



Uttlesford District Council

Chief Executive: Dawn French

Scrutiny

Date: Tuesday, 07 February 2017
Time: 19:30
Venue: Committee Room
Address: Council Offices, London Road, Saffron Walden, CB11 4ER

Members: Councillors H Asker, G Barker, R Chambers, P Davies, A Dean (Chairman), M Felton, S Harris, B Light, E Oliver, G Sell

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 notice by 12 noon two working days before the meeting.

AGENDA PART 1

Open to Public and Press

- 1 Apologies for absence and declarations of interest**
To receive any apologies for absence and declarations of interest.
- 2 Minutes of the meeting held on 17 January 2017** 5 - 10
- 3 Responses of the Executive to reports of the Committee (standing item)**
To receive any responses from the Executive.
- 4 Consideration of any matter referred to the Committee in relation to call in of a decision**
To consider any matters relating to a call in.

5	Invited reports from the Executive To receive any invited reports from the Executive.	
6	Forward Plan To receive the Forward Plan.	11 - 16
7	Scrutiny Work Programme To consider the work programme and status report of actions for February 2017.	17 - 20
8	Corporate Plan 2017-2021 To consider the Corporate Plan.	21 - 36
9	2017/18 Budget covering report To receive the budget covering report.	37 - 44
10	Robustness of Estimates and Adequacy of Reserves 2017/18 To consider the report on the Estimates and Adequacy of Reserves.	45 - 66
11	Medium Term Financial Strategy To receive the MTFs.	67 - 86
12	Treasury Management Strategy 2017/18 To consider the Treasury Management Report.	87 - 118
13	Capital programme 2017/18 To receive the Capital Programme for 2017/18.	119 - 130
14	Housing Revenue Account 2017/18 To consider the HRA 2017/18.	131 - 150
15	General Fund Council Tax 2017/18 To consider the General Fund and Council Tax 2017/18.	151 - 194
16	Local Plan Action Plan To receive an updated action plan.	195 - 198

- 17 Any other items which the Chairman considers to be urgent**
To consider any items which the Chairman considers to be urgent.

MEETINGS AND THE PUBLIC

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The agenda is split into two parts. Most of the business is dealt with in Part 1 which is open to the public. Part II includes items which may be discussed in the absence of the press or public, as they deal with information which is personal or sensitive for some other reason. You will be asked to leave the meeting before Part II items are discussed.

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**SCRUTINY COMMITTEE held at COUNCIL OFFICES LONDON ROAD
SAFFRON WALDEN at 7.30pm on 17 JANUARY 2017**

Present: Councillor A Dean (Chairman)
Councillors H Asker, G Barker, E Oliver and G Sell.

Officers in attendance: D French (Chief Executive), R Auty (Assistant Director Corporate Services), M Cox, (Democratic Services Officer), G Glenday (Assistant Director Planning), R Harborough (Director of Public Services), V Taylor (Business Improvement and Performance Officer) and A Webb (Director of Finance and Corporate Services).

Also present: Councillor S Barker (Portfolio Holder for Environmental Services).

SC38 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors R Chambers, P Davies, M Felton, S Harris and B Light.

Councillor Asker declared a non-pecuniary interest as a member of Saffron Walden Town Council.

SC39 MINUTES

The minutes of the meeting held on 22 November 2016 were received and signed by the Chairman as a correct record.

SC40 PLANNING ADVISORY SERVICE REPORT ON THE EMERGING LOCAL PLAN

The meeting received the report commissioned from Intelligent Plans and Examinations (IPE) through the Planning Advisory Service on the emerging Local Plan, including a review of progress to date. In addition to the full report, Members received a summary of the key issues and an action plan setting out officers' response to the report's findings.

The Chairman introduced the item and thanked the author, Geoff Salter, for his work on the report. He said the report covered a lot of material which he felt could merit further consideration and put forward the idea of setting up a task and finish group to develop an action plan for further work and proposals.

