	-300	0	0
New Homes Bonus	-3,598	-4,306	-4,522	-5,423	-6,070	-6,286
Total Funding	-6,234	-6,560	-6,498	-7,106	-7,481	-7,725
Net Operating Expenditure	5,499	3,482	4,748	4,770	4,918	5,200
Movement in Reserves	-846	-11	-86	-197	-273	-60
COUNCIL TAX REQUIREMENT	4,653	3,471	4,662	4,573	4,645	5,140
COUNCIL TAX INCOME	-4,653	-4,736	-4,904	-5,106	-5,373	-5,603
In year surplus (-) / deficit	0	-1,265	-242	-533	-728	-463

Medium Term Financial Strategy

These figures represent a “best case” scenario. It is emphasised that all forecasts, in particular those about government funding, are not based on firm information and figures from 2016/17 onwards especially are (informed) conjecture. The model is unavoidably full of assumptions about the future which obviously may prove to be correct, optimistic or pessimistic.

As set out on page 3 it is highly likely that New Homes Bonus will at best be reformed and at worst scrapped and replaced with an alternative form of formula grant. Below are the effects of a 10%, 20% and 30% cut in NHB from 2017/18 (whilst this refers to NHB it should be interpreted as a cut in government funding).

10% cut

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
In year surplus (-) / deficit	0	-1,265	-242	-533	-728	-463
10% cut in NHB	0	0	453	543	607	629
Revised surplus (-) / deficit	0	-1,265	211	10	-121	166

20% cut

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
In year surplus (-) / deficit	0	-1,265	-242	-533	-728	-463
20% cut in NHB	0	0	905	1085	1214	1258
Revised surplus (-) / deficit	0	-1,265	663	552	486	795

30% cut

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
In year surplus (-) / deficit	0	-1,265	-242	-533	-728	-463
30% cut in NHB	0	0	1,357	1,627	1,821	1,886
Revised surplus (-) / deficit	0	-1,265	1,115	1,094	1,093	1,423

The red highlighted areas are shortfalls in budget which would have to be met from service savings in the long term, covered by use of reserves in the shorter term.

Sufficient reserves should be maintained to cover the eventualities that may arise from the 2015 General Election. To that end the forecast surplus in 2016/17 should be set aside to cover any reduction in government funding. Once the new funding position is known a revised plan for that surplus can be established.

The council should proactively look for service savings and cost-sharing options.

Medium Term Financial Strategy

This is a risk-based approach, given that the uncertainties arising from the General Election are too many to reasonably try to quantify. Having Financial Management Reserves of at least £2m in 2015/16 will enable the worst case scenario identified on the previous page to be managed.

Because of the degree of estimation involved and the longer term projections referred to in the preceding paragraphs, it will be absolutely essential to maintain strong financial discipline around all aspects of the council's costs and income. The council must ensure it is in a strong position to anticipate and adapt to funding outcomes that differ from what is currently assumed. Therefore any decision to incur additional costs (e.g. service investment) or to reduce income (e.g. fees & charges reductions) must be fully funded by sustainable cost savings and/or additional income elsewhere in the council's budget.

Reserves

Total General Fund usable reserves during this five year model are estimated to reduce from £5.5m to £3.4m. This excludes any in-year surpluses or deficits. A schedule of forecasted reserves balances is set out below.

£000	31.3.2015 Forecast	2015/16 additions	2015/16 deductions	31.3.2016 Forecast	31.3.2017 Forecast	31.3.2018 Forecast	31.3.2019 Forecast	31.3.2020 Forecast
USABLE RESERVES								
<u>Financial management Reserves</u>								
MTFS Reserve	1,000	22	-50	972	972	972	972	972
Transformation Reserve	1,000	0	-50	950	850	550	350	150
<u>Contingency Reserves</u>								
Emergency Response	40	0	0	40	40	40	40	40
<u>Service Reserves</u>								
New waste depot site	1,500	0	-1,500	0	0	0	0	0
Planning	1,000	0	-200	800	600	400	400	400
Waste Management	230	0	-30	200	200	200	200	200
Homelessness	40	0	0	40	40	40	40	40
Economic Development	50	0	-50	0	0	0	0	0
Elections	95	20	-95	20	40	60	80	20
Strategic Initiatives Fund	353	1,034	0	1,387	1,387	1,387	1,387	1,387
Access Fund	200	200	-200	200	200	200	200	200
TOTAL USABLE RESERVES	5,508	1,276	-2,175	4,609	4,329	3,849	3,669	3,409
RING-FENCED RESERVES								
Working Balance	1,214	0	0	1,214	1,183	1,077	860	567
Business Rates Reserve	3,623	0	-2,689	934	0	0	0	0
Licensing Reserve	27	0	-22	5	2	2	2	2
DWP Reserve	175	0	-175	0	0	0	0	0
TOTAL RING-FENCED RESERVES	5,039	0	-2,886	2,153	1,185	1,079	862	569
TOTAL RESERVES	10,547			6,762	5,514	4,928	4,531	3,978

* The MTFS Reserve will be drawn down to assist with shortfalls identified in the Medium Term Financial Strategy

** These reserves show spend that is anticipated but not shown in the General Fund budget as the precise expenditure cannot yet be identified.

*** The access fund has an initial £200,000 allocated to it. It will be used in 15/16 for the Wenden cycle path scheme. This reserve will then be topped up and drawn down on as S106 monies are received and new schemes started

**** The forecast underspend for 2016/17 is not shown in the 5 year plan

Housing Revenue Account

2015/16 shall be the fourth year of self-financing. The HRA Business Plan sets out estimates of revenue headroom and how this will be invested, including improvements to the council's housing stock, and new build including the development of Mead Court and garden sites.

The key issues for the HRA will be:

- ensuring that delivery of the HRA Business Plan is on course
- maintaining clear plans which demonstrate how headroom is to be used.
- applying UDC rent setting policy and ensuring that income is maximised where appropriate
- monitoring the effects of Right To Buy invigoration
- ensuring that the Housing Service has the capacity to deliver the plan.

In the event of slippage in the use of revenue headroom, the council will need to consider whether to pay off a proportion of the £88.4m debt it has been required to take on under the self-financing reform. The debt has been structured so that it is repaid in years 6 to 30 i.e. from 2017/18 to 2041/42. However, up to £10m can be paid off early without financial penalty.

Committee: Scrutiny Committee

Date: 10 February 2015

Title: Treasury Management Strategy 2015/16

Author: Cagdas Canbolat – Specialist Accountant

Agenda Item

12

Item for
decision

1.0 Summary

- 1.1 The Council's cash-flow management, use of banks, investments and borrowing is governed by the Treasury Management Strategy (TM strategy).
- 1.2 The CIPFA Code of Practice for Treasury Management in Public Services (the "TM Code") requires the Council to determine its Treasury Management Policy and Strategy for 2015/16 and the following 2 years. However a five year strategy has been prepared to be consistent with the Medium Term Financial Strategy period.
- 1.3 The Local Government Act 2003 also requires Local Authorities to adopt Prudential Indicators and Minimum Revenue Provision Statements, see Appendices A1 and A2.
- 1.4 The TM strategy, *Appendix A*, will continue to give priority to security and liquidity of investment capital over return. It will also be prudent and transparent.
- 1.5 The strategy assumes no new external borrowing. Investments will continue to be prudent and diversify Council surplus cash within the parameters permitted.
- 1.6 There is an opportunity for the Scrutiny Committee to review the report and provide comments in support of the recommendations, or to propose alternatives.
- 1.7 Examples of the questions Scrutiny may wish to consider are:
 - Is the strategy consistent with advice provided by Arlingclose?
 - Does the strategy ensure that the Council's exposure to risk is appropriate and properly managed? Has the right balance been struck between safeguarding funds and earning a return?
 - What do the Prudential Indicators say about the appropriateness of the Council's plans?

2.0 Recommendations

2.1 The Scrutiny Committee is requested to endorse the following documents to Cabinet on 17 February 2015 and Full Council on 26 February 2014:

- Treasury Management Strategy 2015/16, Appendix A.
- Prudential Indicators, Appendix A1.
- Minimum Revenue Provision (MRP) Statement, Appendix A2
- Economic Forecast, Appendix A3

3.0 Impact

Communication/Consultation	No specific implications
Community Safety	No specific implications
Equalities	No specific implications
Finance	The financial impact and the associated arrangements for managing risk are included in the body of the report.
Health and safety	No specific implications
Human Rights	No specific implications
Legal implications	The strategy fulfils requirements of the LGA 2003
Ward-specific impacts	No specific implications
Workforce /Workplace	No specific implications

4.0 Background

4.1 The Council has adopted the TM Code which requires the Council to approve a Treasury Management Strategy before the start of each financial year.

4.2 In addition, the Department for Communities and Local Government (DCLG) issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Council to approve an Investment Strategy before the start of each financial year.

4.3 The Treasury Management Strategy fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the TM Code and the DCLG Guidance.

4.4 The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's Treasury Management Strategy and to mitigate these risks.

5.0 Background Papers

5.1 None

Risk Analysis			
Risk	Likelihood	Impact	Mitigating actions
Credit/Liquidity/Refinancing and Market risks	2	2	<p>Council compliance with the legal framework as set out in the local Government Act 2003 (as amended), associated regulations and professional Codes of Practice/guidance.</p> <p>Compliance monitored regularly through:</p> <ul style="list-style-type: none"> • adoption of TM Policy and Strategy • Mid year TM progress report to Cabinet/Council • Annual TM outturn Report to Cabinet/Council. • TM procedures

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

Treasury Management Strategy

2015/16

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2. Policies & Objectives	Appendix A2. MRP Statement
3. Reporting Requirements	Appendix A3. Economic Forecast
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5. Borrowing Strategy	
6. Debt Rescheduling	
7. Investment Strategy	
8. Risk Assessment	
9. Liquidity Management	
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11 Treasury Management Procedures	



1.0 - Introduction

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management requires the preparation of an annual Treasury Management Strategy Statement (TMSS).

1.2 Treasury Management activities are defined by CIPFA as:

“The management of the Council’s investments, borrowing and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimal performance consistent with those risks.”

1.3 The Council regards the successful identification, monitoring and control of risk to be prime criteria by which the effectiveness of its treasury management activities will be measured. Therefore, any reporting of treasury management activities will focus on the

risk to the Council and the management of such risks.

1.4 The main risks to the Council’s treasury activities are:

- Liquidity risk (inadequate cash resources)
- Market or interest rate risk (fluctuations in interest rates)
- Inflation risk (exposure to change in prices)
- Credit and counterparty risk (security of investments)
- Refinancing risks (impact of debt maturing in future years)
- Legal and regulatory risk (i.e. non-compliance with requirements)

1.5 The main changes from the strategy adopted in 2014/15 are:

The counterparty list has been revised to include Fire Authorities and Police Authorities.

The new strategy also recognises that counterparty list regularly changes during the financial year and the Council will set a maximum cash, credit rating and time limit for relevant counterparties as it sees appropriate for the Council and also work within the parameters regularly advised by Treasury Management Consultants, Arlingclose through their counterparty list.

The Council has also reduced its minimum credit rating requirement due to the expected overall credit rate lowering by credit rating agencies following the implementation of bail-in legislation.

The strategy overall provides more opportunity to diversify the surplus of cash in order to reduce the risk the Council is exposed to within the financial markets.

2.0 - Policies and Objectives

2.1 The Council acknowledges that effective Treasury Management will provide support towards the achievement of its business and services objectives. Therefore, it is committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance measurement techniques within the context of effective risk management.

2.2 The Council's borrowing will be affordable, ensuring appropriate provision is made within the revenue budget to repay debt. It should also be sustainable and prudent, consideration being given to the management of interest rate risk and risks associated with refinancing. Also, the Council's borrowing activities will be transparent as will its control of its debt.

2.3 With regards to the Council's Investment Strategy the key focus and order of priority will be as follows:

- 1) Security
- 2) Liquidity
- 3) Return

3.0 - Reporting Requirements

3.1 In line with best practice, Members are required to receive and approve, as a minimum, three main reports each year. The report which should accompany the Council’s budget strategy and Medium Term Financial Strategy (MTFS) is to be reviewed by Scrutiny Committee prior to approval by Cabinet and referral to Full Council. The main reports to be reviewed during the year are:

a) Mid-Year Treasury Management Report:

updating Cabinet with progress on the capital position, amending the prudential indicators or Investment Counterparty list as necessary and in general revising the TM strategy if need be.

b) An Annual Treasury Management Outturn Report:

Providing details of actual prudential and treasury indicators and actual treasury operations compared to the estimates included in the strategy. The report will be presented to Cabinet in September 2014 after the financial year end.

c) Treasury Management Regular Reports:

included within the General Fund, Housing Revenue Account and Capital Programme budget monitoring reports received by the Cabinet as scheduled in the Committee reporting timetable.

4.0 - External Context

- 4.1 There is momentum in the UK economy, with a continued period of growth through domestically-driven activity and strong household consumption. There are signs that growth is becoming more balanced. The greater contribution from business investment should support continued, albeit slower, expansion of GDP. However, inflationary pressure is benign and is likely to remain low in the short-term. There have been large falls in unemployment but levels of part-time working, self-employment and underemployment are significant and nominal earnings growth remains weak and below inflation.
- 4.2 The MPC's focus is on both the degree of spare capacity in the economy and the rate at which this will be used up, factors prompting some debate on the Committee.

- 4.3 Credit outlook: The continued global economic recovery has led to a general improvement in credit conditions since last year. This is evidenced by a fall in the credit default swap spreads of banks and companies around the world. However, due to the above legislative changes, the credit risk associated with making unsecured bank deposits will increase relative to the risk of other investment options available to the Authority.
- 4.4 Interest rate forecast:

The Authority's treasury management advisor Arlingclose forecasts the first rise in official interest rates in August 2015 and a gradual pace of increases thereafter, with the average for 2015/16 being around 0.75%. Arlingclose believes the normalised level of the Bank Rate post-crisis to range between 2.5% and 3.5%.

- 4.5 A more detailed economic and interest rate forecast provided by the Arlingclose is attached at **Appendix A3**.

5.0 - Borrowing Strategy

- 5.1 The Council maintained an ‘under-borrowed’ position up until 28th March 2012. This means that the Capital Financing Requirement was not funded with new external debt as cash supporting the Council’s reserves balances and cash flow have been used. This position changed with the need to borrow to finance the HRA ‘Self Financing’ payment.
- *If there is a significant risk of a sharper rise in long and short term rates than forecast then the debt portfolio position will be reappraised; with consideration given to fixed rate funding whilst rates are still relatively cheap.*
- 5.2 The Medium Term Financial Strategy (MTFS) is based on the following borrowing assumptions for the next five years:
- *To finance capital expenditure by continuing to run down cash balances and forego interest income at historically low interest rates.*
 - *The Council has signed up for the Government’s new ‘certainty rate’ for local authorities of 0.2% below the standard PWLB rates but the arrangement will not be required for 2015/16 as the intention is to use internal borrowing which is currently more cost effective.*
- 5.3 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.
- 5.4 By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. Whilst such a strategy is most likely to be beneficial over the next 2-3 years as official interest rates remain low, it is unlikely to be sustainable in the medium-term.
- 5.5 In addition, the Council may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages.
- 5.6 The approved sources of long-term and short-term borrowing are:
- Public Works Loan Board and its successor body
 - UK local authorities
 - any institution approved for investments
 - any other bank or building society authorised by the Prudential Regulation Council to operate in the UK
- 5.7 The Council has previously raised £88.407m of long-term borrowing from the Public Works Loan Board.

6.0 - Debt Rescheduling

6.1 The Council’s debt portfolio can be restructured through the premature repayment of loans and refinancing to reduce interest rate risk and make savings in the revenue budgets.

6.2 The Council currently pays approximately £2.6m each year towards interest cost for the £88.407m loan borrowed from PWLB.

6.3 The Council has the option of paying off some of the loans prior to maturity in order to benefit from discount rates and save on future interest rate payments if cash flow forecast permits. Following discussions with the Council’s Treasury Management consultants it is agreed that the Council could benefit from future discount rates offered by Public Works Loan Board (PWLB) and overall reduce cost to the Council. With the assistance of the Council’s treasury advisors, the debt portfolio will be kept under review to take advantage of any rescheduling opportunities.

January 2015 – Fixed Rate Loans Only

Start Date	Maturity Date	Years to Final Maturity	Principal	Coupon Rate	(Premium)/Discount	Redemption Amount Excluding Interest
28/03/2012	28/03/2024	9.2	£3,000,000	2.70%	(£351,482)	£3,351,482
28/03/2012	28/03/2034	19.2	£4,000,000	3.37%	(£912,636)	£4,912,636
28/03/2012	28/03/2036	21.2	£4,000,000	3.42%	(£976,938)	£4,976,938
28/03/2012	28/03/2032	17.2	£4,000,000	3.30%	(£843,896)	£4,843,896
28/03/2012	28/03/2025	10.2	£3,000,000	2.82%	(£396,950)	£3,396,950
28/03/2012	28/03/2026	11.2	£3,000,000	2.92%	(£437,133)	£3,437,133
28/03/2012	28/03/2028	13.2	£3,000,000	3.08%	(£514,208)	£3,514,208
28/03/2012	28/03/2037	22.2	£5,000,000	3.44%	(£1,254,210)	£6,254,210
28/03/2012	28/03/2023	8.2	£2,000,000	2.56%	(£203,229)	£2,203,229
28/03/2012	28/03/2039	24.2	£5,000,000	3.47%	(£1,337,531)	£6,337,531
28/03/2012	28/03/2031	16.2	£4,000,000	3.26%	(£810,551)	£4,810,551
28/03/2012	28/03/2041	26.2	£5,000,000	3.49%	(£1,406,088)	£6,406,088
28/03/2012	28/03/2029	14.2	£3,000,000	3.15%	(£546,216)	£3,546,216
28/03/2012	28/03/2027	12.2	£3,000,000	3.01%	(£477,388)	£3,477,388
28/03/2012	28/03/2038	23.2	£5,000,000	3.46%	(£1,295,764)	£6,295,764
28/03/2012	28/03/2042	27.2	£5,407,000	3.50%	(£1,574,953)	£6,981,953
28/03/2012	28/03/2035	20.2	£4,000,000	3.40%	(£948,829)	£4,948,829
28/03/2012	28/03/2040	25.2	£5,000,000	3.48%	(£1,366,852)	£6,366,852
28/03/2012	28/03/2033	18.2	£4,000,000	3.34%	(£882,131)	£4,882,131
28/03/2012	28/03/2030	15.2	£4,000,000	3.21%	(£775,770)	£4,775,770
		19.0	£78,407,000	3.28%	(£17,312,754)	£95,719,754

7.0 - Investment Strategy

- 7.01 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council’s outstanding investment balance has ranged between £18m and £38 million, and similar levels are expected to be maintained in the forthcoming year.

7.04 Given the increasing risk and continued low returns from short term unsecured bank investments the Council aims to diversify into more secure and/or higher yield during 2015/16.

7.07 For liquidity reasons and to ensure optimum interest the Council should hold no more than £1.5m of cash overnight on the Barclay Bank General Bank, i.e. callable account, excluding the deposit account
- 7.02 Both the CIPFA Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk receiving unsuitably low investment income.

7.05 Current Account:

The Council banks with Barclays plc which meets the Council’s minimum credit criteria, BBB+. Even if the banks credit rating fell below the Council’s minimum rating the bank would continue to be used to facilitate short term liquidity requirements (overnight and weekend investments) and to provide business continuity arrangements.

7.08 The Council will also have the flexibility to open accounts with other banks subject to meeting Council’s minimum credit criteria and the parameters listed within the Counterparty list. The Council will be able to hold cash balances of up to £1m, excluding fixed term deposits, per callable account with other Banks. Therefore cash balances in these accounts can be requested on the same day to help with Council’s cash flow requirements during the year and earn interest returns at the same time.
- 7.03 The Council may invest its surplus funds with any of the counterparties in section 7.17 subject to the cash, credit rating and time limits shown.

7.06 In determining the maximum investment with Barclays plc the Council will need to exclude the balance on the Deposit and General account which are all non-fixed cash balances and are callable at any time.

7.09 This level of diversification will ensure security and liquidity of the investments the Council makes on a daily basis as part of its treasury management arrangements.

7.10 Banks Unsecured:

These are accounts, deposits and building societies. 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. Unsecured investments with banks rated BBB or BBB- are restricted to overnight deposits at the Authority’s General Bank Account with Barclays plc.

7.11 Government:

These are loans, bonds and bills issued or guaranteed by national governments, regional and local authorities. 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.

7.12 Money Market Funds

These funds are pooled investment vehicles consisting of money market deposits and similar instruments. They have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager. Fees between 0.10% and 0.20% per annum are deducted from the interest paid to the Council. 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. The Council currently only uses UK domiciled Money Market Funds. In 2014/15 the Council only invested in the public sector deposit fund.

7.13 Use of Financial Instruments

Although legislation has opened up the ability of Councils to operate in a similar manner to a corporate body (General Power of Competence – Localism Act 2011) and use financial derivatives to manage its treasury management risks. The Council does not at present intend to use derivative financial instruments to manage treasury management risk.

7.14 Treasury-Bills (T-Bills):

These are short term securities issued by HM Treasury on a discount basis. For example a £100 coupon will be issued below its value to the investor and on maturity the investor will receive £100. The difference will be the interest received. The security can also be cashed before maturity in the active secondary market giving the lending party more freedom to cash in the T-bill before maturity date. The Council has invested in T-Bills in 2014/15 using Barclays Plc as the Custodian account.

7.15 Government Gilts:

Conventional gilt is a liability of the Government which guarantees to pay the holder of the gilt a fixed cash payment (coupon) every six months until the maturity date, at which point the holder receives the final coupon payment and the return of the principal. The Council has not invested in Gilts in 2014/15.

7.16 Specified Investments:

The CLG Guidance defines specified investments as those denominated in pound sterling and due to be repaid within 12 months of arrangement. Also not defined as capital expenditure by legislation, and invested with the UK Government, a UK local Authority, or a body or investment scheme of “high credit quality”.

7.17 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.

7.18 Given the Council’s current risk appetite in the current economic climate the Council is not willing to consider ‘Non Specified’ investments.

7.19 Investment Limits

The Council’s revenue reserves available to cover investment losses are forecast to be £10.547 million on 31st March 2015.

Counterparty list:

General Counterparty list *		Cash limit	Time limit
Banks and other organisations whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:	AAA	£2m	365 days
	AA+	£2m	365 days
	AA	£2m	365 days
	AA	£2m	365 days
	AA-	£2m	365 days
	A+	£2m	182 days
	A	£2m	182 days
	A-	£2m	182 days
	BBB+	£1m	100 days
Council's General bank account if it fails to meet the above criteria, excluding fixed term deposit accounts		£1.5m	next day
UK Central Government (irrespective of credit rating)		unlimited	50 years
UK Local Authorities including Fire and Police (irrespective of credit rating), per authority		£3m	182 days
UK Building Societies without credit ratings		£1m	100 days
Saffron Building Society		£0.5m	100 days
Money Market Funds, UK Domiciled per fund	AAA	£1m	next day

* The list is the maximum risk appetite the Council is willing to take and will not invest with Counterparties outside of the Arlingclose Counterparty list. Furthermore UDC will not exceed the cash, credit rating and time limit set by Arlingclose in their regularly updated counterparty report

7.20 Approved Instruments:

The Council may lend or invest money using any of the following instruments:

- interest-bearing bank accounts
- fixed term deposits and loans,
- Government Treasury Bills (T-Bills)
- Money Market Funds and other pooled funds.

7.21 Investments may be made at either a fixed rate of interest, or at a variable rate linked to a market interest rate, such as LIBOR, subject to the limits on interest rate exposures below.

8.0 - Risk Assessment

8.1 Where applicable, the Council uses long-term credit ratings from the three main rating agencies Fitch Ratings, Moody’s Investors Service and Standard & Poor’s Financial Services to assess the risk of investment default. The lowest available counterparty credit rating will be used to determine credit quality, unless an investment-specific rating is available. Credit ratings are obtained and monitored by the Council’s 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 investments 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 existing investments with the affected counterparty.

8.2 Credit rating:

The Council 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. 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.

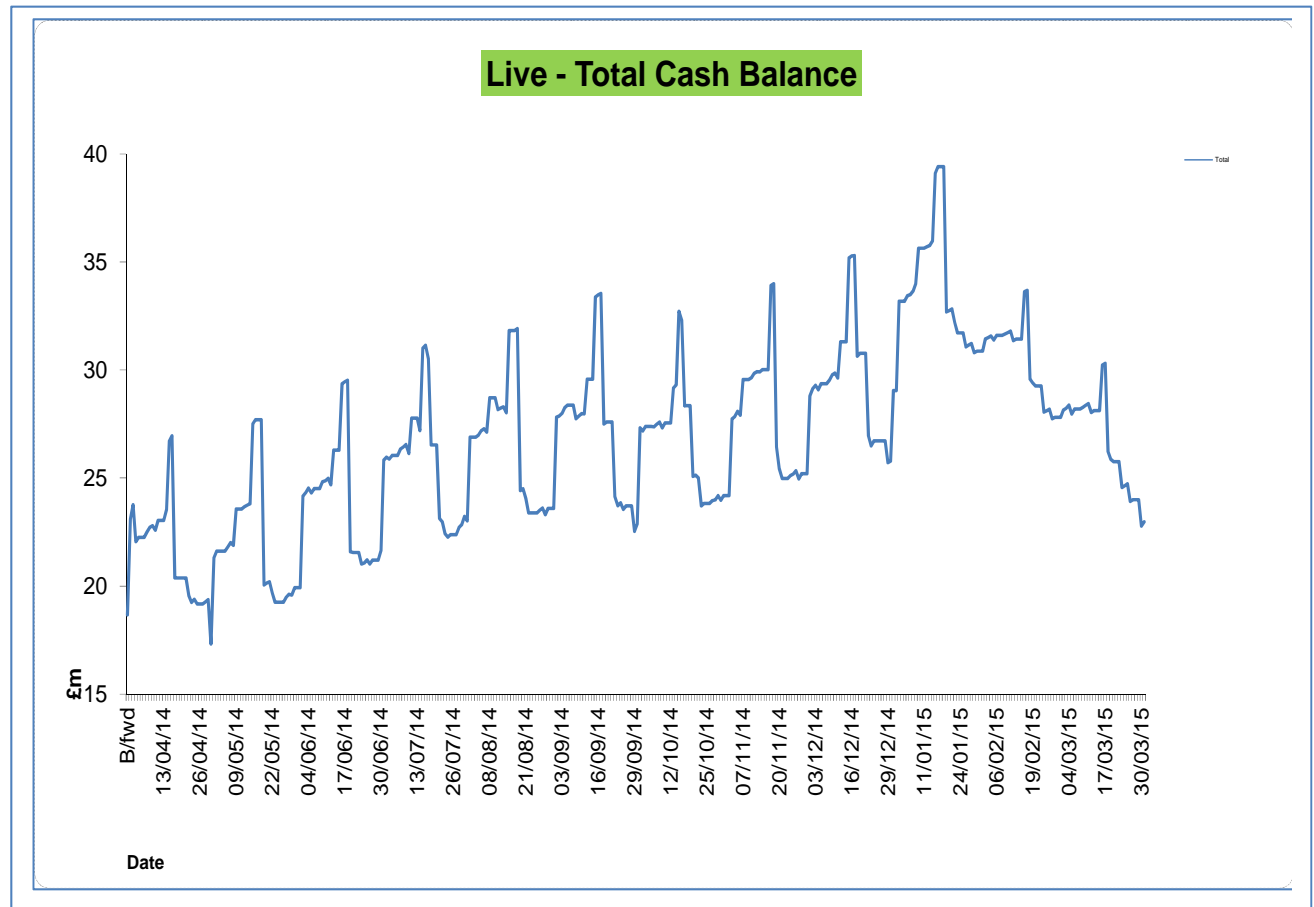
8.3 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security.

8.4 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 Council’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office 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 invested.

9.0 - Liquidity Management

9.1 The Council uses cash flow forecasting spreadsheets to determine the maximum period for which funds may prudently be committed.

9.2 The forecast is compiled on a prudent basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council’s medium term financial plan and cash flow forecast.



10.0 - Governance Arrangements

10.1 Treasury Management Scheme of Delegation:

The following lists the main treasury management responsibilities in relation to the relevant individual/Committee:

Full Council:

Approval of the Treasury Management Strategy, Prudential Indicators and Minimum Revenue Provision.

Cabinet:

Reviews the Treasury Management Strategy and recommends the Strategy for approval by Full Council. Receive reports on Treasury Management activities.

Performance and Audit Committee:

Monitors compliance with the Council’s Financial Regulations.

Scrutiny Committee:

Assists in the development of budget and policy framework. Reviews and scrutinises policy objectives and performance targets.

S151 Officer – Director of Finance and Corporate Services:

Implements and monitors the Treasury Management Strategy. Reports to Cabinet no less than three times in each financial year on treasury management activities and the relevant delegated powers.

One activity report must comprise the annual treasury management outturn report. To be reported to Cabinet by the September following the end of the financial year.

11.0 - Treasury Management Procedures

11.1 Treasury Management Procedures (TMP's) will be reviewed on an annual basis prior to the commencement of the financial year and will be in compliance with CIPFA's guidance on Treasury Management Practices.

11.2 Role of Treasury Management Advisors:

The Council uses Arlingclose as its treasury management advisors, which provides access to specialist skills/resources in the following areas:

- Credit Advice
- Investment advice
- Technical advice
- Economic and interest rate forecasts
- Workshops and training events
- HRA support, etc

11.3 The quality of the service provided by Arlingclose reviewed by the Chief Finance officer and other relevant staff members.

11.4 In applying the Council's agreed terms of appointment and undertaking timely reviews of the service provided; the value added from the appointment can be assessed and properly documented.

11.5 The Council recognises that the responsibility for treasury management decisions remains with the Council at all times and will ensure that the appropriate training and decision making process does not place undue reliance on the advisors.

11.6 Training:

CIPFA's Code of Practice requires the S151 Officer to ensure that all officers and members tasked with treasury management responsibilities, including scrutiny of the TM function receive appropriate training and understand fully their roles and responsibilities.

12.0 – Existing Investment & Debt Portfolio Position

Forecast Investment and Debt Portfolio Position	
As at 31st March 2015	
Balance Sheet Extract	Forecast £'000
External Borrowing:	
Variable Rate PWLB	10,000
Fixed Rate PWLB	78,407
Total External Borrowing	88,407
Other Long Term Liabilities:	
PFI	5,053
Finance Leases	14
Pension Liability	0
Total Long Term Liabilities	5,067
Total Gross Debt	93,474
Investments	
Long Term Investments	0
Short Term Investments	21,000
Cash and Cash Equivalents	2,416
Total Investments	23,416
Net Borrowing	70,058

Prudential Indicators

2015/16

Contents

1. Introduction
2. Background
3. Capital Expenditure
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5. Operational Boundary for External Debt
6. Authorised Limit for External Debt
7. Ratio of Financing Costs to Net Revenue Stream
8. Incremental Impact of Capital Investment Decisions
9. Interest Rate Exposure
10. Liquidity / Refinancing



1.0 - Introduction

- 1.1 This report covers the requirements of the 2011 CIPFA Prudential Code (as amended in 2012) to set prudential indicators. This item should be approved by the full Council before the start of the new financial year which is a legislative requirement.

2.0 - Background

- 2.1 Prudential Indicators 2015/16:
- The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow.
- 2.2 The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice.
- 2.3 To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.



3.0 – Capital Expenditure

3.1 The Council's planned capital expenditure and financing may be summarised as follows:

Capital Expenditure - General Fund £000s	2014/15 Current Budget	2014/15 Forecast Spend	2015/16 Budget	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget	Total
Total Capital Expenditure	2,419	2,347	3,979	1,022	1,321	701	2,611	14,400
Financing - General Fund								
Grants & Contributions	-420	-1,008	-1,603	-103	-103	-103	-103	-3,443
Revenue Contributions	-1,353	-910	-1,030	-297	-298	-300	-300	-4,488
General Fund Capital Receipts	0	-70	0	0	0	0	0	-70
Internal Borrowing	-646	-359	-1,346	-622	-920	-298	-2,208	-6,399
Total Capital Financing	-2,419	-2,347	-3,979	-1,022	-1,321	-701	-2,611	-14,400
Net Financing Need (External Borrowing)	0	0	0	0	0	0	0	0

Housing Revenue Account Capital Schemes £000s	2014/15 Current Budget	2014/15 Forecast Spend	2015/16 Budget	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget	Total
Total Capital Expenditure	9,797	7,648	9,774	9,174	5,028	5,691	5,545	52,657
Financing - Housing Revenue Account								
Major Repairs Reserve Contribution	-3,227	-3,227	-3,334	-3,427	-3,502	-3,578	-3,541	-23,836
HRA Financial Headroom - Specific Schemes	-3,720	-1,619	-2,432	-2,802	-1,046	-719	-1,439	-13,777
HRA Revenue Contributions	-1,291	-1,221	-1,066	-626	-210	-797	-50	
HRA Headroom - Funded from reserves	-835	0	-1,374	-1,405	0	-417	-335	-4,366
Grants & Contributions	0	0	-800	0	0	0	0	-800
S106 - Housing Partnership Funding - HRA	0	-1,192	-434	0	0	0	0	-1,626
Capital Receipts - RTB	-724	-389	-334	-176	-270	-180	-180	-2,253
Internal Borrowing	0	0	0	-738	0	0	0	-738
Total Financing	-9,797	-7,648	-9,774	-9,174	-5,028	-5,691	-5,545	-52,657
Net Financing Need (External Borrowing)	0	0	0	0	0	0	0	0

4.0 – Capital Financing Requirement

4.1 Estimates of Capital Financing Requirement:

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

CAPITAL FINANCING REQUIREMENT	Forecast 2014/15 £'000	Estimate 2015/16 £'000	Estimate 2016/17 £'000	Estimate 2017/18 £'000	Estimate 2018/19 £'000	Estimate 2019/20 £'000
General Fund	9,752	9,412	10,100	9,993	10,059	11,409
Housing Revenue Account (HRA)	88,407	88,407	89,144	88,261	86,260	84,260
TOTAL	98,159	97,819	99,244	98,254	96,319	95,669

5.0 – Operational Boundary

5.1 The operational boundary is based on the Council's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

6.0 - Authorised Limit

6.1 The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Prudential Indicator	Forecast 2014/15 £'000	Estimate 2015/16 £'000	Estimate 2016/17 £'000	Estimate 2017/18 £'000	Estimate 2018/19 £'000	Estimate 2019/20 £'000
Operational Boundary	93,474	93,364	93,261	91,149	89,028	86,897
Authorised Limit	101,474	101,364	101,261	99,149	97,028	94,897

7.0 – Ratio of Financing Costs to Net Revenue Stream

7.1 Ratio of Financing Costs to Net Revenue Stream:

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

ESTIMATE OF THE RATIO OF FINANCING COSTS TO NET REVENUE	Forecast 2014/15	Estimate 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20
	%	%	%	%	%	%
General Fund	8.00%	8.18%	9.04%	9.48%	9.76%	9.25%
Housing Revenue Account	17.10%	16.93%	16.76%	16.57%	16.17%	15.73%

8.0 – Incremental Impact of Capital Investment Decisions

8.1 Incremental Impact of Capital Investment Decisions:

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and housing rent levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed earlier in this report.

INCREMENTAL IMPACT OF CAPITAL INVESTMENT	Forecast 2014/15	Estimate 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20
	£	£	£	£	£	£
General Fund, Council Tax Impact	13.51	49.71	8.96	19.32	4.11	0.00
Housing Revenue Account (AWR)	16.03	-0.99	4.65	18.52	-6.28	0.00

AWR = Average Weekly Rent

9.0 – Interest Rate Exposure

9.1 Interest Rate Exposures:

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the amount of net interest payable.

Interest Rate Exposure	Forecast 2014/15 £'000	Estimate 2015/16 £'000	Estimate 2016/17 £'000	Estimate 2017/18 £'000	Estimate 2018/19 £'000	Estimate 2019/20 £'000
Limit and Fixed Interest Rate paid on Net Debt	2,570	2,570	2,570	2,570	2,570	2,570
	3.28%	3.28%	3.28%	3.28%	3.28%	3.28%
Limit and Variable Interest Rate paid based on Net Debt	75	100	125	150	140	120
	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%

Fixed Rate Limit 4%
Variable Rate Limit 2%

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10.0 – Liquidity / Refinancing

10.1 Maturity Structure of Borrowing:

This indicator is set to control the Council's exposure to refinancing risk. This is the upper limit on the maturity structure of **fixed** rate borrowing.

10.2 The limits are set for each category to ensure that the Council avoids fixed rate loans being matured in one time and spreads that across several periods.

Liquidity/Refinancing	2015/16 £000's
Maturity Structure - Upper Limit	
Under 5 Years	4,000
5 years to 10 years	14,000
11 years to 20 years	36,000
21 years and above	34,407
Total	88,407

An example for clarity: If the Council decides to borrow £5m **fixed rate** loan in 2015/16 it must ensure that the Council's total **fixed** rate loan should not all mature within the next five years as it is capped at £4m.

Minimum Revenue Provision Statement

2015/16

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1.0 - Introduction

2.0 - Background

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|--|--|--|
| <ul style="list-style-type: none"> 1. Introduction 2. Background 3. UDC MRP Statement 4. CFR / MRP Table | <ul style="list-style-type: none"> 1.1 This report covers the requirements of the latest Guidance on Minimum Revenue Provision for an annual MRP statement. The Statement should be approved by the full Council before the start of the new financial year which is a legislative requirement. | <ul style="list-style-type: none"> 2.1 Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum charge since 2008. The Local Government Act 2003 requires the Council to have regard to the Department for Communities and Local Government's / Department of Environment's <i>Guidance on Minimum Revenue Provision</i> (the DCLG/DOE Guidance) most recently issued in 2012/2011. 2.2 The broad aim of the DCLG/DOE Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant. |
|--|--|--|

3.0 - UDC Minimum Revenue Provision Statement

- 3.1 The DCLG/DOE Guidance requires the Council to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.
- 3.2 For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by either charging the expenditure over the useful economic life of the relevant assets in equal instalments or as the principal repayment on an annuity with a specifically determined annual interest rate, starting in the year after the asset becomes operational. If additional financing capacity permits the authority reserves the right to charge MRP over shorter periods to help with minimising the level of the capital financing requirement burden in subsequent years.
- 3.3 Where MRP is charged over the useful economic life of the asset it will be consistent with the write down period adopted for the same assets in the Council’s accounting policy for depreciation.
- 3.4 For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- 3.5 MRP in respect of the £88.407m payment made in 2012 to exit the Housing Revenue Account subsidy system will be determined as being equal to the principal amount repaid on the loans borrowed to finance that payment.
- 3.6 Expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged to revenue in the year the expenditure is incurred. Examples of this expenditure include Community Grants, Disabled Facilities Grants and Private Sector Renewal Grants.
- 3.7 Expenditure related to capital contracts which is classified as work in progress at year-end, will be fully financed in the year the expenditure is incurred.