He then highlighted areas of interest. First the recommendation for the Sustainability Appraisal to be more comprehensive for the nine areas of search, and for the council to put in place a clear mechanism for reducing these options. Also, that more detail was required in relation to work around the Duty to Cooperate, as the report said there was insufficient information to judge whether this had been completed satisfactorily. The report also drew attention

to the number of houses planned for the district and that the current figure of 12,500 homes might need to be increased after taking account of the latest 2014 CLG household projections. The Chairman said it very important for the council to get this calculation right.

Cllr Oliver said the report had been commissioned when the Local Plan was expected to be submitted by March 2017. This date had been extended, so some of the comments were not now relevant. Many recommendations were being dealt with, for example the introduction of an additional consultation as part of the Regulation 18 stage. The Chairman replied that the report had been completed at the end of December, so the author had been aware of the current situation.

Members commented that the report, together with recent comments from planning Inspectors appeared to point the use of an increased OAHN of 14,100. Members asked for a detailed explanation of the calculations as it still wasn't clear how the OAHN was apportioned across the SHMA area. The Assistant Director Planning said officers would produce a housing topic paper on how the numbers were calculated and the issue would be considered at the Member workshop on 1 February.

The meeting mentioned the forthcoming White Paper, which seemed likely to confirm the direction of travel as a push to build more houses. There was speculation about the possible relaxation of the Green Belt.

Members said a new LDS was required to set out the timetable and activities for the emerging Plan. It should be subject to robust project management and have a mechanism to raise alarm bells at an early stage to avoid the last-minute pause that had occurred in November.

The Committee was informed that the Local Plan Project Board met on a weekly basis to review progress. The a revised LDS would be presented to Cabinet. Officers were aware that Members wished to be involved in the process, and work was in place to ensure they were better informed with regular communication from the Chief Executive, the introduction of the Member Forum and putting in place a programme of Member workshops.

Cllr Dean said the plan timetable had been extended by 18 months, which wasn't just a minor pause and the PAS report appeared to identify gaps that should have been clear at the time. It was explained that the plan had been paused due to an unanticipated external matter and at the time it wasn't clear how long the delay would be. However, the cumulative impact of new issues such as the transport assessment, housing numbers and the White Paper had lengthened the preparation timetable.

A question was asked about the available staff resource to carry out the required work. Cllr Sell said it was important to build trust with the community and for residents to feel they were being treated fairly and the process was evidence led. The Director of Public Services said the council had assembled an impressive team of officers and had access to expert consultants. However, for a number studies the council was still dependent on feedback from external

partners. Most District authorities were in the process of preparing their plans and requesting reports, and these outside bodies were under pressure to deliver.

The Chief Executive said that whilst the plan was evidence focused, the council should also appreciate the emotional response of those residents affected by the proposals. Many of these concerns would be around the adequate provision of the associated infrastructure and any communication plan should consider how to disseminate this information.

Comments on to the report

Local Plan timetable

The Committee noted a factual error at para 2.2, stating January rather than March 2017 for the Plan submission.

Cllr Asker was concerned that it had taken the pause to reveal other underlying issues. She said there were a lot of lessons to be learnt from this pause and the previous Inspector's decision and she hoped the council could now produce a robust Plan. She asked whether the plan was within budget and questioned the extent of the reliance on external resources.

The Director of Public Services said the budget wasn't constraining what the council needed to do to prepare the Local Plan. The Planning Reserve was being used and this had been set aside for this purpose. There were sufficient funds for the Local Plan work in 2017/18 and 2018/19. Members would be able to see details of the spending when the Reserves Strategy was considered by Cabinet.

The Chief Executive explained that it was common practice to use a mixture of officers working alongside external experts, as several areas required specialist knowledge. She said the council was focused on value for money and officers had taken note of this report and the Inspector's comments. The process was about checking the evidence and taking advice to achieve a sound plan. However, there was a balance to be struck between moving at pace and reducing the risk of the plan being rejected.