4.0 – CFR / MRP Tables

	31.03.2015 Estimated CFR	2014/15 Estimated MRP
	£m	£m
Capital expenditure before 01.04.2008	-	-
Supported capital expenditure after 31.03.2008	-	-
Unsupported capital expenditure after 31.03.2008	4.685	0.361
Finance leases and Private Finance Initiative	5.067	0.106
Transferred debt	-	-
Loans to other bodies	-	Nil
Total General Fund	9.752	0.467
Assets in the Housing Revenue Account	0.000	Nil
HRA subsidy reform payment	88.407	-
Total Housing Revenue Account	88.407	0.000
Total	98.159	0.467

Economic Forecast

2015/16

Arlingclose Economic & Interest Rate January 2015:**Underlying assumptions:**

The UK economic recovery slowed towards the end of 2014, with economic and political uncertainty weighing on business investment. However, the Q3 growth rate of 0.7% remains slightly above the long run average, suggesting the recovery remains robust.

Household consumption is key to the recovery in 2015. While we expect consumption growth to slow, given softening housing market activity and slower employment growth, the fall in inflation and resulting rise in both real (and nominal) wage growth and disposable income should support spending.

Inflationary pressure is currently low (annual CPI is currently 0.5%) and is likely to remain so in the short-term. The fall in oil prices has yet to feed fully into the prices of motor fuel and retail energy and CPI is expected to fall further. Supermarket price wars are also expected to bear down on food price inflation.

The MPC's focus is on both the degree of spare capacity in the economy and the rate at which this will be used up, factors prompting some debate on the Committee.

Nominal earnings growth is strengthening, but remains relatively weak in historical terms, despite large falls in unemployment. Our view is that spare capacity remains extensive. The levels of part-time, self-employment and underemployment are significant and indicate capacity within the employed workforce, in addition to the still large unemployed pool. Productivity growth can therefore remain weak in the short term without creating undue inflationary pressure.

However, we also expect employment growth to slow as economic growth decelerates. This is likely to boost productivity, which will bear down on unit labour costs and inflationary pressure.

In addition to the lack of wage and inflationary pressures, policymakers are evidently concerned about the bleak prospects for the Eurozone. These factors will maintain the dovish stance of the MPC in the medium term. The MPC clearly believes the appropriate level for Bank Rate for the post-crisis UK economy is significantly lower than the previous norm. We would suggest this is between 2.5 and 3.5%.

The ECB has introduced outright QE as expected. While this may alleviate some of the anxiety about the economic potential of the Eurozone, political risk remains significant (e.g. Greek election). Therefore fears for the Eurozone are likely to maintain a safe haven bid for UK government debt.

Forecast:

We continue to forecast the first rise in official interest rates in Q3 2015, but the risks to this forecast are very much weighted to the downside. The February Inflation Report will be key to our review of the possible path for Bank Rate. We project a slow rise in Bank Rate. The pace of interest rate rises will be gradual and the extent of rises limited; we believe the normalised level of Bank Rate post-crisis to range between 2.5% and 3.5%.

Market sentiment (derived from forward curves) has shifted significantly lower in the past three months; market expectations are now for a later increase in interest rates and a more muted increase in gilt yields.

The short run path for gilt yields has flattened due to the sharp decline in inflation expectations. We project gilt yields on an upward path in the medium term.

The short run path for gilt yields is flatter due to the deteriorating Eurozone situation. We project gilt yields on an upward path in the medium term.

	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Official Bank Rate													
Upside risk				0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.75	1.75	1.75
Downside risk			0.25	0.25	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.00	1.00
3-month LIBID rate													
Upside risk	0.10	0.20	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.55	0.60	0.80	0.90	1.05	1.15	1.30	1.40	1.55	1.65	1.80	1.95	2.00
Downside risk	0.15	0.20	0.30	0.40	0.55	0.65	0.75	0.85	0.95	0.95	0.95	0.95	1.00
1-yr LIBID rate													
Upside risk	0.10	0.20	0.20	0.30	0.30	0.30	0.30	0.30	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.95	1.00	1.20	1.30	1.45	1.55	1.70	1.80	1.95	2.05	2.20	2.35	2.40
Downside risk	0.15	0.20	0.30	0.50	0.55	0.60	0.65	0.70	0.75	0.80	0.80	0.80	0.80
5-yr gilt yield													
Upside risk	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.50	0.50
Arlingclose Central Case	1.10	1.20	1.30	1.40	1.50	1.65	1.80	1.95	2.10	2.20	2.35	2.40	2.50
Downside risk	0.35	0.35	0.40	0.45	0.50	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.75
10-yr gilt yield													
Upside risk	0.35	0.40	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.50	0.50	0.55	0.55
Arlingclose Central Case	1.60	1.70	1.80	1.90	2.00	2.15	2.30	2.45	2.60	2.70	2.85	2.90	3.00
Downside risk	0.35	0.35	0.40	0.45	0.50	0.50	0.55	0.60	0.65	0.70	0.70	0.75	0.80
20-yr gilt yield													
Upside risk	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55	0.55
Arlingclose Central Case	2.10	2.20	2.30	2.35	2.45	2.50	2.65	2.75	2.90	3.00	3.15	3.20	3.30
Downside risk	0.35	0.40	0.50	0.60	0.70	0.75	0.75	0.75	0.80	0.85	0.85	0.90	0.90
50-yr gilt yield													
Upside risk	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55	0.55
Arlingclose Central Case	2.15	2.25	2.35	2.40	2.50	2.55	2.70	2.80	2.95	3.05	3.20	3.25	3.35
Downside risk	0.35	0.40	0.50	0.60	0.70	0.75	0.75	0.75	0.80	0.85	0.85	0.90	0.90

Committee: Scrutiny

Agenda Item

Date: 10 February 2015

13

Title: Capital Programme 2015/16 – 2019/20

Author: Angela Knight, Assistant Director Finance

Item for decision

Summary

1. The Capital programme is for the next 5 years, 2015/16 to 2019/20.
2. Capital Expenditure relates to spending on schemes and assets that have a long term value and exceeds cost of £10,000.
3. The programme details planned Capital Expenditure on the Council's buildings, vehicles and ICT assets.
4. The programme includes Capital Grants to other organisations and individuals.
5. The programme is for both General Fund and Housing Revenue Account assets and schemes.
6. This is an opportunity for the Scrutiny Committee to review the report and provide comments in support of the recommendations, or to propose alternatives. Examples of the questions Scrutiny may wish to consider are:
 - Do the proposed items in the Programme provide tangible outcomes and value for money?
 - How do we ensure that capital grants given to outside bodies and individuals achieve the intended outcomes?
 - Are the financing methods appropriate, and built into the revenue budgets?

Recommendations

7. The Scrutiny Committee is requested to endorse the following recommendation to Cabinet, or suggest alternatives.
8. The Cabinet is requested to approve, for recommendation to Full Council, the Capital Programme and associated financing of the programme as set out in this report.

Financial Implications

9. The revenue costs of financing the Capital Programme have been built into the HRA and General Fund budgets detailed elsewhere on the agenda.

Background Papers

10. None

Impact

11.

Communication/Consultation	None
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Capital Programme 2014/15 – 2019/20

12. Appendix A shows a summary table of all the capital projects and their costs for each year.
13. Appendix B details all the capital programmes by Portfolio and gives details of the type of expenditure and the scheduled programme of works for each year.
14. The Capital Programme is an evolving and rolling programme year on year.
15. Appendix C details the financing of the Capital Programme.
16. The schemes of works detailed in the programme are proposed to be funded by the following means:
 - Grants
 - S106 contributions
 - Revenue contributions
 - Capital receipts and internal borrowing
 - The HRA will also use the 'Financial Headroom' available
17. No external borrowing is required to finance the 5 year Capital Programme detailed in this report.
18. The HRA capital financing includes a contribution from the Major Repairs Reserve which is the equivalent to the annual depreciation charge on council dwellings and other HRA assets. This funding is used to support the annual capital repairs budget.
19. A regular update on the capital programme and associated financing is included in the Budget Monitoring reports presented to Cabinet throughout the year.
20. The robustness of the capital programme and a review of each scheme have been undertaken by the officers of the Capital Programme Working Group at regular intervals.

Capital Programme – Key points

21. General Fund

- Castle renovation – the programme of works are being carried out to comply with English Heritage requirements. The original expectation was that this project would be 50% funded by English Heritage. This funding has now been cut and an application for a £200k grant contribution from English Heritage has been submitted and we are awaiting confirmation.

- London Road Offices - A conditions survey was carried out on the Council Offices and associated buildings in 2014/15. The outcome and findings of the survey have now been built into the capital programme.
- Dunmow Depot – Plans are in process to identify and relocate to a new site. Expenditure has been built into the capital programme to purchase and develop a new plot to meet the requirements of the Waste Service. There is the potential of a capital receipt for the sale of the original site or part thereof. Currently there is no decision on the plans for the future of the Dunmow site, so no receipt has been built into the capital financing.

22.HRA

- Mead Court – phase 1 is due to complete in late 2014/15, and phase 2 will commence in 2014/15 with an expected completion date of October 2015.
- Reynolds Court – rebuild of the sheltered scheme is in the planning and consultation period and the programme of works are anticipated to commence in early 2015/16
- Hatherley Court – remodelling of the sheltered scheme is in the consultation stage and the programme of works are anticipated to commence in later 2015/16
- Ongoing development of new build sites (including garden and garage land to be used) - this scheme has a direct correlation to the Right to Buy scheme and our obligation to replace sold properties on a 1 for 1 basis. Catons Lane site has been identified for new build of 6 social houses. This contract is now in the tender process and it is anticipated that work will start in early 2015/16.
- Capital Financing – the transfer of 8 designated temporary accommodation units from the HRA to the GF has released funding of £1.047m to help support the HRA Business Plan

23.Stansted Housing Partnership Fund – Although this does not fall within the Councils’ capital programme, for members’ information the fund will be fully drawn down in 2015/16. The detail of the allocation of funding is shown below:

Project for Funding	2015/16 £ '000	Total £ '000
Mead Court Garage Site	1,626	1,626
Total	1,626	1,626

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Failure to identify capital budget pressures and/or funding not realised	2	2	Ongoing review of the spend via budget monitoring and capital officers working group

- 1 = Little or no risk or impact
- 2 = Some risk or impact – action may be necessary.
- 3 = Significant risk or impact – action required
- 4 = Near certainty of risk occurring, catastrophic effect or failure of project

APPENDIX A – 5 YEAR CAPITAL PROGRAMME SUMMARY

	2015/16 Forecast Budget £ '000	2016/17 Forecast Budget £ '000	2017/18 Forecast Budget £ '000	2018/19 Forecast Budget £ '000	2019/20 Forecast Budget £ '000
Community Partnerships & Engagement	690	162	110	110	146
Community Safety	0	0	0	0	0
Environmental Services	2,572	340	757	205	1,991
Finance & Administration	419	230	162	93	181
General Fund Housing	298	290	291	293	293
Total General Fund Capital	3,979	1,022	1,320	701	2,611
HRA Capital Fund	3,550	3,210	3,508	3,591	3,445
HRA Business Plan Items	6,223	5,963	1,520	2,100	2,100
Total HRA Capital	9,773	9,173	5,027	5,691	5,545
Total Capital Programme	13,752	10,195	6,348	6,392	8,156

APPENDIX B – 5 YEAR CAPITAL PROGRAMME BY PORTFOLIO

COMMUNITY PARTNERSHIPS AND ENGAGEMENT							
	2014-15 Current Budget £	2015-16 Forecast Budget £	2016-17 Forecast Budget £	2017-18 Forecast Budget £	2018-19 Forecast Budget £	2019-20 Forecast Budget £	Total £
Community Projects Grants	136,000	110,000	110,000	110,000	110,000	110,000	550,000
Museum Storage Facility Contribution	300,000	0	0	0	0	0	0
Saffron Walden Castle	355,000	400,000	0	0	0	0	400,000
<u>New schemes</u>							
Superfast broadband	100,000	100,000	0	0	0	0	100,000
Museum Buildings	0	80,000	52,000	0	0	36,000	168,000
Total Community Partnerships and Engagement	891,000	690,000	162,000	110,000	110,000	146,000	1,218,000

APPENDIX B – 5 YEAR CAPITAL PROGRAMME BY PORTFOLIO

COMMUNITY SAFETY							
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
	Current	Forecast	Forecast	Forecast	Forecast	Forecast	
	Budget	Budget	Budget	Budget	Budget	Budget	
	£	£	£	£	£	£	£
CCTV Stansted	42,000	0	0	0	0	0	0
CCTV Thaxted	35,000	0	0	0	0	0	0
Total Community Safety	77,000	0	0	0	0	0	0

APPENDIX B – 5 YEAR CAPITAL PROGRAMME BY PORTFOLIO

ENVIRONMENTAL SERVICES							
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
	Current	Forecast	Forecast	Forecast	Forecast	Forecast	
	Budget	Budget	Budget	Budget	Budget	Budget	£
	£	£	£	£	£	£	£
Vehicle Replacement Programme	280,000	847,000	270,000	687,500	135,200	1,921,000	3,860,700
In -cab Technology	12,000	0	0	0	0	0	0
Household Bins	0	30,000	30,000	30,000	30,000	30,000	150,000
Trade Waste Bins	0	10,000	10,000	10,000	10,000	10,000	50,000
Garden Waste Bins	0	20,000	20,000	20,000	20,000	20,000	100,000
Kitchen Caddies	0	10,000	10,000	10,000	10,000	10,000	50,000
Swan Meadow Car Park	130,000	0	0	0	0	0	0
Catons Lane Car Park	155,000	155,000	0	0	0	0	155,000
Flood prevention	45,000	0	0	0	0	0	0
Dunmow Depot	0	1,500,000	0	0	0	0	1,500,000
Total Environmental Services	622,000	2,572,000	340,000	757,500	205,200	1,991,000	5,865,700

APPENDIX B – 5 YEAR CAPITAL PROGRAMME BY PORTFOLIO

FINANCE AND ADMINISTRATION							
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
	Current	Forecast	Forecast	Forecast	Forecast	Forecast	
	Budget	Budget	Budget	Budget	Budget	Budget	
	£	£	£	£	£	£	£
ICT							
Members IT Equipment	0	18,000	0	0	0	0	18,000
Minor Items IT	20,000	20,000	20,000	20,000	20,000	20,000	100,000
Video Conferencing	0	25,000	0	0	0	0	25,000
Bring Your Own Device	10,000	0	0	0	0	0	0
Citrix Upgrade	20,000	0	0	0	0	0	0
PSN CoCo	30,000	30,000	30,000	30,000		30,000	120,000
Mobile working ICT set up - Housing	50,000	0	0	0	0	0	0
Mobile working ICT set up - Planning and Environmental Health	45,000	0	0	0	0	0	0
Mobile working - Other dept	0	25,000	25,000	0	0	0	50,000
New Schemes							
Revenues and Benefits server	0	30,000	0	0	0	0	30,000
PCI Compliance - cash receipting	0	35,000	0	0	0	0	35,000
PCI Compliance - Direct debit	0	20,000	0	0	0	0	20,000
Council Assets							
London Road Building works	189,000	190,000	119,000	58,000	57,000	94,000	518,000
London Rd Electrical	0	0	0	54,000	0	37,000	91,000
London Rd Heating	0	26,000	36,000	0	16,000	0	78,000
Hill Street Conveniences	120,000	0	0	0	0	0	0
Stansted Conveniences - Grant	30,000	0	0	0	0	0	0
Total Finance Administration	514,000	419,000	230,000	162,000	93,000	181,000	1,085,000

APPENDIX B – 5 YEAR CAPITAL PROGRAMME BY PORTFOLIO

GENERAL FUND HOUSING							
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
	Current	Forecast	Forecast	Forecast	Forecast	Forecast	
	Budget	Budget	Budget	Budget	Budget	Budget	£
	£	£	£	£	£	£	
Disabled Facilities Grants	225,000	198,000	198,000	198,000	198,000	198,000	990,000
Empty Dwellings	50,000	50,000	50,000	50,000	50,000	50,000	250,000
Private Sector Renewal Grants	30,000	30,000	30,000	30,000	30,000	30,000	150,000
Day Centres Improvements	10,000	20,000	12,000	13,000	15,000	15,000	75,000
Compulsory purchase order	0	0	0	0	0	0	0
GF Housing Total	315,000	298,000	290,000	291,000	293,000	293,000	1,465,000

APPENDIX B – 5 YEAR CAPITAL PROGRAMME BY PORTFOLIO

HOUSING REVENUE ACCOUNT							
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
	Current	Forecast	Forecast	Forecast	Forecast	Forecast	
	Budget	Budget	Budget	Budget	Budget	Budget	
	£	£	£	£	£	£	£
HRA Capital Repairs	3,968,000	3,260,000	3,060,000	3,255,000	3,345,000	3,295,000	16,215,000
UPVC Fascia's and Guttering	500,000	140,000	100,000	100,000	100,000	100,000	540,000
Cash Incentive Scheme Grants	50,000	150,000	50,000	50,000	50,000	50,000	350,000
Light Vans Replacement programme	0	0	0	102,500	96,400	0	198,900
<u>HRA Original Business Plan Schemes</u>							
New builds							
Unidentified Sites	295,000	212,000	586,000	900,000	600,000	600,000	2,898,000
Catons Lane	30,000	900,000	0	0			900,000
Mead Court - New Build/Redevelopment	3,741,000	1,327,000	0	0	0	0	1,327,000
Sheltered redevelopments							
Reynolds Court	205,000	2,350,000	4,200,000	620,000	0	0	7,170,000
Hatherley Court	60,000	864,500	897,500	0	0	0	1,762,000
Walden Place	10,000	10,000	0	0	0	0	10,000
Unidentified Sheltered Schemes	0	0	0	0	1,500,000	1,500,000	3,000,000
Other Business plan schemes							
Sheltered Hsg Alarm equip	100,000	0	0	0	0	0	0
Energy Efficiency improvement schemes	606,000	380,000	280,000	0	0	0	660,000
Supported unit for people with learning disabilities	100,000	100,000	0	0	0	0	100,000
Review of potential internet cafes in sheltered schemes	40,000	25,000	0	0	0	0	25,000
ICT							
Service charges planned repair system	92,000	0	0	0	0	0	0
Housing contractors portal & SAM	0	55,000	0	0	0	0	55,000
HRA Housing Total	9,797,000	9,773,500	9,173,500	5,027,500	5,691,400	5,545,000	35,210,900
Total Housing	10,112,000	10,071,500	9,463,500	5,318,500	5,984,400	5,838,000	36,675,900

APPENDIX B – 5 YEAR CAPITAL PROGRAMME

S106							
	2014-15 Current Budget £	2015-16 Forecast Budget £	2016-17 Forecast Budget £	2017-18 Forecast Budget £	2018-19 Forecast Budget £	2019-20 Forecast Budget £	Total £
<u>S106</u>							
From reserves	0	0	0	0	0	0	0
Agreements	500,000	0	0	0	0	0	0
Other bodies	0	0	0	0	0	0	0
Total S106 Community Partnerships and Engagements	500,000	0	0	0	0	0	0
Total General fund excl S106	2,419,000	3,979,000	1,022,000	1,320,500	701,200	2,611,000	9,633,700
Total Capital Programme Excluding S106	12,216,000	13,752,500	10,195,500	6,348,000	6,392,600	8,156,000	44,844,600
Total Capital Programme Including S106	12,716,000	13,752,500	10,195,500	6,348,000	6,392,600	8,156,000	44,844,600

APPENDIX C – GENERAL FUND 5 YEAR CAPITAL FINANCING

Financing - General Fund	2014-15 Current Budget £	2015-16 Forecast Budget £	2016-17 Forecast Budget £	2017-18 Forecast Budget £	2018-19 Forecast Budget £	2019-20 Forecast Budget £
Disabled Facilities Grant	(65,000)	(103,000)	(103,000)	(103,000)	(103,000)	(103,000)
Museum Society Grant - Museum Store	(300,000)	0	0	0	0	0
Capital Hardware Grant	(10,000)	0	0	0	0	0
DEFRA - flood prevention grant	(45,000)	0	0	0	0	0
Funde from Reserves	0	(1,500,000)	0	0	0	0
Revenue Contributions to Capital - Comm Part & Engagements	(591,000)	(610,000)	(110,000)	(110,000)	(110,000)	(110,000)
Revenue Contribution to capital - Comm Safety	(77,000)	0	0	0	0	0
Revenue Contributions to Capital - Environmental	(285,000)	(225,000)	0	0	0	0
Revenue Contributions to Capital - Finance & Admin	(150,000)	0	0	0	0	0
Revenue Contribution - GF Housing	(250,000)	(195,000)	(187,000)	(188,000)	(190,000)	(190,000)
Internal Borrowing	(646,000)	(1,346,000)	(622,000)	(919,500)	(298,200)	(2,208,000)
Total Financing	(2,419,000)	(3,979,000)	(1,022,000)	(1,320,500)	(701,200)	(2,611,000)

APPENDIX C – GENERAL FUND 5 YEAR CAPITAL FINANCING

Financing - Housing Revenue Account	2014-15 Current Budget £	2015-16 Forecast Budget + Slippage £	2016-17 Forecast Budget £	2017-18 Forecast Budget £	2018-19 Forecast Budget £	2019-20 Forecast Budget £
<u>Business Plan Schemes</u>						
Funded from reserves	(835,000)	(1,313,000)	(419,000)	0	(417,000)	(335,000)
S106 - Housing Partnership Funding - HRA	0	(434,000)	0	0	0	0
HCA grant funding	0	(800,000)	0	0	0	0
Capital Receipts - RTB	(724,000)	(334,000)	(176,000)	(270,000)	(180,000)	(180,000)
Release of prior years funding	0	(61,000)	(986,000)	0	0	0
HRA Financial Headroom - Specific Schemes	(3,720,000)	(2,431,500)	(2,802,126)	(1,046,334)	(719,360)	(1,439,000)
Internal borrowing			(736,374)			
Sub total	(5,279,000)	(5,373,500)	(5,119,500)	(1,316,334)	(1,316,360)	(1,954,000)
<u>Other Schemes</u>						
Major Repairs Reserve Contribution	(3,136,412)	(3,208,960)	(3,281,126)	(3,355,945)	(3,432,400)	(3,395,000)
Other MRR reserve cont	(91,000)	(125,000)	(146,000)	(146,000)	(146,000)	(146,000)
HRA Revenue Funding	(1,290,588)	(1,066,040)	(626,874)	(209,221)	(796,640)	(50,000)
Sub total	(4,518,000)	(4,400,000)	(4,054,000)	(3,711,166)	(4,375,040)	(3,591,000)
Total Financing	(9,797,000)	(9,773,500)	(9,173,500)	(5,027,500)	(5,691,400)	(5,545,000)

Committee: Scrutiny

Agenda Item

Date: 10 February 2015

14

Title: Housing Revenue Account 2015/16 Budget and 5 year Business Plan Strategy

Author: Roz Millership – Assistant Director Housing and Environmental Services
Angela Knight – Assistant Director Finance

Item for decision
Yes

Summary

1. This report sets out the following:
 - a) A proposed Housing Revenue Account(HRA) budget and reserves position for 2015/16
 - b) A proposed 5 year financial forecast for the period from 2015/16 to 2019/20
 - c) HRA rents are increased in line with the new government guidelines of CPI + 1%, an average rent increase of 2.2%
 - d) Garage rents are increased by RPI of 2.3%.
 - e) Heating, Service and Sewerage charges are increased in line with actual costs.
 - f) Service charges for common services in sheltered schemes continue to be subsidised for tenants at 31st March 2012 who are not in receipt of housing benefit. Subsidy reducing by 25% annually.
 - g) Charge for Sheltered support services is increased by RPI of 2.3%
 - h) Sheltered support services for tenants as at 31st March 2003, who are not eligible for supporting people grant, continue to receive transitional relief protection
 - i) Lifeline basic charge is increased by RPI of 2.3%
2. The Housing Board and the Tenants Forum have reviewed the Housing Rent options and service charge increases and recommended the proposals for approval by Cabinet and Full Council.
3. The Housing Board has reviewed the Housing Revenue Budget and 5 year financial strategy and recommended the reports for approval by Cabinet and Full Council.
4. There is an opportunity for the Scrutiny Committee to review the report and provide comments in support of the recommendations, or to propose alternatives. Examples of the questions scrutiny may wish to consider are:
 - a) Do the proposals have the support of the Council Tenants?
 - b) Is the rationale for proposed rent and service charge increases clearly explained and justifiable?
 - c) Are there clear plans for the use of the financials headroom that deliver useful outcomes within reasonable timescales?

5. The Scrutiny Committee is requested to endorse the following recommendations to Cabinet or suggest alternatives.
6. The Cabinet is request to approve, for recommendation to Full Council the HRA Revenue Budget and 5 Year Financial Strategy.

Financial Implications

7. These are included in the body of the report

Background Papers

8. None

Impact

Communication/Consultation	None
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	None
Sustainability	Affordable rent levels and appropriate housing supply are an important factor in the sustainability of local communities and in particular rural communities
Ward-specific impacts	None
Workforce/Workplace	None

Background

9. The HRA budget for 2015/16 reflects the service arrangements and investments in relation to the council's housing services for the fourth year under 'Self Financing'.
10. The new financial arrangements enable the service to stand alone financially and take 'local' decisions for housing services.
11. The Council's overall aims and objectives for housing services over a 30 year period is reflected in the HRA Business Plan which was approved by Housing Board in January 2012. The HRA Business Plan is reflected in these budget proposals.
12. The Business Plan has been framed in the light of:
 - Estimated rental income in line with the Government's guidance at the time
 - Appropriate capital investment in maintaining the quality of the housing stock through planned maintenance and replacement works
 - The new build programme
 - One for one replacement of Right to Buy sales

- Servicing and repaying debt so that new borrowing is available for future maintenance works or investment in further new build schemes
- Remodelling and modernising sheltered housing schemes.

13. The dwelling rental income has been included in this report based on the Central Government Guidelines issued on HRA dwelling rental increases at CPI + 1%. This gives an average rental increase of 2.2%.

14. Income and expenditure is budgeted on an incremental and inflationary basis to reflect the financial and operational needs of the housing service, using 2014/15 as a base.

15. The HRA budget is detailed in Appendix A.

Housing Revenue Account Budget 2015/16

16. The budget identifies a net operating surplus of £3,498,000 made up of total income of £15,715,000 and total expenditure of £12,217,000. The surplus has been allocated to fund agreed projects as detailed in the Business Plan.

17. The supporting people grant is currently under review by Essex County Council and if this grant funding ceased this would put an added burden on the HRA revenue costs. The loss of this funding equates to approximately £185k and it would need to be considered as to whether this would be funded by the HRA in future years or the cost transferred to the tenants in receipt of this support.

The tables below give a breakdown of the budget and associated variances.

Budget Summary

	2014/15 Restated Budget £' 000	2015/16 Original Budget £' 000	Increase / Decrease (-) £' 000
Dwelling Rents	(14,390)	(14,672)	(282)
Other income	(1,000)	(1,043)	(43)
Income	(15,390)	(15,715)	(325)
Housing Finance & Business Management	503	414	(89)
Housing Maintenance & Repairs Service	2,872	3,109	237
Housing Management & Homelessness*	865	919	54
Expenditure Direct Services	4,240	4,442	202
Capital Repairs	3,261	3,455	194
Interest on HRA Loan	2,625	2,625	0
Pension Cost	85	20	(65)
General Fund Recharge	1,464	1,372	(92)
Bad Debt Provision	150	250	100
Supporting People	53	53	0
Pay Award	20	0	(20)
Other Costs	7,658	7,775	117
Total Expenditure	11,898	12,217	319
Operating (Surplus)	(3,492)	(3,498)	(6)
Working Balance	0	0	0
Allocation of Headroom	3,492	3,498	(6)
Total	0	0	0

*This is the management cost of the service rather than the actual service cost for homelessness which is funded from the General Fund Account.

Dwelling Rents

Further details of the rent calculation can be found on the UDC website for the Housing Board meeting agenda item 4 on the link below.

<https://uttlesford.cmis.uk.com/uttlesford/CalendarofMeetings/tabid/174/ctl/ViewMeetingPublic/mid/679/Meeting/6134/Committee/1890/Default.aspx>

Average weekly rent 2014/15	Average weekly rent 2015/16	Average weekly increase	Average weekly % increase
£98.65	£100.60	£1.95	2.2%

	Inflation £' 000	Service Investment £' 000	Efficiencies £' 000	Adjustments £' 000
Rates and Property charges	(275)			
Business & Performance			(43)	
Estate Maintenance				150
Common Services Flats				(34)
Housing Services		44		
Property Services		30		(176)
Housing Repairs	(26)	225		26
Sheltered Housing	(13)			(17)
Other Costs				117
Other Minor Variances (net)				(14)
Total Budget movements	(314)	299	(43)	52

Variances (Greater than £10,000)

	Variance £'000	Reason for variance
Dwelling Rents income	(282)	Increased income due to inflationary uplift
Property Services	(157)	Post transferred to Housing Repairs as part of the staffing restructure (contra variance below)
	(20)	Feasibility study costs now capitalised
Service Charges and Facilities	(19)	Additional income is being received from the new Welfare Garden Schemes
	(39)	Additional income relates to the inflationary increase in housing repairs charges
Business and Performance Staffing	(43)	Post transferred to CSC, this will be reflected in the recharge calculation to General Fund
Common Services Flats	(34)	Budget realigned to reflect current usage
Housing Repairs	182	Increase in staffing costs due to restructure of the repairs team
	60	Increase in planned works and ad-hoc repairs
Estate Maintenance	150	Increase in expenditure for works on estate access roads
Housing Services	44	0.5fte ASBO post moved from General Fund to HRA
Property Services	30	Consultancy costs due to increase workload for new build schemes
Garage Rents	26	Income reduction due to redevelopment of sites
Bad debt provision	100	The introduction of Universal Credit in 2015/16 increases the

		risk to the council of tenants falling into rent arrears. Bad debt provision has been increased in anticipation of this
Depreciation	73 21	This is the proxy charge as set out in the business plan Increased due to IT asset investment in 2014/15
Impairment	100	Market value of the Council's garages has fallen below the original purchase price
Recharge from General Fund	(92)	Net effect of apportionment of central services cost
Pension Cost	(66)	Deficit 3 year payment deal offered discounts for upfront payment and so no payment in 15/16 or 16/17
Pay award	(20)	This is now incorporated into the salary budget as per the 2015/16 pay award agreed in January 2015

Movement in Reserves

Reserve	2014/15				2015/16		
	Opening Balance	Use of Reserves	Additions to Reserves	Closing Balance	Use of Reserves	Additions to Reserves	Closing Balance
Working Balance	680	(192)	42	530			530
Major Repairs (note 1)	91	(3,227)	3,261	125	(3,334)	3,355	146
Change Mgt.	200	(200)		0			0
Transformation	0		147	147		42	189
Revenue Projects	60			60			60
Sheltered Housing (note 2)	318		268	586	(221)		365
Potential Projects (note 3)	800			800	(620)		180
Capital Projects (note 4)	1,223	(425)		798	(514)		284
Additional Resource	0		1,047	1,047	(61)		986
Total	3,372	(4,044)	4,765	4,093	(4,750)	3,397	2,740

Note1 – The major repairs reserve is used for planned repair works

Note 2 – The Sheltered Housing reserve shows the anticipated drawdown for Reynolds Court and Hatherley Court.

Note 3 – The Potential Projects reserve is being used for the development of 6 new social houses

Note 4 – The Capital Projects reserve is for general schemes

More details of the HRA projects/schemes; the expenditure and financing over the next 5 years can be found in the Capital Programme (Appendix B) and Capital Financing (Appendix C)

HRA Business Plan and 5 Year Strategy

18. The Housing Service prepared a 30 year HRA Business Plan in line with the Self-Financing Agreement; from this business plan a 5 year working plan has been extracted detailing specific priorities/projects up until 2018/19. This is a rolling programme and is continuously updated.

- Appendix B – details all planned projects for the 5 year period 2015/16 – 2019/20
- Appendix C – identifies the capital financing for the period 2015/16 – 2019/20

19. The capital programme shows in 2016/17 that we no longer have any reserves or external funds to finance the current capital programme. The shortfall in financing of £737,000 will be met by internal borrowing and is within the restrictions of the HRA debt cap. The capital programme will continue to be monitored carefully to ensure that any opportunities or efficiencies are explored and implemented as appropriate.

20. The planned transfer of 8 designated temporary accommodation units (4 Mead Court, Stansted and 4 Burnt Villas, Takeley) from the HRA to the General Fund has been planned in 2014/15. The release of funds for this transaction has been built into the capital financing programme and will help support the planned programme of works.

21. A 5 year budget forecast summary table, Appendix D, shows that the HRA budgets over the medium term and the HRA is fully able to meet loan payments and manage the projects in the business plan along with providing a consistent level of services to residents.

22. The authority is continuing to deliver a significant programme of investment in the first five years of the HRA business plan - the largest investment in the stock, new development and the service for many years. To date the Council has made around £19 million of investment since the introduction of self-financing to improve the standard and availability of council housing. Progress with the priorities identified in the HRA business plan is attached in Appendix E. In summary as a landlord the council has delivered the following:

- a) Developed a housing asset management and development strategy
 - Improved the information on the housing stock
 - Decent homes – all housing stock now meets this national standard
 - Completed 8 new build Council houses at Holloway Crescent
 - Mead Court development on site and progressing well
 - Catons Lane, Saffron Walden – redevelopment of a garage site with 6 houses. Planning permission secured. Start on site anticipated for March 2015
 - Hatherley Court, Saffron Walden – Remodelling of existing sheltered scheme. Planning application submitted. Start on site programmed for November 2015

- o Reynolds Court, Newport – new build redevelopment of existing sheltered scheme. Planning application submitted December 2014. Start on site programmed for July 2015
- o Successful delivery of the investment programme including the delivery of environmental improvements
- b) Implemented and improved integrated monitoring, response and maintenance service for sheltered schemes and Lifeline users
- c) Reviewed Housing Allocations Scheme to prioritise those with a local connection
- d) Developed a new Anti-social Behaviour Policy
- e) Introduced fixed term tenancies
- f) Developed a Housing Regulation Panel to scrutinise the performance of the Housing Service and to undertake service reviews
- g) Re-launched the tenant participation service under the ‘Get Involved’ banner

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Changes in legislation may alter the assumptions contained in the proposed 2015/16 Budget and HRA Business Plan	2	2	Prudent budget management and assumptions are built into the budget predictions. This is supported by the minimum operational balance and earmarked reserves to provide a short term contingency
Rent arrears increase	2	2	The introduction of Universal Credit in 2015/16 increases the risk of arrears. Increased officer support to tenants was put in place in 2013/14 and this resource will be used to help support tenants in difficulty
Cut in Supporting People (SP) Grant	3 – ECC are proposing that tenants self-fund	3 – tenants in receipt of SP will need to fund their support services	Increased officer support for those tenants affected - will need help with their finances
Failure to deliver major housing and development projects	2 – the council has an ambitious development programme	3 – schemes do not progress	Robust project planning and resources aligned to deliver projects
Increase in interest rates	1 – not anticipated that rates will increase in the next year	3 – increase in loan repayment	Prudent budget management. To closely manage the situation with the support of our Financial Consultants, Arlingclose and consider fixed rate alternatives

Increases in Right to Buy discounts present a risk as the Council may be unable to replace stock at the same rate as sales	2 – Sales are already higher than estimated in the business plan	2 – Repayment of capital receipt to government	Continuous review of the Business Plan and possible options for new build housing
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1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

Appendices

Appendix A – 2015/16 Summary Budget

Appendix B – Capital Programme (5 year)

Appendix C – Capital Financing Requirement (5 year)

Appendix D – 5 year Budget Summary (2015/16 – 2019/20)

Appendix E – Action Plan/Progress/Priorities

APPENDIX A

HRA Budget Summary 2015/16

£'000	2014/15 Original Budget	2014/15 Restated Budget	2015/16 Original Budget	Increase / (Decrease)
Housing Revenue Income				
Dwelling Rents	-14,390	-14,390	-14,672	-282
Garage Rents	-210	-210	-184	26
Other Rents etc	-3	-3	-3	0
Charges for Services & Facilities	-777	-777	-835	-58
Contributions towards Expenditure	0	0	0	0
Investment Income	-10	-10	-21	-11
TOTAL INCOME	-15,390	-15,390	-15,715	-325
Housing Finance & Business Management				
Business & Performance Management	467	467	378	-89
Rents, Rates & Other Property Charges	36	36	36	0
	503	503	414	-89
Housing Maintenance & Repairs Service				
Common Service Flats	275	275	241	-34
Estate Maintenance	141	141	293	152
Housing Repairs	1,935	1,935	2,190	255
Housing Sewerage	49	49	54	5
Newport Depot	12	12	11	-1
Property Services	460	460	320	-140
	2,872	2,872	3,109	237
Housing Management & Homelessness				
Housing Services	253	253	324	71
Sheltered Housing Services	612	612	595	-17
	865	865	919	54
Total Service Expenditure	4,240	4,240	4,442	202
Other Costs				
Depreciation - Council Dwellings (transfer to MRR)	3,136	3,136	3,209	73
Depreciation - Other Assets (transfer to MRR)	125	125	146	21
Impairment - Other Assets	0	0	100	100
Bad Debt Provision	150	150	250	100
Supporting People	53	53	53	0
Recharge from General Fund	1,211	1,211	1,138	-73
HRA Share of Corporate Core	253	253	234	-19
Interest/Costs re HRA Loan	2,625	2,625	2,625	0
Pension Costs - Added Years	19	19	20	1
Pension Costs - Deficit	198	66	0	-66
Pay Award	20	20	0	-20
Total Non-Service Expenditure	7,790	7,658	7,775	117
TOTAL EXPENDITURE	12,030	11,898	12,217	319
OPERATING (SURPLUS)/DEFICIT	-3,360	-3,492	-3,498	-6
Funding of Capital Programme from HRA				
Funding of Action Plan Capital Items	1,597	2,147	4,811	2,664
Funding of Capital from Revenue	1,097	1,097	0	-1,097
	2,694	3,244	4,811	1,567
Transfers to/from(-) Reserves				
Capital Projects	0	-550	-514	36
Change Management Reserve	0	0	0	0
Potential Developments	0	0	-620	-620
Sheltered Housing Reserve	798	798	-221	-1,019
Transformation Reserve	0	0	42	42
Working Balance	-132	0	0	0
	666	248	-1,313	-1,561
Total Use of Reserves/Funding	3,360	3,492	3,498	6
(SURPLUS)/DEFICIT	0	0	0	0

APPENDIX B

HRA Capital Programme – 5 Year Forecast

HRA FUND	2014-15 Current Budget £	2015-16 Forecast £	2016-17 Forecast £	2017-18 Forecast £	2018-19 Forecast £	2019-20 Forecast £	Total £
HRA Capital Repairs	3,968,000	3,260,000	3,060,000	3,255,000	3,345,000	3,295,000	20,093,000
UPVC Fascia's and Guttering	500,000	140,000	100,000	100,000	100,000	100,000	1,040,000
Cash Incentive Scheme Grants	50,000	150,000	50,000	50,000	50,000	50,000	400,000
Light Vans Replacement programme	0	0	0	102,500	96,400	0	218,900
Holloway Crescent Final costs	0	0	0	0	0	0	30,000
New builds							
Unidentified Sites	295,000	0	586,000	900,000	600,000	600,000	2,898,000
Catons Lane	30,000	827,000	0	0			930,000
Mead Court - New Build/Redevelopment	3,741,000	0	0	0	0	0	3,741,000
Reynolds Court	205,000	2,350,000	4,200,000	620,000	0	0	7,375,000
Hatherley Court	60,000	864,500	897,500	0	0	0	1,822,000
Walden Place	10,000	0	0	0	0	0	20,000
Unidentified Sheltered Schemes	0	0	0	0	1,500,000	1,500,000	3,000,000
Other schemes							
Sheltered Hsg Alarm equip	100,000	0	0	0	0	0	10,000
Energy Efficiency improvement schemes	606,000	280,000	280,000	0	0	0	960,000
Supported unit for people with learning disabilities	100,000	0	0	0	0	0	100,000
Review of potential internet cafes in sheltered schemes	40,000	25,000	0	0	0	0	65,000
ICT							
Service charges planned repair system	92,000	0	0	0	0	0	101,000
Housing contractors portal & SAM	0	55,000	0	0	0	0	55,000
HRA Housing Total	9,797,000	9,773,500	9,173,500	5,027,500	5,691,400	5,545,000	42,858,900

HRA Capital Financing – 5 year forecast

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Financing - Housing Revenue Account	Current Budget	Forecast Budget +	Budget	Budget	Budget	Budget
	£	£	£	£	£	£
Business Plan Schemes						
Funded from reserves	-835,000	-1,313,000	-419,000	0	-417,000	-335,000
S106 - Housing Partnership Funding - HRA	0	-434,000	0	0	0	0
HCA grant funding	0	-800,000	0	0	0	0
Capital Receipts - RTB	-724,000	-334,000	-176,000	-270,000	-180,000	-180,000
Release of prior years funding	0	-61,000	-986,000	0	0	0
Energy Efficiency Grant Funding	0	0	0	0	0	0
HRA Financial Headroom - Specific Schemes	-3,720,000	-2,431,500	-2,802,126	-1,046,334	-719,360	-1,439,000
	-5,279,000	-5,373,500	-4,383,126	-1,316,334	-1,316,360	-1,954,000
Other Schemes						
Major Repairs Reserve Contribution	-3,136,412	-3,208,960	-3,281,126	-3,355,945	-3,432,400	-3,395,000
Other MRR reserve cont	-91,000	-125,000	-146,000	-146,000	-146,000	-146,000
HRA Revenue Funding	-1,290,588	-1,066,040	-626,874	-209,221	-796,640	-50,000
Sub total	-4,518,000	-4,400,000	-4,054,000	-3,711,166	-4,375,040	-3,591,000
TOTAL FINANCING	-9,797,000	-9,773,500	-8,437,126	-5,027,500	-5,691,400	-5,545,000
Funding deficit (Borrowing outside of HRA required)	0	0	736,374	0	0	0

HRA Summary – 5 Year Forecast 2015/16 – 2019/20

£'000	2015/16 Original Budget	2016/17 Original Budget	2017/18 Original Budget	2018/19 Original Budget	2019/20 Original Budget
Dwelling Rents	(14,672)	(14,974)	(15,277)	(15,585)	(15,900)
Garage Rents	(184)	(190)	(196)	(202)	(207)
Other Rents etc	(3)	(3)	(3)	(3)	(3)
Charges for Services & Facilities	(835)	(841)	(868)	(896)	(918)
Investment Income	(21)	(11)	(11)	(11)	(12)
Total Income	(15,715)	(16,019)	(16,355)	(16,698)	(17,041)
<u>Housing Finance & Business Management</u>					
Business & Performance Management	378	390	403	415	426
Rents, Rates & Other Property Charges	36	37	38	40	41
	414	427	441	455	466
<u>Housing Maintenance & Repairs Service</u>					
Common Service Flats	241	249	257	265	272
Estate Maintenance	293	302	312	322	330
Housing Repairs	2,190	2,260	2,332	2,407	2,467
Housing Sewerage	54	56	58	59	61
Newport Depot	11	11	12	12	12
Property Services	320	330	341	352	361
	3,109	3,208	3,311	3,417	3,503
<u>Housing Management & Homelessness</u>					
Housing Services	324	334	345	356	365
Sheltered Housing Services	595	614	634	654	670
	919	948	979	1,010	1,035
<u>Other Costs</u>					
Depreciation - Council Dwellings	3,209	3,281	3,356	3,432	3,518
Depreciation - Other Assets	146	146	146	146	146
Impairment - Other Assets	100	0	0	0	0
Bad Debt Provision	250	300	300	300	300
Supporting People	53	53	53	53	54
Recharge from General Fund	1,138	1,290	1,331	1,374	1,408
HRA Share of Corporate Core	234	269	278	287	294
Interest/Costs re HRA Loan	2,625	2,625	2,625	2,625	2,691
HRA Loan Repayments	0	0	2,000	2,000	2,050
Pension Costs	20	20	100	100	103
Pay Award	0	21	22	22	23
Minimum revenue provision	0	0	113	113	113
	7,775	8,005	10,324	10,452	10,699
Total Expenditure	12,217	12,589	15,055	15,334	15,704
OPERATING (SURPLUS)/DEFICIT	(3,498)	(3,429)	(1,301)	(1,364)	(1,337)
Transfer to(+)/from(-) the Change Management Reserve	0	0	0	0	0
Transfer to(+)/from(-) the Transformation Reserve	42	0	0	0	0
Transfer to(+)/from(-) reserves for Revenue Action Plan Slippage	0	0	0	0	0
Transfer to(+)/from(-) HRA Working Balance	0	0	0	0	0
Transfer to(+)/from(-) Capital receipts	0	0	(1,748)	(152)	(152)
Revenue balance available for capital financing	(3,456)	(3,429)	(3,049)	(1,516)	(1,489)
<u>CAPITAL and RESERVES</u>					
Capital Spend	9,774	9,174	5,028	5,691	5,545
Potential funding from HCA	(800)	0	0	0	0
Potential S106 contribution	0	0	0	0	0
Financing from transfer of assets to General Fund	(61)	(986)	0	0	0
Transfer to(+)/from(-) Capital receipts (1-4-1)	(334)	(176)	(270)	(180)	(180)
Transfer to(+)/from(-) reserves grants/contributions	(434)	0	0	0	0
Transfer to(+)/from(-) reserves for Major Repairs	(3,334)	(3,427)	(3,502)	(3,578)	(3,541)
Transfer to(+)/from(-) reserves for Capital Schemes	(514)	0	904	(70)	(107)
Transfer to(+)/from(-) reserves for Potential Developments	(620)	(180)	0	0	0
Transfer to(+)/from(-) reserves for Sheltered Housing Projects	(221)	(239)	889	(347)	(228)
Capital spend financed from reserves and contributions	3,456	4,166	3,049	1,516	1,489
(SURPLUS)/DEFICIT	(0)	737	0	0	(0)

HRA BUSINESS PLAN - PRIORITIES FOR ACTION PROGRESS TO DATE - JANUARY 2015

Priority	Action	By When	Resources	Progress to Date
1. Resident Involvement and Empowerment	Develop Housing Regulation Panel to scrutinise the performance of the Housing Service and to undertake service reviews	Ongoing	5k pa - training for members	Panel now fully established and commencing their 2nd project - review of the Sheltered Housing Service Standards. Panel continue to be supported and developed by external consultant. Officers progressing action plan from the voids review and reporting progress to the Panel, Tenant Forum and Housing Board
	Collect evidence from surveys, questionnaires, estate walkabouts and mystery shoppers	Ongoing	Within existing resources	Ongoing - held a number of successful 'get involved' events held around the district - these have been successful in encouraging residents to engage with Council services; new residents group formed in Coltsfield Stansted. Estate walkabouts completed. Working with partners such as the Fire Brigade to provide advice and support to the community; further events planned to encourage tenant participation and feedback
	Link tenant participation with opportunities for skill development	Ongoing	Within existing resources	Ongoing - both Tenant Forum and Tenant Regulatory Panel members are encouraged to attend training, seminars and conferences that will build their knowledge base
	Consult leaseholders on views of current service and participation arrangements	Ongoing	Within existing resources	Ongoing - Leaseholders included in STAR survey
	Undertake new Tenant Satisfaction Survey	Ongoing	£5k - every 2 years	Ongoing - repeat of STAR survey planned for 2015 when re-structure and process changes at the Newport Depot have been completed. All feedback to be managed through an action plan
	Develop action plan to respond to issues in the Tenant Satisfaction Survey	Aug-12	Within existing resources	Complete - High level analysis identified key areas for improvement which have been managed in day-to-day activities
	Develop and Implement new Tenant Involvement Strategy	Apr-13	Within existing resources	Complete - strategy adopted December 2013. In 2014 relaunched the tenant participation service under the 'Get Involved' banner
	Publish annual tenants report	Ongoing	£3k pa	Ongoing - report for 2014 due to be distributed during January 2015
	Benchmark service with other landlords through Housemark	Ongoing	Within existing resources	Ongoing - working with corporate performance team to produce PI performance reports from both Covalent (UDC Performance Management System) and HouseMark. Currently developing 'user friendly' benchmarking reports for regular review by Tenant Regulatory Panel, Tenant Forum and Housing Board. Core benchmarking data also being uploaded to Housemark for full organisational review as well as performance data

**HRA BUSINESS PLAN - PRIORITIES FOR ACTION
PROGRESS TO DATE - JANUARY 2015**

Priority	Action	By When	Resources	Progress to Date
2. Home	Develop a housing asset management strategy	Apr-13	Within existing resources	Complete - Housing Asset Management and Development Strategy approved by Cabinet - established a clear policy on the use of HRA assets, regeneration and development
	Carry out development appraisals of identified sites and review business plan capacity to develop	Mar-16	£10k pa - architect/planning fees	Ongoing - sites to be identified and submitted to planning department for initial feedback. Capacity identified in the business plan to develop further sites. Schemes presented to Housing Board for prioritisation in April 2015. Catons Lane which has now received planning permission targeted to start on site in April 2015
	Respond to changing housing need by making the best use of the Housing Stock to meet local need (Mead Court redevelopment etc)	Jan-16	£4.25m - commencing Jan-14	Mead Court phase 1 commenced January 2014 and due to complete in February 2015. Phase 2 to commence on site in March 2015 with completion in November 2015.
	Review the potential for undertaking new build schemes on identified garden sites	Apr-17	Approx £600k per annum plus revenue cost of £50k pa for in-house surveyor to co-ordinate works	Our Council housing development programme is now established. A number of garage and infill sites, and excess garden land are being assessed for development viability, or for the opportunity to sell in order to cross-subsidise the development programme.
	Improve the information on the housing stock	Apr-13	£50k - one off 2012	Complete - investigated and concluded that this would be better carried out in house. Stock Condition Surveyor appointed and work is progressing on collecting stock data - it is anticipated that a 100% stock condition survey will be achieved on a rolling 5 year basis
	Implement planned maintenance/service charge module of Housing System	Apr-14	£100k - one off 2013	Work in progress - planned maintenance module delayed due to re-structure of housing repairs and maintenance teams. Services Charges module installed - due to go-live for April 2015
	Review and implement new Schedule of Rates	Apr-13	£20k - one off 2012	Complete - new schedule of rates tested and implemented (NHF)
	Continue to manage and maintain the housing stock effectively and efficiently ensuring that properties meet, as a minimum, the decent homes standard	Ongoing	within existing resources - approx £2.9m pa	Ongoing - planned works programmes are progressing well - the authority is continuing to deliver a significant programme of investment in the first five years of the HRA business plan - the largest annual capital investment in the stock for many years
	Improve average energy efficiency and reduce fuel costs for residents	Apr-17	£300k pa	Work in progress - Phase I and II air source heat pumps contracts now complete, Phase III commenced October 2013 External wall insulation contract for solid wall properties underway but progressing slowly due to electric cabling issues - further properties identified for contracts during the next financial year
	Analyse performance of eco-house in Wendens Ambo	Ongoing	Within existing resources	Ongoing monitoring: experience of the family and how they have adapted to the changes ie living with low water use appliances and airtight requirements; electricity consumption monitoring; water consumption monitoring. Results reported to housing board in July 2014
Progress the outcomes of the sheltered housing asset management review	Mar-16	£6.6 mill for Reynolds Court.	Work in progress - residents consulted at sheltered schemes where site appraisals have been carried out (Alexia House, Reynolds Court, Hatherley Court, Parkside and Walden Place). Report presented to the Housing Board and Cabinet giving options for these schemes. Reynolds Court Planning application submitted to redevelop the scheme with 41 new apartments. Subject to planning, this should start on site in October 2015 and take 18 months to complete. Hatherley Court has received planning permission to be remodelled to provide a higher standard of accommodation with a start on site anticipated 2016/17. Parkside, Walden Place and Alexia House will continue to have the options assessed, including detailed tenant consultation.	

HRA BUSINESS PLAN - PRIORITIES FOR ACTION PROGRESS TO DATE - JANUARY 2015

Priority	Action	By When	Resources	Progress to Date
3. Tenancy	Establish a strategic tenancy strategy that ensures that local housing need is met and assets are used effectively, utilising all available flexibilities	Jan-13	£3k - one off 2012	Complete - over-arching tenancy strategy reviewed by housing board and approved by Cabinet Jan 2013
	Consider whether the Council should use the new fixed term tenancies and, if so, formulate a Tenancy Policy setting out the proposed operation of the scheme	Apr-13	Within existing resources	Complete - over-arching tenancy strategy established; options for fixed term tenancies examined by Housing Board; tenancy policy approved by Cabinet and implemented from April 2013: 1 + 9yr fixed term tenancies for 3+ bedroom houses
	Continue to fund disabled adaptations and disabled facilities grants for HRA tenants and private owners and improve the delivery process	Ongoing	within existing resources - approx £280k per year	Ongoing - increase in DFG applications and adaptation work has continued in 2014/15 and budgets are fully committed already
	Investigate and implement a better integrated monitoring, response and maintenance service for sheltered schemes and Lifeline users	Oct-12	£42k pa	Complete - Monitoring contract tendered for and awarded to Careline. Contract commenced October 2012 - all equipment has now been re-programmed Maintenance contract tendered and awarded to Cirrus - contract commenced October 2013
	Update the remaining sheltered housing schemes with Piper Haven alarm equipment with the latest Communicall equipment	Mar-14	£100k pa capital; £10k pa revenue	Complete - Equipment/Maintenance contract tendered and awarded to Cirrus for the upgrade of alarm/call out systems at all schemes. Work on all schemes completed by March 2014 - replacement programme meets the new BS on fire/smoke detecting
	Undertake fundamental review of policies and procedures to ensure service is 'Fit for Purpose'	Apr-13	Within existing resources	Ongoing - the following policies have been written and reviewed by Housing Board and approved by Cabinet: allocations policy - November 2014; void management policy and void letting standard - Jan 2013; rent and service charge setting policy - Apr 2013; downsizing and de-cant policy - Apr 2013; asset management and development strategy - Jun 2013; tenancy policy - Apr 2013; bed and breakfast charging policy - Nov 2013; welfare garden and redecoration policy - Jan 2014; anti-social behaviour policy and procedures - Nov 2014
	Carry out an under occupation survey and establish what incentives would encourage tenants to move to more appropriate accommodation	Apr-13	Within existing resources	Complete - underoccupation survey carried out in Dec 2013 and data used to inform new downsizing and decanting policy

HRA BUSINESS PLAN - PRIORITIES FOR ACTION PROGRESS TO DATE - JANUARY 2015

Priority	Action	By When	Resources	Progress to Date
4. Neighbourhood and Community	Review Housing Strategy	Apr-13	Within existing resources	Complete - new housing and homelessness strategy 2012 -2015 approved by Cabinet and published. Currently consulting on new Housing Strategy
	Review Homelessness Strategy	Apr-13	Within existing resources	Complete - new housing and homelessness strategy 2012 -2015 approved by Cabinet and published. Currently consulting on new homelessness strategy
	Establish an older persons strategy that addresses needs of elderly people in the district	Sep-12	Within existing resources	Complete - included within the new housing and homelessness strategy 2012 - 2015 approved by Cabinet and published
	Work with planning policy to identify future provision for the gypsy and traveller community	Sep-12	Within existing resources	Currently consulting on an Issues and Options consultation which forms part of the Gypsy and Traveller Local Plan
	Continue to work with Partners to deliver affordable housing through use of the Stansted Area Housing Partnership and Growth Area Funding	Apr-13	£2.2 million and £725,000	Stansted Area Housing Partnership funding has been allocated and the project is now complete. Growth Area funding has been spent at Broomfields, Hatfield Heath to deliver 14 affordable units. Further funding has been allocated towards our Council new build programme and a rural scheme in Newport
	Investigate re-provision of temporary accommodation following demolition on Mead Court	Apr-13	Within existing resources	complete - 4 houses converted into 8 units of furnished temporary accommodation. A further 4 units of new build accommodation in Stansted due to complete in January 2015. Entered into a SLA with Supportworks to provide nightly let accommodation in Harlow as alternative to bed and breakfast which should reduce reliance on this type of accommodation
	Work with partners on the delivery of a supported unit for people with learning disabilities	Apr-13	£100k - one off 2013	Work in progress - we have been working for a number of years to provide a scheme for young adults with learning disabilities in Saffron Walden to live independently. A scheme has now been drawn up that will provide 6 x 1 bedroom flats along with communal space and sleepover/office for carers; Meetings held with care provider and parents to progress this scheme; a planning application is ready to submit with work due to commence in June 2015; £100,000 HRA funds will enable this to be delivered. A further scheme is being investigated in Stansted to enable service users to live more independently
	Investigate the provision of additional supported accommodation in the district for vulnerable adults (currently only one facility - Bromfield House)	Apr-13	Within existing resources	A scheme is required in Great Dunmow similar to Bromfield House in Saffron Walden, providing support to vulnerable adults who are homeless. Discussion ongoing with Genesis and/or East Thames about funding /support costs
	Investigate the provision of a supported unit in the district for those fleeing domestic violence	Apr-14	Within existing resources	Work in progress - discussions held with Women's Aid as to size and preferred location and suitable site identified; Cabinet have approved transfer of land to Safer Places for delivery of a refuge; architects have been appointed and scheme designs drawn. Bid for additional government grant funding made in January 2015
	Investigate the reprovision of a new mental health facility	Sep-12	Within existing resources	We remain keen to undertake a reprovision of the mental health scheme in Station Street, Saffron Walden with Granta Housing. It would need to be within the town – on the outskirts would be ok provided it is on a bus route. This is to ensure clients can maximise their opportunities for social inclusion etc. Supporting People and Adult Social Care/Mental Health both provide revenue funding into the existing service and are aware of our aspiration to reprove our service. Preferred size would be 12 self contained units
	Review anti social behaviour policy and procedures	Apr-13	Within existing resources	Complete - new policy and procedures written and adopted in Nov 2014 to reflect government bill on changes to ASB legislation
	Provide 'internet cafes' in sheltered schemes for silver surfers	Oct-17	20k pa	Work in progress - project tendered for as 'design competition'. Alan Hasler House in Great Dunmow completed July 2012; The Close Hatfield Heath completed December 2013. Priors Wood Court completed in January 2015. Normans Court - work in progress
	Review future contracts to include clauses to require contractor to take action to tackle climate change relevant to work to be carried out	Ongoing	Within existing resources	Ongoing - all contracts contain clauses

APPENDIX E continued...

HRA BUSINESS PLAN - PRIORITIES FOR ACTION PROGRESS TO DATE - JANUARY 2015

Priority	Action	By When	Resources	Progress to Date
5. Value for Money	Continue to develop business plan financial model to inform investment and service planning	Ongoing	Within existing resources	Ongoing - model updated in October 2014
	Prepare for supporting people funding reductions	Aug-12	Within existing resources	Complete - service reviewed - Sheltered Housing Officers(SHOs) now working more generically - to include work in sheltered schemes and in the community (lifeline users). Further reductions in SP funding is being proposed by ECC - to be announced in Feb 2015
	Improve performance management and financial planning systems in housing services	Aug-13	£20k in 2012	Complete - PI targets based on a combination of performance of peer LA's in HouseMark benchmarking group and historic UDC performance data. Regular review of PI performance and budget performance at Housing Section Heads meetings. PI's continually monitored through Housing Performance Management process. 2015/16 Service Plan actions and PI's currently being identified and agreed. Budget monitoring completed on a monthly basis with all relevant budget managers. Budget awareness/control refresher training session planned for April 2015
	Maximise income to the HRA by achieving high collection rates for rents, service charges, sewage charges, garage rents and miscellaneous invoices	Ongoing	Within existing resources	Ongoing - rent arrears process reviewed and timescales amended to ensure action taken at an earlier stage to prevent arrears from escalating. Service charge process and garage management to be implemented on the Northgate IT system from April 2015. Current invoice process being reviewed to ensure accuracy of budget allocation and improvements in the time taken to process invoices. Tenant and internal re-charge processes currently being reviewed. Focus remains on reducing arrears levels by having dedicated officer providing debt support and signposting to tenants who are struggling. Rents team working closely with Housing Management and Home Options team to ensure join-up with individual cases. Regular meetings completed to ensure awareness of Universal Credit implementation timeframes and impact it may have on services. DWP providing direct support and information as and when required
	Ensure rent arrears are kept to a minimum	Ongoing	Within existing resources	Ongoing - additional funding provided to CAB for debt counselling; Rent arrears policy has been reviewed; allocations policy has been changed to reflect welfare reforms (bedroom criteria); all reviews completed and implemented
	Implement service charges for common services for flats	Apr-12	Within existing resources	Complete - service charges calculated and charged for common services
	Access external funding where available to reduce carbon emissions and improve energy efficiency	Ongoing	Within existing resources	Ongoing - bids for funding for the financial year 2014-2015 now in application stage
	Ensure the void turnaround figure does not exceed 28 days	Ongoing	£30k pa	Ongoing - new repairs surveyor appointed; new offices created at the depot to bring all the asset management team together; representatives from all areas of the service continue to work together to improve the void process. Dedicated voids operatives introduced and Void-Co-ordinator role appointed. Weekly void meetings to discuss and agree actions continue. Void turnaround for GN properties as at end December 2014 = 12 days

Committee: Scrutiny

Agenda Item

Date: 10 February 2015

15

Title: General Fund and Council Tax 2015/16

Author: Angela Knight

Assistant Director - Finance

Summary

1. This report presents the 2015/16 General Fund budget for consideration by the Cabinet on 17 February ahead of final determination by Full Council on 26 February.
2. This budget must be considered alongside the report made by the Director of Finance and Corporate Services under Section 25 of the Local Government Act 2003, to be received by the Cabinet earlier in the agenda. The budget is consistent with the Medium Term Financial Strategy also to be considered earlier on the agenda.
3. There is an opportunity for the Scrutiny Committee to review the report and provide comments in support of the recommendations, or to propose alternatives. Examples of the questions Scrutiny may wish to consider are:
 - Is the proposed budget consistent with the Medium Term Financial Strategy and the Director of Finance and Corporate Services advice on the level of reserves that should be maintained?
 - Is the budget consistent with the Budget Strategy as approved by Cabinet on the 4 December 2014?
 - Have consultation responses been properly taken into account?
 - Does the budget support the Corporate Plan?
 - Are proposed budget growth items (service investment) justified with clear outcomes that provide value for money?
 - Are proposed budget reductions (efficiency savings or service reductions) reasonable and the consequences properly considered?
 - Is the equalities impact assessment satisfactory?
 - Is the proposal regarding Council Tax reasonable?

Recommendations

4. The Scrutiny Committee is requested to endorse the following recommendations to Cabinet, or suggest alternatives.
5. The Cabinet is requested to recommend that the Full Council approves the General Fund Council Tax requirement of £4,653,312, summarised in paragraph 24.
6. The Cabinet is recommended to approve the schedule of fees and charges in Appendix E.

7. The Cabinet is recommended to approve the new criteria with regards to Members Allowances (New Homes Bonus) paragraph 30.

Background Papers

8. None.

Impact

Communication/Consultation	Consultation carried out is summarised below.
Community Safety	No specific implications
Equalities	An EQIA is included with the agenda papers
Finance	Detailed in the report
Health and Safety	No specific implications
Human Rights	No specific implications
Legal implications	The recommendations fulfil the legal requirement to set a balanced budget.
Sustainability	No specific implications
Ward-specific impacts	No specific implications
Workforce/Workplace	No specific implications

Introduction

9. This report provides detailed revenue estimates for the General Fund and Council Tax for 2015/16.
10. The estimates, as summarised in Appendix A, show a Council Tax Requirement of £4,653,312, which balances to the level of Council Tax yield, assuming a 3% cut in Council Tax.
11. The Cabinet is required to determine a recommended budget for consideration by the Council on 27 February.
12. The estimates in this report are based on the recommended Capital Programme, Treasury Management Strategy and Housing Revenue Account budget for 2015/16 that were considered earlier in today's agenda. Any changes may have a marginal effect on the revenue estimates and these will be reflected in the material that is prepared for Full Council.

2015/16 Budget Strategy

13. On 4 December 2014, the Cabinet determined its strategy for the 2015/16 budget. The table below summarises these and indicates that the draft 2015/16 budget fulfils the Cabinet's strategy.

Budget Strategy objective	Achievement of objective
Take account of consultation results.	Yes – see points 14 - 16.
To plan on the basis that the UDC Council Tax will be frozen for 2015/16.	This objective has been exceeded, with a 3% cut proposed.
Unless there is a significant change in circumstances, not to require any cuts in services to make financial savings, although efficiency savings will continue to be sought.	There have been no cuts in services in the production of the 2015/16 budget. The Council will continue to take advantage of any naturally occurring efficiencies as they arise, but there are no plans to make any specific financial savings.
To maintain and seek opportunities to enhance support for the voluntary sector.	Voluntary sector support has been maintained in the 2015/16 budget at the same level as the 2014/15. The Council continues to work closely with the voluntary sector and an internal project has been carried out on ways to improve this support.
To introduce and implement a new reserves strategy that takes account of areas of priority.	A new reserves strategy has been produced and has been presented earlier in today's agenda for approval.
To strive to achieve better accuracy at the time of annual budget setting	A continuous programme of monitoring is in place and challenge will be provided to services showing consistent underspends.
Continue to implement the HRA Business Plan.	Yes. See separate HRA Budget Report which details the HRA Business Plan and 5 year strategy.

Consultation

Residents Consultation

14. In summer 2014 consultation on the Council's budget priorities was completed via a questionnaire on the website and a survey of the e-citizens panel. The results were reported in full to the Cabinet on 4 December 2014. The table below sets out the respondents' highest priorities, and how the draft 2015/16 budget relates to them.

	Survey respondents' priority	Consistency with budget
Highest Priority	Keep Council Tax as low as possible while maintaining or improving services and providing support to the vulnerable	Yes. The budget has been built with a cut in Council Tax of 3% whilst maintaining a balanced budget with no cuts in services.
Second Highest	Work with Essex County Council to ensure our roads are maintained to a good standard	Yes. The budget enables the Council to continue the work of the Highways Panel and the Highways Ranger service.
Third Highest	Continue with sound financial management to ensure the Council remains financially stable	The budget produced continues to work on the principles as set out in the MTFs to reduce the Council's dependency on New Homes Bonus. The budget has not made any cuts in service but the Council will continue to maintain the ethos of finding natural efficiency savings to ensure the financial stability for current and future years.
Don't do	Work with the owners of Stansted Airport to ensure economic and social benefits but maintaining vigilance against a second runway	No provision has been made in the 2015/16 budget for any joint working with the owners of Stansted Airport. Although a reserve has been set aside for any work that might be needed in relation to a second runway at Stansted.

Business consultation

15. In lieu of writing to all business rate payers, the following organisations were invited to comment on the council's priorities and the Cabinet's budget strategy:
- Saffron Walden Initiative
 - Business Xchange group
 - Federation of Small Businesses
 - Saffron Walden Friends
 - Bishops Stortford Business Club
 - Dunmow Chamber
 - Newport Business Association
 - Stansted Airport Chamber
 - Stansted Airport Business Association
 - Stansted Business Forum
 - Saffron Walden Town Team
 - Great Dunmow Town Team
16. The invitations to comment were issued on 24 November 2014 with a requested response date of 12 January 2015. No responses were received.

2015/16 resources available

17. By law the budget (Council Tax Requirement) has to balance to the expected Council Tax income receivable.
18. The Director of Finance and Corporate Services (s151 Officer), under delegated authority, has approved the Council Taxbase to be used when setting the 2015/16 Council Tax. The Taxbase, expressed in Band D equivalents, is 33,539.8, an increase of 1.5% on the 2014/15 figure of 35,223.8. Deducted from the 33,539.8 figure is an adjustment to reflect the level of Local Council Tax Support Discounts. The estimate of these discounts in Band D equivalent terms is 2,230.6. This produces a Taxbase for budget setting purposes of **33,539.8**.
19. The 2014/15 UDC Band D Council Tax was £143.03. In accordance with the Cabinet's guidance, a 3% cut has been assumed for the purpose of preparing this report, so the 2015/16 Band D is **£138.74**. Multiplied by the taxbase, this would produce a Council Tax yield of **£4,653,312**:
20. The Council is therefore required to balance its net budget to a **Council Tax Requirement of £4,653,312**.

	2014/15	2015/16	% Change
Taxbase (gross)	35,223.8	35,770.4	+1.5%
LCTS Discounts	<u>-2,398.2</u>	<u>-2,230.6</u>	<u>-6.9%</u>
Taxbase (net)	32,825.6	33,539.8	+2.2%
Band D	£143.03	£138.74	-3.0%
Council Tax Yield	£4,695,046	£4,653,312	-0.9%

21. This figure is smaller than the equivalent sum for 2014/15, as explained below:

	£000	£000
2014/15 Council Tax Requirement		4,695
Additional income arising from taxbase increase	102	
Income lost because of 3% cut	<u>(144)</u>	
Net decrease in council tax income	(42)	
2015/16 Council Tax Requirement		4,653

22. The £4,653,312 figure represents estimated Council Tax income, but for budget purposes it is treated as a UDC levy on the Collection Fund and is therefore a reliable figure. Inevitably the actual amount of Council Tax income will differ from the assumed amount. This will give rise to a surplus or deficit on the Collection Fund which will be taken into account as part of next year's budget setting.

Indicative District Council Tax for 2015/16

23. Assuming a 3% cut in Council Tax, the amount of Uttlesford DC Council Tax, by each Council Tax band, is shown below.

Band	Chargeable Dwellings		Proportion of Band D	2014/15 UDC Council Tax £	2015/16 UDC Council Tax £	Decrease (3%)
	No.	%				£/year
A	1,014	2.99	6/9ths	95.35	92.49	2.86
B	3,539	10.45	7/9ths	111.25	107.91	3.34
C	7,870	23.23	8/9ths	127.14	123.32	3.82
D	6,636	19.59	9/9ths	143.03	138.74	4.29
E	6,084	17.96	11/9ths	174.81	169.57	5.24
F	4,268	12.60	13/9ths	206.60	200.40	6.20
G	4,059	11.98	15/9ths	238.38	231.23	7.15
H	410	1.20	18/9ths	286.06	277.48	8.58
Total	33,880	100.0				

General Fund Budget

24. Appendix A is a summary of the budget for 2015/16, showing a budget requirement of £4,653,312 in line with the resources available detailed above.
25. A summary of the 2015/16 General Fund budget is shown in the table below. Further details are set out in Appendix B.

	2014/15 restated Budget £ '000	2015/16 Original Budget £ '000	Increase / Decrease (-) £ '000
Net Service Expenditure	8,720	9,600	880
Recharge to HRA	(1,464)	(1,372)	92
Pension Fund deficit payment	373	0	(373)
Capital financing costs	1,611	3,454	1,843
Corporate Items (net)	57	51	(6)
Sub-total - General Fund Expenditure	9,297	11,733	2,436
Formula Grant	(1,642)	(1,234)	408
New Homes Bonus	(2,877)	(3,598)	(721)
Business Rates Retention	(1,279)	(1,303)	(24)
Collection Fund Surplus	(256)	(89)	167
Council Tax Freeze Grant	(50)	0	50
Other funding items	(46)	(10)	36
Net Operating Expenditure	3,147	5,499	2,352
Dunmow Depot Reserve	0	(1,500)	(1,500)
DWP Reserve	0	(175)	(175)
Strategic Initiatives Reserve	1,000	1,034	34
Access Reserve	200	0	(200)
Budget Equalization Reserve	213	0	(213)
Net Movements from other earmarked reserves	135	(205)	(340)
Council Tax Requirement	4,695	4,653	(42)
District Council Precept on Collection Fund	(4,695)	(4,653)	42
	0	0	0

26. A subjective analysis of net service expenditure is below.

£'000	2014/15 restated Budget	2015/16 Original Budget	Increase / Decrease (-)
Employees	8,954	9,506	552
Premises	672	677	5
Transport	659	645	(14)
Supplies & Services	4,352	5,153	801
Third Party Payments	261	250	(11)
Transfer Payments (mainly Benefits)	18,456	17,361	(1,095)
Sub total - expenditure	33,354	33,592	238
External Funding	(1,321)	(1,412)	(91)
Specific Government Grants (mainly Benefits)	(4,287)	(4,853)	(566)
Fees & Charges Income	(18,706)	(17,419)	1,287
Other Income	(320)	(308)	12
Sub total - income	(24,634)	(23,992)	642
Net service expenditure	8,720	9,600	880

27. The following table is a reconciliation of the movement from the 2014/15 budget to the 2015/16 estimates. Details of all adjustments are given in Appendix C.

2014/15 Council Tax Requirement	4,695
<u>Service budget changes (where greater than £10k)</u>	
Inescapable growth	210
Service investment	523
Efficiency savings	(151)
Changes to income	(522)
Other adjustments	751
Minor variances < £10k	69
	880
<u>Funding items</u>	
Increase in New Homes Bonus	(721)
Reduction in Settlement Funding	408
Council Tax Freeze Grant now within Formula Grant	50
Net impact of Collection Fund-related transactions	143
	(120)
<u>Corporate items</u>	
Capital financing costs increase	1,843
Decrease in HRA share of costs	92
Pension Fund deficit payment paid up front	(373)
	1,562
Net increase in draw on earmarked reserves	(2,394)
Other net adjustments	31
	(2,363)
Net changes to base budget	(42)
2015/16 Council Tax Requirement	4,653

Key budget items

28. The budget includes the following items of investment in improved services and facilities:

Amount £ '000	Item	Description	One off or ongoing
50	Public Health	Net growth in establishment and extra consultancy (funded by green bean inspection income)	Ongoing (see risks)
21		Empty Homes Post (fixed term contract until November 2015)	One off
66	Financial Services	Corporate Management restructure and recruitment of Finance Systems Officer. Please see table in paragraph 29 for corresponding efficiency savings	Ongoing
55	Revenues Administration	Increase in staffing by 2.5 FTE. Service is now fully staffed and this will reduce the dependency on expensive agency costs.	Ongoing
50	Grounds Maintenance	Temporary 2 year enhancement to the service. 2 operatives and associated vehicle and equipment.	One off (1 st of 2 year contract)
39	New Homes Bonus	Additional £1k per ward member (new criteria to be applied see point 30)	Ongoing
31	Economic Development	Business Support Officer	One off (2 nd year of 2 year agreement)
30	Planning Specialists	2nd Conservation Officer to support work load and	Ongoing
25	Waste Management	To cover consultancy requirements for the future development of the service	Ongoing
23	Information Technology	To provide extra ongoing software support	Ongoing
22	Environmental Management	Administration Assistant for additional work transferred from HRA (savings within HRA restructure)	Ongoing
20	Customer Services Centre	Transfer of workload on Housing Repairs (HRA restructure) initial point of contact	Ongoing
20	Public Conveniences	Grant to Saffron Walden Town Council in respect of Hill Street Toilets	Ongoing (5 years)
15	Day Centres	Post to assist the development of the Management Committees	One off
44	Various	Net of various non-significant items	Ongoing
553	Total		

29. The budget includes the following items of savings and efficiencies within services and facilities:

Amount £ '000	Item	Description	One off or ongoing
88	Corporate Management	ACE – Finance costs removed from budget, see Financial Services investment for contra entry in paragraph 28	Ongoing
33	Office Cleaning	Staffing reduction due to efficient planning and change to work allocations	Ongoing
20	Street Services	Management restructure	Ongoing
23	Various	Net of various non-significant items	Ongoing
164	Total		

30. Members Allowances – New Homes Bonus; as part of the increased allocation to ward members it is recommended that the following criteria is adopted:

- To be spent in the Member's Ward
- To be spent in year of allocation and any underspends will not be carried forward into future years
- For the good of the community
- Not to commit to future years
- To be mindful of the financial status of the recipients
- No personal interest in the organisation receiving the award
- In election year the money only becomes available from 1 June (i.e. to the newly elected Member)

31. Other notable items in the budget are:

- The staff pay award was confirmed in January 2015, a 2.2% increase was awarded to be reviewed in March 2016. The cost of this has been included in all services.
- The Waste Service budget has been adjusted to reflect the increase in disposal cost and loss of income due to a change in the market economy for recyclable waste. The financial effect of this equates to £470,000 increase in the direct costs.
- Planning Income of an expected £350,000 per year has been built into the budget for the next 2 years. This relates to a continuing trend of a high level of planning applications.
- Revenues Administration shows an increase in direct costs of £177,000 this relates to previous years anticipated budget efficiencies not being realised. This is partly due to the uncertainty over Universal Credit and how this will impact on the service. The budget has now been adjusted to reflect the actual cost of the service and to ensure that full provision is in place to enable the service to focus on achieving an unqualified audit opinion.

- Green Bean income has been highlighted as a risk; a recent consultation process has indicated a strong likelihood that green beans will be 'delisted' from the inspections list.

Local Government Finance Settlement

32. On the 18 December the Council received provisional notification of the settlement for 2015/16. Final figures are expected to be confirmed in mid-February.
33. The Settlement comprises the following:
 - Formula Grant
 - Localised Business Rates
 - Council Tax Freeze Grant
 - Other minor one off items
34. The 2015/16 "Settlement Funding Assessment" is **£1,234,355**, which represents an approximate cut of 24% on the 2014/15 figure.
35. The 2015/16 Formula Grant figure includes localised business rates which is a variable figure dependent upon many factors, these risks are moderated by the Safety Net which is **£1,303,213**. The actual figure will not be known until after the end of the financial year. Because of known risks regarding appeals, refunds and bad debt losses, the budget prudently assumes that the retained share will be at the safety net level.
36. The 2015/16 figures continue the trend of cutting 'core funding'. There are no indications of what funding councils will receive from April 2016. This is discussed in the Medium Term Financial Strategy (MTFS).
37. The Council Tax Freeze Grant is now included in the core funding.
38. The sum of **£3,598,299** has been allocated to UDC for 2015/16 and this is the fifth year of New Homes Bonus. A more detailed analysis of the New Homes Bonus in future years can be seen in the MTFS.
39. This trend will continue: there are strong indications of continuing cuts in formula funding, with councils increasingly dependent upon New Homes Bonus to support core services. UDC shall be no exception to this. The MTFS discusses the importance of reducing the Council's exposure to this risk.

General Fund Reserves

40. The report made by the Director of Finance and Corporate Services (s151 Officer) under Section 25 of the Local Government Act 2003, received earlier in today's agenda, recommended that the Working Balance be maintained at a minimum of £1,214,000. The forecast on the Working Balance as at 31 March 2015 is set at this required level. The 2015/16 budget therefore includes no provision to increase the Working Balance, in line with the recommendations in the Section 25 report.
41. Appendix E shows a summary of the current reserves, a detailed breakdown of the reserves transfers is shown in agenda item 9, The Reserves Strategy.

Fees and Charges review

42. Officers have reviewed fees & charges in line with the Council's Pricing and Concessions policy and Cabinet decisions where relevant (e.g. car parks, trade waste, licensing). A schedule of proposed charges is included at Appendix E.
43. Where services are operating in competition with other commercial providers, for example trade waste, the service manager needs to have authority to negotiate as required where it is the Council's best interests to do so.

Outstanding Issues

44. As at 10 February, the following issues were outstanding; the updated position will be reported verbally.
 - Confirmation of the Funding settlement for 2015/16
 - Final notifications of the formal precept figures from Essex County Council, Essex Police and Essex Fire.

Risk Analysis

45. The formal risk analysis of the budget is set out in the report earlier on today's agenda, "Robustness of Estimates and Adequacy of Reserves".

Risk	Likelihood	Impact	Mitigating actions
Actual events may differ from the assumptions and estimates used to produce the draft budget, which will lead to variances from the budget.	3 (some risk that variances will occur requiring action to be taken)	3 (potential impact which could adversely affect the council's financial position if not managed)	Budget monitoring and corrective action taken as necessary.

List of Appendices

- Appendix A – General Fund Budget Summary
- Appendix B – Portfolio Budgets
- Appendix c – Schedule of Budget Adjustments
- Appendix D – General Fund Reserves Summary
- Appendix E – Fees and Charges

APPENDIX A – GENERAL FUND SUMMARY 2015/16

£000	2014/15 Original Budget	2014/15 Restated Budget	2015/16 Original Budget	Increase / Original (Decrease)
Service budgets				
Community Partnerships & Engagement	2,146	2,036	2,161	125
Community Safety	313	268	237	-31
Environmental Services	1,686	1,637	2,032	395
Finance & Administration	4,740	4,745	5,165	420
Housing (General Fund)	38	34	5	-29
Sub-total – Portfolio and Committee budgets	8,923	8,720	9,600	880
Corporate items				
Capital Financing Costs	1,611	1,611	3,454	1,843
Investment Income	-50	-50	-50	0
Pension Fund - Added Years	107	107	102	-5
Pension Fund - Deficit	1,121	373	0	-373
Recharge to HRA	-1,211	-1,211	-1,138	73
HRA Share of Corporate Core	-253	-253	-234	19
Sub total - Corporate Items	1,325	577	2,133	1,556
Sub total - Budget	10,248	9,297	11,733	2,436
Funding				
Council Tax - Collection Fund Balance	-256	-256	-89	167
Council Tax - Freeze Grant 15/16	-50	-50	0	50
NNDR - Retained Income	-1,279	-1,279	-1,303	-24
NNDR - Collection Fund Balance	0	0	3,148	3,148
NNDR - Section 31 Funding	0	0	-459	-459
NNDR - Transfer to/(from) Ringfenced Reserve	0	0	-2,689	-2,689
DCLG Funding - Other	-36	-36	0	36
Flood Support Schemes - Other Funding	0	0	0	0
New Homes Bonus - Grant	-2,877	-2,877	-3,598	-721
Section 106 Funding	0	-10	-10	0
Settlement Funding	-1,642	-1,642	-1,234	408
Sub-total – Funding	-6,140	-6,150	-6,234	-84
Sub-total - Net Operating Expenditure	4,108	3,147	5,499	2,352
Transfers to/from(-) Reserves				
Access Reserve	200	200	0	-200
Budget Equalization Reserve	0	213	0	-213
Budget Equalization Reserve - Pension Deficit	-748	0	0	0
DWP Reserve	0	0	-175	-175
Economic Development Reserve	0	0	-50	-50
Council Tax Freeze Grant Reserve	50	50	0	-50
Elections Reserve	20	20	-75	-95
LGRR Contingency Reserve	73	73	0	-73
Licensing Reserve	-25	-25	-22	3
MTFS Reserve	0	0	-28	-28
Planning Development Reserve	17	17	0	-17
Strategic Initiatives Reserve	1,000	1,000	1,034	34
Waste Depot Relocation Project	0	0	-1,500	-1,500
Waste Management	0	0	-30	-30
Sub-total - Movement in Earmarked Reserves	587	1,548	-846	-2,394
COUNCIL TAX REQUIREMENT (BOTTOM LINE)	4,695	4,695	4,653	-42
Council Tax (precept levied on Collection Fund)	-4,695	-4,695	-4,653	42

APPENDIX B

COMMUNITY PARTNERSHIPS AND ENGAGEMENT PORTFOLIO

£'000	2013/14 Actual	2014/15 Original Budget	2014/15 Restated Budget	2015/16 Original Budget	Increase / (Decrease)
Assisted Travel	1	1	1	0	(1)
Committee Administration	153	152	152	165	13
Communications	156	243	243	255	12
Community Information Centres	46	50	50	48	(2)
Community & Leisure Management	46	46	46	49	3
Customer Services Centre	293	307	307	351	44
Democratic Representation	343	361	361	336	(25)
Economic Development	127	203	123	135	12
Grants & Contributions	359	371	361	377	16
Leisure & Administration	75	96	96	95	(1)
Leisure PFI	(75)	(9)	(9)	10	19
Museum Saffron Walden	178	160	160	167	7
New Homes Bonus (Ward members' budgets)	88	88	88	117	29
Sports Development	29	77	57	56	(1)
Portfolio Total	1,819	2,146	2,036	2,161	125

APPENDIX B continued..

COMMUNITY SAFETY

£'000	2013/14 Actual	2014/15 Original Budget	2014/15 Restated Budget	2015/16 Original Budget	Increase / (Decrease)
Community Safety	175	177	177	171	(6)
Emergency Planning	41	43	43	44	1
Enforcement	190	188	147	150	3
Highways	(11)	(15)	(15)	(13)	2
Licensing	(109)	(80)	(84)	(115)	(31)
Portfolio Total	286	313	268	237	(31)

APPENDIX B continued..

ENVIRONMENTAL SERVICES

£'000	2013/14 Actual	2014/15 Original Budget	2014/15 Restated Budget	2015/16 Original Budget	Increase / (Decrease)
Animal Warden	30	30	30	31	1
Car Parking	(629)	(589)	(595)	(618)	(23)
Depots	40	44	44	59	15
Development Management	(610)	(129)	(129)	(434)	(305)
Environmental Management & Admin	95	88	88	110	22
Grounds Maintenance	140	157	167	224	57
Housing Strategy	88	89	89	95	6
Local Amenities	3	7	7	8	1
Pest Control	22	27	27	28	1
Planning Management & Admin	382	373	373	388	15
Planning Policy	270	244	244	244	0
Planning Specialists	171	175	175	219	44
Public Health	302	385	344	467	123
Street Cleansing	265	298	298	299	1
Street Services Management & Admin	251	340	340	319	(21)
Vehicle Management	345	346	346	372	26
Waste Management - Expenditure	1,906	2,010	1,998	2,291	293
Waste Management - Income	(2,284)	(2,209)	(2,209)	(2,070)	139
Portfolio Total	787	1,686	1,637	2,032	395

APPENDIX B continued..

FINANCE AND ADMINISTRATION

£'000	2013/14 Actual	2014/15 Original Budget	2014/15 Restated Budget	2015/16 Original Budget	Increase / (Decrease)
Benefit Administration	(293)	(264)	(264)	(202)	62
Business Improvement & Performance Team	153	76	76	78	2
Central Services	407	381	372	380	8
Conducting Elections	(9)	1	1	96	95
Conveniences	27	22	9	21	12
Corporate Management	726	817	817	657	(160)
Corporate Team	113	105	105	114	9
Council Tax Benefits	(179)	0	0	0	0
Electoral Registration	24	21	21	45	24
Financial Services	907	848	845	927	82
Housing Benefits	(148)	63	63	145	82
Human Resources	253	218	218	221	3
Information Technology	1,088	1,092	1,092	1,121	29
Internal Audit	108	110	110	115	5
Legal Services	23	101	101	99	(2)
Local Council Tax Support	206	79	91	91	0
Local Tax Collection	(98)	(50)	(50)	(50)	0
Non Domestic Rates	(142)	(29)	(29)	21	50
Offices	343	324	322	274	(48)
Office Cleaning	169	176	176	166	(10)
Resources Miscellaneous	(29)	0	0	0	0
Revenues Administration	765	649	669	846	177
Portfolio Total	4,414	4,740	4,745	5,165	420

APPENDIX B continued..

HOUSING – GENERAL FUND

£'000	2013/14 Actual	2014/15 Original Budget	2014/15 Restated Budget	2015/16 Original Budget	Increase / (Decrease)
Building Surveying	(85)	(69)	(69)	(81)	(12)
Day Centres	29	36	36	55	19
Energy Efficiency	43	47	47	47	0
Homelessness	169	211	207	167	(40)
Housing Grants	10	10	10	10	0
Land Charges	(90)	(65)	(65)	(61)	4
Lifeline	(139)	(132)	(132)	(132)	0
Portfolio Total	(63)	38	34	5	(29)

APPENDIX C – BUDGET ADJUSTMENTS

INESCAPABLE GROWTH				
Portfolio	Service	Description	£000	
All portfolios	Various services	Net inflationary increase in salaries (pay award budget netted off)	163	Ongoing
Community Partnerships & Engagement	Leisure PFI	Leisure PFI contractual inflation (net rise for unitary payments/rental income)	19	Ongoing
Finance & Admin	Financial Services	Insurance contract inflationary rise	14	Ongoing
Finance & Admin	Information Technology	Contractual inflation on support costs	14	Ongoing
			Total	
			<u>210</u>	

APPENDIX C – BUDGET ADJUSTMENTS

SERVICE INVESTMENT				
Portfolio	Service	Description	£000	
Environment	Public Health	Net growth in establishment / consultancy (offset by increase in green beans income)	71	Ongoing (inc. £21k Empty Homes post FTC one-off)
Finance & Admin	Revenues Admin	Net growth in establishment	55	Ongoing
Finance & Admin	Non-Domestic Rates	Discretionary Rate Relief Policy	50	One off (2nd of 2 years)
Environment	Grounds Maintenance	Two new operatives and associated costs of new vehicle	42	Ongoing (1st of 2 years)
Finance & Admin	Various	Net CMT pay increases*	34	Ongoing
Finance & Admin	Financial Services	Finance Systems Officer post	32	Ongoing
Community Partnerships & Engagement	Economic Development	Business Support Officer	31	One off (2nd of 2 years)
Environment	Planning Specialists	Conservation Officer	30	Ongoing
Community Partnerships & Engagement	New Homes Bonus	Net effect of additional £1k per ward member (less reduction of 5 members)	29	Ongoing
Environment	Waste Management	WYG Consultancy	25	Ongoing
Finance & Admin	Information Technology	Additional ongoing support for various software	23	Ongoing
Environment	Environmental Management	Admin Assistant to take on work previously done by HRA (where saving exists in restructure)	22	Ongoing
Community Partnerships & Engagement	Customer Services	Customer Services Advisor (transferred from HRA)	20	Ongoing
Finance & Admin	Conveniences	Grant to SWTC in respect of Hill Street Toilets	20	Ongoing (5 years max)
Housing	Day Centres	Day Centres Supervisor	15	One off
Finance & Admin	Information Technology	Revenue implications of IT capital programme	13	Ongoing
Finance & Admin	Revenues Admin	Net cost of temporary fraud officers (netted by element funded from preceptors)	11	One off
			Total	<u>523</u>

APPENDIX C – BUDGET ADJUSTMENTS

EFFICIENCY SAVINGS					
Portfolio	Service	Description	£000		
Finance & Admin	Corporate Management	ACE Finance budget cost removed	(88)		Ongoing
Finance & Admin	Office Cleaning	Net establishment saving	(33)		Ongoing
Environmental	Street Services	Net saving arising from management restructure	(20)		Ongoing
Community Safety	Licensing	Net savings arising from establishment restructure	(10)		Ongoing
				Total	<u>(151)</u>

APPENDIX C – BUDGET ADJUSTMENTS

CHANGES TO INCOME			
Portfolio	Service	Description	£000
Increases			
Environmental Services	Development Management	Planning Application Fees	Ongoing (1st of 2 years max)
			(350)
Finance & Admin	Offices	London Road Offices - Top floor rental income from Essex County Council	Ongoing
			(60)
Environmental	Waste Management	ECC recycling credits	Ongoing
			(58)
Housing	Homelessness	Additional rental income from 8 temporary accomodation units transferred from HRA	Ongoing
			(54)
Environmental	Waste Management	Green Waste kerbside customers	Ongoing
			(50)
Environmental	Car Parking	Revised share of Pig Market charity income	Ongoing
			(19)
Environmental	Waste Management	Trade Waste small containers	Ongoing
			(15)
Community Safety	Licensing	Taxi licences	Ongoing
			(14)
Environmental	Street Cleansing	ECC recycling credits	Ongoing
			(14)
Community Safety	Licensing	Liquor licenses	Ongoing
			(10)
Environmental Services	Car Parks	Net increase in operating income	Ongoing
			(10)
Housing	Building Surveying	Building surveying income	Ongoing
			(10)
		Total	(664)
Decreases			
Environmental	Public Health	Decrease in border inspection fees	Ongoing
			11
Finance & Admin	Office Cleaning	Reimbursements budget alignment as per current trend	Ongoing
			12
Environmental	Public Health	Harlow funding for Health & Safety Officer now ceased	Ongoing
			21
Finance & Admin	Revenues Admin	New Burdens Grant budget being removed	Ongoing
			48
Finance & Admin	Local Council Tax Support	Preceptors sharing agreement	Ongoing
			50
		Total	142
		Net Total	(522)

APPENDIX C – BUDGET ADJUSTMENTS

OTHER ADJUSTMENTS - MATERIAL ITEMS (£10K MINIMUM)				
Portfolio	Service	Description	£000	One off or Ongoing
Increases				
Environment	Waste Management	Net effect of recyclables contract now being a cost to UDC	470	Ongoing
Finance & Admin	Conducting Elections	Net cost of district elections in 2015 (to be covered by Elections Reserve)	95	One Off
Finance	Housing Benefits	Net increase in portion of Housing Benefit expenditure recoverable from subsidy	82	Ongoing
Environment	Vehicle Maintenance	Increase in tyre costs*	40	Ongoing
Environment	Waste Management	Other net employee-related increase (establishment/agency/overtime)	37	Ongoing
Environment	Waste Management	Additional costs of taking food waste to Haverhill	32	Ongoing
Environment	Development Management	Net consultancy increase (including SLA with ECC for history/ecology)	26	Ongoing
Finance & Admin	Revenues Admin	Net staffing increase	21	Ongoing
Finance & Admin	Electoral Registration	Postage budget returned from central pot	20	Ongoing
Environment	Public Health	Net effect of staffing restructure	18	Ongoing
Environment	Waste Management	Disposal charges increase for trade waste service	18	Ongoing
Environment	Street Cleansing	Disposal charges increase	16	Ongoing
Community Partnerships & Engagements	Customer Services	Other increase in staffing due to regradings, and officers now opted into pension scheme	13	Ongoing
Environment	Depots	Business Rates at SW Depot - larger premises with increased rateable value	12	Ongoing
Finance & Admin	Benefits Admin / LCTS	Net increase in budgets to reflect 20% of 15/16 benefit admin grant being in LCTS service	12	Ongoing
Housing	Homelessness	Temporary accomodation costs increased with current trend	10	Ongoing
			922	
Decreases				
Housing	Building Surveying	Net effect of staffing restructure	(10)	Ongoing
Environment	Waste Management	Vehicle running costs decrease	(15)	Ongoing
Environment	Vehicle Maintenance	Electricity budget for SW depot already reflected in Depots service	(17)	Ongoing
Community Partnerships & Engagements	Economic Development	Reduction in grants payable	(19)	Ongoing
Finance & Admin	Corporate Team/Information	Net budget reduction arising following Project Officer transfer to Corporate team	(21)	Ongoing
Community Partnerships & Engagements	Democratic Representation	Members allowances reduction (five less members)	(26)	Ongoing
Environment	Waste Management	Bins being transferred to Capital	(63)	Ongoing
			(171)	
			Net Total	751

APPENDIX D

GENERAL FUND RESERVES 2015/16

Reserve	Estimated Balance 01-Apr-15	Estimated Balance 31-Mar-16
£'000		
<u>RINGFENCED RESERVES</u>		
Business Rates	3,623	934
DWP Reserve	175	0
Licensing Reserve	27	5
Working Balance	1,214	1,214
	5,039	2,153
<u>USABLE RESERVES</u>		
<u>Financial Management Reserves</u>		
MTFS Reserve	1,000	972
Transformation Reserve	1,000	1,000
	2,000	1,972
<u>Contingency Reserves</u>		
Emergency Response	40	40
	40	40
<u>Service Reserves</u>		
Access Reserve	200	200
Economic Development	50	0
Elections	95	20
Homelessness	40	40
Planning	1,000	1,000
Strategic Initiatives	353	1,387
Waste Depot Relocation Project	1,500	0
Waste Management	230	200
	3,468	2,847
TOTAL USABLE RESERVES	5,508	4,859
TOTAL RESERVES	10,547	7,012

figures INCLUDE P9 forecast 14/15 & budgeted 15/16 surpluses

Uttlesford District Council

2015/16 Fees & Charges

With effect from 1 April 2011, the Council's general policy is to allow a 25% discount for customers in receipt of UDC-administered Housing Benefit and LC-Tax Support.

Certain exemptions to the policy and additional discounts apply in some cases.

Building Regulations Charges and Car Parking charges are not covered by the policy.

Building surveying other charges	2014/15 charge £	2015/16 charge £	Does the charge include VAT?	Note
Provision of Energy Performance Certificates	240.00	240.00	Yes	Standard Charge
Copying charges	10p a sheet + £25 per hour officer time if job exceeds 1 hour	10p a sheet + £25 per hour officer time if job exceeds 1 hour	Yes	Statutory limitations

Street Naming and Numbering	2014/15 charge £	2015/16 charge £	Does the charge include VAT?
Name or number change to existing dwelling	72.00	72.00	No
1 new dwelling name or number change - existing road	102.50	102.50	No
2 to 10 dwelling name or number change - existing road	175.00	175.00	No
Over 10 dwellings name or number - existing road	205.00	205.00	No
Over 10 dwellings name or number on existing road - extra charge per dwelling	20.50	20.50	No
1 to 10 dwellings on a new road	307.50	307.50	No
Over 10 dwellings name or number on new road - extra charge per dwelling	20.50	20.50	No
Parish/Town Council initiated scheme to re name/number on existing road	52.00	52.00	No
Parish/Town Council initiated scheme to re name/number on existing road extra charge per dwelling	20.50	20.50	No
Street Renaming (residents request)	257.00	257.00	No
Street Renaming (residents request, extra charge per dwelling)	20.50	20.50	No
Change of Building Name (e.g. block of flats)	154.00	154.00	No

**STANDARD CHARGES
SCHEDULE 1- NEW DWELLINGS
Dwelling houses and Flats**

<u>Code</u>	<u>New Build Houses or Bungalows Not Exceeding 250m²</u>		<u>Plan Charge</u>	<u>Inspection Charge*</u>	<u>Building Notice*</u>	<u>Regularisation Charge*</u>
HO1	1 Plot	Fee	£260.00	£385.00	£695.00	£868.75
		VAT	£52.00	£77.00	£139.00	
		Total	£312.00	£462.00	£834.00	
HO2	2 Plots	Fee	£330.00	£590.00	£970.00	£1,212.50
		VAT	£66.00	£118.00	£194.00	
		Total	£396.00	£708.00	£1,164.00	
HO3	3 Plots	Fee	£395.00	£785.00	£1,260.00	£1,575.00
		VAT	£79.00	£157.00	£252.00	
		Total	£474.00	£942.00	£1,512.00	
HO4	4 Plots	Fee	£465.00	£960.00	£1,525.00	£1,906.25
		VAT	£93.00	£192.00	£305.00	
		Total	£558.00	£1,152.00	£1,830.00	
HO5	5 Plots	Fee	£520.00	£1,085.00	£1,700.00	£2,125.00
		VAT	£104.00	£217.00	£340.00	
		Total	£624.00	£1,302.00	£2,040.00	
<u>New Build Flats Not Exceeding 250m² and Not More Than 3 Storeys</u>						
FL1	1 Plot	Fee	£260.00	£385.00	£695.00	£868.75
		VAT	£52.00	£77.00	£139.00	
		Total	£312.00	£462.00	£834.00	
FL2	2 Plots	Fee	£330.00	£590.00	£970.00	£1,212.50
		VAT	£66.00	£118.00	£194.00	
		Total	£396.00	£708.00	£1,164.00	
FL3	3 Plots	Fee	£395.00	£785.00	£1,260.00	£1,575.00
		VAT	£79.00	£157.00	£252.00	
		Total	£474.00	£942.00	£1,512.00	
FL4	4 Plots	Fee	£465.00	£960.00	£1,525.00	£1,906.25
		VAT	£93.00	£192.00	£305.00	
		Total	£558.00	£1,152.00	£1,830.00	
FL5	5 Plots	Fee	£520.00	£1,085.00	£1,700.00	£2,125.00
		VAT	£104.00	£217.00	£340.00	
		Total	£624.00	£1,302.00	£2,040.00	
<u>Conversion to</u>						
COH	Single dwelling house (Where total floor area does not exceed 150m ²)	Fee	£220.00	£320.00	£590.00	£737.50
		VAT	£44.00	£64.00	£118.00	
		Total	£264.00	£384.00	£708.00	
COF	Single Flat (Where total floor area does not exceed 150m ²)	Fee	£220.00	£320.00	£590.00	£737.50
		VAT	£44.00	£64.00	£118.00	
		Total	£264.00	£384.00	£708.00	
<u>Notifiable Electrical work (in addition to the above, where applicable.)</u>						
DNE	(Where a satisfactory certificate will not be issued by a Part P registered electrician)	Fee	£220.00	This charge relates to a first fix pre-plaster inspection of the wiring and final testing on completion. Re- visits/testing will be subject to further charges. For regularisation applications a full appraisal and testing will be carried out		
		VAT	£44.00			
		Total	£264.00			

Where Standard Charges are not applicable please contact Building Control on 01799 510539

Please note that the charges marked with an * have been reduced to reflect where controlled electrical installations are being carried out, tested and certified by a registered Part P electrician. If these reductions are claimed and a self certifying electrician is not subsequently employed, the applicant will be invoiced for supplementary charges equal to the discount (see DNE below)

Car Parking	2014/15 charge	2015/16 charge	Does the charge include VAT?
	£	£	
<u>Saffron Walden</u>			
<i>Fairycroft</i>			
30 Minutes	0.50	0.50	Yes
1 Hour	0.70	0.70	Yes
2 Hours	1.20	1.20	Yes
3 Hours	2.00	2.00	Yes
<i>Common</i>			
30 Minutes	0.50	0.50	Yes
1 Hour	0.70	0.70	Yes
2 Hours	1.20	1.20	Yes
3 Hours	2.00	2.00	Yes
4 Hours	3.00	3.00	Yes
<i>Rose & Crown</i>			
30 Minutes	0.50	0.50	Yes
1 Hour	0.70	0.70	Yes
2 Hours	1.20	1.20	Yes
<i>Swan Meadow</i>			
1 Hour	0.70	0.70	Yes
2 Hours	1.20	1.20	Yes
4 Hours	2.00	2.00	Yes
6 Hours	2.50	2.50	Yes
10 Hours	3.50	3.50	Yes
Season Tickets (per annum)	300.00	300.00	Yes
<u>Coaches</u>			
5 Hours	3.00	3.00	Yes
10 Hours	6.00	6.00	Yes
<u>Great Dunmow</u>			
<i>White Street</i>			
30 Minutes	0.40	0.40	Yes
1 Hour	0.60	0.60	Yes
3 Hours	1.20	1.20	Yes
5 Hours	2.40	2.40	Yes
10 Hours	3.50	3.50	Yes
Season Ticket (per annum)	300.00	300.00	Yes
<i>New Street/Chequers & Anz Lane</i>			
30 Minutes	0.40	0.40	Yes
1 Hour	0.60	0.60	Yes
3 Hours	1.20	1.20	Yes
<u>Stansted Mountfitchet</u>			
<i>Lower Street</i>			
30 Minutes	0.40	0.40	Yes
1 Hour	0.60	0.60	Yes
3 Hours	1.20	1.20	Yes
6 Hours	2.40	2.40	Yes
10 Hours	4.00	4.00	Yes
Coaches	6.00	6.00	Yes
<i>Crafton Street</i>			
30 Minutes	0.40	0.40	Yes
1 Hour	0.60	0.60	Yes
3 Hours	1.20	1.20	Yes
10 Hours	3.00	3.00	Yes
Season Ticket - Local Business & employee	250.00	250.00	Yes
Season Ticket - Non business	420.00	420.00	Yes

Environmental Health	2014/15 charge £	2015/16 charge £	Does the charge include VAT?
<u>Food and Water Safety</u>			
Food Safety course - level 2 certificate	70.00	75.00	No
Health Certificate for Export	80.00	85.00	No
Voluntary Surrender Certificate	70.00	75.00	No
Water Samples (Airport)	20.00	25.00	Yes
Private water supply sample collection fee (plus laboratory charges)	25.00	25.00	Yes
Private water supply carrying out of Risk Assessment	45.00	45.00	No
Chemical Water Samples on request	Charged at Cost	Charged at Cost	Yes
<u>Imported Food Inspection Charges</u>			
Organic Produce Certificate - office hours (per certificate)	60.00	70.00	No
Organic Produce Certificate - outside office hours	230.00	250.00	No
POAO per CVED (Products of animal origin) (per consignment)	170.00	175.00	No
POAO per CVED Out of Hours additional fee (Products of animal origin)	65.00	75.00	No
High Risk NAO per CED (Non animal origin)	50.00	55.00	No
High Risk NAO sampling fee + laboratory charges	55.00	60.00	No
High Risk NAO per CED Out of Hours	-	65.00	No
High Risk NAO Out of Hours sampling fee + laboratory charges	-	95.00	No
High Risk destruction charge + disposal costs	55.00	60.00	No
IUU Catch Certificate EEA	15.00	25.00	No
IUU Catch Certificate non EEA	45.00	50.00	No
<u>Animals</u>			
Micro chipping - Pets - Home visit	25.00	25.00	Yes
Micro chipping - Pets - Microchip event	16.50	16.50	Yes
Stray dog - admin and call out fee - (kennel fees additional charge)	45.00	50.00	Yes
<u>Licences</u>			
Animal boarding establishment	130.00	135.00	No
Dog breeding establishment	130.00	135.00	No
Riding establishment (vet fee not included)	230.00	235.00	No
Pet shop (vet fee not included)	130.00	135.00	No
Dangerous wild animals (vet fee not included)	260.00	265.00	No
Zoo licence (5 years) (vet fee not included)	660.00	680.00	No
Skin piercing, acupuncture and electrolysis premises & 1 person licence	160.00	170.00	No
Skin piercing, acupuncture and electrolysis person licence	70.00	70.00	No
<u>Other charges</u>			
Licensing of Houses of Multiple Occupancy (HMO) std fee for up to 5 bedrooms	340.00	350.00	No
5 letting rooms or more - charge per additional room	40.00	40.00	No
Housing Immigration Inspection	140.00	150.00	No
Copy of Food Register - Whole - (hourly charge or part thereof)	65.00	70.00	Yes
Copy of Food Register - Single Entry	20.00	25.00	Yes

Museum	2014/15 charge £	2015/16 charge £	Does the charge include VAT?
Admission Charge adult	1.50	1.50	Yes
Admission Charge discount	0.75	0.75	Yes
Admission Charge children	0.00	0.00	n/a
Season Ticket adult	5.00	5.00	Yes
Season Ticket discount	2.50	2.50	Yes
School visits per pupil	3.00	3.00	Yes
School visits minimum charge	48.00	48.00	Yes
<u>Reproduction Charges</u>			
<u>Fee for providing images of collections for commercial publications</u>			
One country / language	108.00	108.00	Yes
Two or more countries	134.40	134.40	Yes
Regional publication	54.00	54.00	Yes
Local publication	14.40	14.40	Yes
Still image for regional TV	134.40	134.40	Yes
Still image for national TV	270.00	270.00	Yes
Film and video, regional TV	96.00	96.00	Yes
Film and video, national TV	192.00	192.00	Yes
Facility fee for use as "set"	162.00	162.00	Yes
<u>Hire of premises</u>			
Corporate and private hire per hour (first hour)	75.00	75.00	No
Hire per hour after first hour	50.00	50.00	No

Pest Control	2014/15	2015/16	Does the charge include VAT?
	charge	charge	
	£	£	
Mice in domestic premises	57.00	57.00	Yes
Rats at domestic premises includes up to 5 baits	25.00	25.00	Yes
Rats at domestic premises - charge per additional bait where the keeping of animals is contributing to an infestation	15.00	15.00	Yes
Rats & Mice in commercial premises initial survey	130.00	130.00	Yes
Rats & Mice in commercial premises per additional treatment	65.00	65.00	Yes
Abortive visit charge	40.00	40.00	Yes
Cancellation fee (telephone) (after booking/fee charged)	5.00	5.00	Yes
Cluster Flies per treatment	55.00	55.00	Yes
Fleas, carpet beetles, moths (initial treatment plus 1 follow up) up to 3 bed property	80.00	80.00	Yes
Fleas, carpet beetles, moths (initial treatment plus 1 follow up) more than 3 bed property	105.00	105.00	Yes
Ants per treatment	60.00	60.00	Yes
Insect identification charge (per insect type)	10.00	10.00	Yes
Wasps per nest domestic premises	58.00	58.00	Yes
Additional wasp nests domestic	29.00	29.00	Yes
Wasps per nest - commercial premises	85.00	85.00	Yes
Additional wasp nests commercial	45.00	45.00	Yes
Squirrels	92.00	92.00	Yes
Squirrels additional visit	51.00	51.00	Yes

Licensing	2014/15	2015/16	Does the charge include VAT?
	charge	charge	
	£	£	
<u>Taxi Licensing</u>			
Drivers	40.00	40.00	No
Operators	60.00	60.00	No
Vehicles	70.00	70.00	No
CRB checks	Charged at cost	Charged at cost	No
<u>Alcohol Licensing Act 2003</u>			
For the current schedule of statutory fees, please visit the Uttlesford District Council website:			
http://www.uttlesford.gov.uk/article/2295/Licensing-Act-2003---Personal			
http://www.uttlesford.gov.uk/article/2023/Licensing-Act-2003---Premises			
<u>Gambling Act 2005</u>			
For the current schedule of statutory fees, please visit the Uttlesford District Council website:			
http://www.uttlesford.gov.uk/article/2292/Gambling-Act-2005			

Planning Applications

For the current schedule of planning application fees, please visit the Uttlesford District Council website:

<http://www.uttlesford.gov.uk/article/2160/Planning-Application-Fees>

Planning Pre-application advice	2014/15 charge £	2015/16 charge £	Does the charge include VAT?
Major Developments Written advice	300.00	300.00	Yes
Major Developments - Meeting in office	650.00	650.00	Yes
Major Developments - Meeting on site	850.00	850.00	Yes
Minor Developments - written advice	150.00	150.00	Yes
Minor Developments - Meeting in office	350.00	350.00	Yes
Minor Development - Meeting on site	450.00	450.00	Yes
House extensions & alterations	no charge	no charge	n/a

Conservation - Listed Buildings	2014/15 charge £	2015/16 charge £	Does the charge include VAT?
<u>Listed Building Advice (all types excl. Householder)</u>			
Written	150.00	150.00	Yes
Meeting in office	350.00	350.00	Yes
Meeting on site	400.00	400.00	Yes
Additional Officer	-	-	Yes
Follow up	-	-	Yes
<u>Listed Building Householder</u>			
Written	125.00	125.00	Yes
Meeting in office	300.00	300.00	Yes
Meeting on site	350.00	350.00	Yes
Follow up	-	-	Yes
Listed Buildings - urgent structural advice			n/a

Other Planning fees and charges	2014/15 charge £	2015/16 charge £	Does the charge include VAT?
Documents provided under Local Government Access to Information Act 1985 Documents - TPO, BPN, LB Planning & Building Regulation Decision Notices	10p a sheet plus £25 per hour if job exceeds 1 hour	10p a sheet plus £25 per hour if job exceeds 1 hour	Yes
Uttlesford Local Plan Adopted 2005	25.00	25.00	Yes
Weekly list of Planning Application Submissions	321.00	321.00	Yes
Rights of Way - Footpath Diversion - (Now administered by ECC)	n/a	n/a	No

Refuse Collection & Recycling	2014/15 charge £	2015/16 charge £	Does the charge include VAT?
Bulky waste	15.50	16.00	No
<u>Trade Waste</u>			
Trade sacks (3 cubic feet)	1.87	1.87	No
Trade tape rolls (12 rolls = 360 sacks)	46.33	46.33	No
Green Cardboard Recycling Tape	-	-	No
Bins 240 litres	5.14	5.14	No
Bins 660 litres	11.87	11.87	No
Eurobins 1100 litres	18.28	18.28	No
Light Containers - 12 cubic yard	132.18	132.18	No
Heavy Containers - 12 cubic yard	207.29	207.29	No
Kerbside Garden Collection	40.00	40.00	No

Saffron Walden Offices	2014/15 charge £	2015/16 charge £	Does the charge include VAT?
Room hire - committee room (per hour)	57.00	60.00	Yes
Room hire - committee room (per hour) Charity Rate	25.00	25.00	Yes
Room hire - Council Chamber (per hour)	75.60	78.00	Yes
Refreshments - per 10 people	12.60	13.20	Yes

Print Room	2014/15 charge £	2015/16 charge £	Does the charge include VAT?
<p>Printing services for town & parish councils, voluntary organisations, clubs & societies.</p> <p>Hourly charge.</p> <p>Materials charged on top.</p> <p>* Addition of VAT varies depending on what is being printed.</p>	36.00	37.00	No*

Sports Development	2014/15 charge £	2015/16 charge £	Does the charge include VAT?
Nordic Walking drop in weekly	4.00	4.00	No
Nordic Walking 4 week courses	39.00	39.00	No
Nordic Walking Card 5 walks	20.00	20.00	No
Nordic Walking Card 3 months	40.00	40.00	No

Committee: Scrutiny

Agenda Item

Date: 10 February 2015

16

Title: Local Plan Review

Author Adrian Webb

Item for decision

Director of Finance and Corporate Services

Summary

1. Following the closure of the Local Plan Examination in December the Chief Executive received a request from representatives of Elsenham and Henham residents for an inquiry into the local plan process to date. This report follows from that request and recommends that the Scrutiny Committee considers the establishment of a review into the Local Plan process from 2006 to 19 December 2014.
2. The report also recommends that should Members agree to the review that it is undertaken by the Planning Advisory Service (PAS).
3. The final recommendation in the report is that if the review is agreed the PAS should also be asked to identify the key steps moving forward so as to provide assurance to the new Uttlesford Planning Policy Working Group. In addition the PAS should be asked to scope out training around the Local Plan process to be delivered to the new council following the May election.

Recommendations

4. The Scrutiny Committee is recommended to:
 - a) Decide whether to undertake a review into the Local Plan process from 2006 to 19 December 2014.
 - b) Should the Committee decide to undertake a review:
 - I. That the Director of Finance and Corporate Services, in conjunction with the Chairman and Vice-Chairman of the Scrutiny Committee, is requested to engage the PAS to undertake the review with the terms of reference as set out in paragraph 10 subject to amendment at this meeting.
 - II. That the PAS is requested to attend the next meeting of this Committee to provide an update and timetable for the final written report.

Financial Implications

5. No direct implications arise from the recommendations as the Council is a member of the Local Government Association (LGA) and the PAS is part of this organisation and its services are offered at no cost to the Council.

Background Papers

None.

Impact

Communication/Consultation	No specific implications
Community Safety	No specific implications
Equalities	No specific implications
Health and Safety	No specific implications
Human Rights	No specific implications
Legal implications	No specific implications
Sustainability	No specific implications
Ward-specific impacts	No specific implications
Workforce/Workplace	No specific implications

6. As Members will recall the Inspector suspended the Local Plan hearing on 3 December 2014 and issued a preliminary letter outlining his reasons. This was followed up on the 19 December 2014 when he issued his full letter. On 20 January 2015 the Council formally withdrew the Plan.
7. There is a general consensus that a review of the process between 2006 and 19 December 2014 is required.
8. In addition Officers are of the opinion that as well as a review there should be advice on the way forward so as to provide assurance to the new Uttlesford Planning Policy Working Group that the Council is moving in the right direction.
9. Officers are of the view that it would not be possible for anyone directly associated with the Council to carry out this review. Accordingly an approach has been made to the Local Government Association (LGA) and through them to the PAS to enquire of their availability to undertake the review. The purpose of PAS is to support local planning authorities to provide effective and efficient planning services, to drive improvement in those services and to respond to and deliver changes in the planning system.
10. Officers are of the opinion that the following specific areas need to be addressed and should form the terms of reference for the PAS:
 - a) That PAS starts by looking at the Inspectors Examination Conclusions in his letter to the Council dated 19th December 2014 and that the PAS will:
 - I. summarise the issues the Inspector raised, to ensure there is a common understanding;

- II. provide a high level review of the work carried out on the plan to date, including technical work, engagement with stakeholders and governance arrangements;
 - III. highlight, by way of examples from elsewhere in the country, where the issues raised have commonality with current practices;
 - IV. consider how the council can move forward, making recommendations as appropriate.
- b) In addition, PAS should be asked, following the conclusion of the review, to prepare a specification for a Member briefing for the new Council to set out what the next steps could be for the Council as they look to progress the local plan. This should be seen as providing assurance to the new Uttlesford Planning Policy Working Group that the direction of travel is as recommended.
 - c) This briefing session to also include a general piece on how planning of local areas relates to National Policy, as well as how to identify and deal with strategic issues, and look at the decision making and appeals process.
11. PAS works with several suppliers, who represent both local government and the private sector. They do this in order to ensure they have the expertise to cover the wide range of topics that planning covers. There may be the need for a supplier to be called upon to assist in some of the more technical aspects of this work. The suppliers on the framework have all passed an OJEU procurement process in order to be on the 'PAS Supplier Framework'. When carrying out work on behalf of PAS, these suppliers act solely for PAS, and are directed by PAS. They are therefore independent.
12. There are five suppliers on the framework and the Council can exclude any that have a direct relationship with the Council.
13. PAS is funded to provide support to local authorities so there would be no cost to the Council for any part of this work.
14. This review would assist the Council in learning from the process to date, and also in setting out how work can move forward positively. However, it is important to note that this review is not:
- a) Any kind of inspection at the end of which there would be some kind of assessment or grading, either of individuals or the council as a whole
 - b) A substitute for legal advice on any particular issue raised. It is advice from independent professionals, but cannot be seen to form, or supersede any legal advice, and would therefore be provided without prejudice to any future examinations, challenges or appeals

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
The volume of work required means the final report will not be available until after the May elections	4 (a significant amount of investigative work will be required)	1 (the final report will lead to a briefing session which will be for the new Council Members)	Regular monitoring of progress against target dates will be undertaken