The Chairman mentioned Neighbourhood Plans, which he understood should be complementary and supportive to the district's Local Plan. He had heard that some parish councils were disappointed in the level of support from UDC. The Assistant Director Planning said there were currently 9 plans in preparation and he was looking at the most effective way of using limited staff resources. He was currently running a workshop every six months to provide information and enable the sharing of best practice. The Neighbourhood Plans were required to conform to the Local Plan policies so officers would ensure that the Neighbourhood Plan groups were kept informed of the relevant issues.

Evidence

Cllr Dean said the council should agree the criteria and scoring to be applied to the decisions on the new settlements/areas of search at the outset, rather than turning evidence to fit specific sites later in the process

Members were reminded that site assessments could not be totally scientific. It might be the case that the scoring revealed several viable locations and an element of judgement would be required.

Duty to Cooperate

Members said this was key area where the council had been behind, but now appeared to be improving. The Assistant Director Planning said he would attend all future DtC meetings and feed back to Members. However, all councils felt hampered by the lack of guidance from Government on how to approach this issue.

The Chairman asked officers' views on whether the boundary between the strategic housing areas was sacrosanct, and the consequence of building a new settlement close to the boundary between UDC/S Cambs. The Director of Public Services said the SCMA boundary was the same as the district boundary but the issue to be considered was the best place within the SHMA to put proposals and whether a site on the northern boundary of the district with South Cambridgeshire was the most appropriate location to meet the OAHN of the West Essex area.

Soundness

Councillor G Barker asked if officers could give a ball park indication of how much work was still to be done to complete the Local Plan. Officers explained local planning was an iterative process and whilst the commissioned studies might provide an answer they could also reveal the need for additional work. However, officers had identified the studies that were required as part of the evidence base. Members said it might not be possible prove all points and at some stage the process would have to be concluded and a decision taken.

In answer to a question, the Committee was informed that Uttlesford was in a similar position to other a number of Essex authorities, who had also been working to the March 2017 deadline.

Response to the Action Plan

The committee suggested the following amendments to the Action Plan

- 1 To update the narrative to note that the Regulation 18 consultation would form part of the LDS to be considered by Cabinet on 30 March 2017

- 3 Scale of housing – To provide a clear and logical explanation of the calculations on the housing requirement and to show the workings behind the headline figures.
- 4 White Paper – Officers to provide a topic paper as soon as possible after the receipt of the White Paper.
- 5 Infrastructure Delivery plan – To provide a detailed explanation of what is included within the IDP and the timetable for the implementation of the various elements.
- 8 MOU with Braintree – To state this should be in place earlier than the submission date, if possible.

The Chairman asked Members how they wanted to take forward the report. He suggested the following options:

- To accept the findings of the report and take no further action.
- To request an update of the Action Plan at an appropriate time.
- To set up a task and finish group to consider the report in more detail.

Members were concerned about possible duplication with work already taking place within the authority, for example with the Members' forum and the PPWG. They were also aware of the resource implications of setting up a further group and the need for officers to get on with the work of preparing the Local Plan.

The Chief Executive said there was a clear role for the Scrutiny Committee, which was to consider the Local Plan process and whether has it been followed. It would be valid for the committee to review progress after a reasonable time and the committee might also wish to commission a further report near to the completion of the process.

RESOLVED

- 1 To receive a progress report on the action plan at the next meeting.
- 2 To maintain a watching brief and decide whether to take further action in the future.
- 3 To feedback any comments to PPWG and Cabinet

SC41

CABINET FORWARD PLAN

Members received the latest version of the Cabinet Forward Plan.

The Local Plan items would be added to the forward Plan once the updated LDS had been agreed.

It was agreed that Cabinet's comments on the Scrutiny report on enforcement would be fed back to the next meeting.

SC42 **SCRUTINY WORK PROGRAMME**

The committee received its work programme to the end of the council year.

The Chairman said the review of the Cabinet system would be put back in the programme.

Councillor Asker asked when the street naming and numbering policy was likely to be considered as this was of concern to Saffron Walden Town Council. She was informed that the Interim Head of Legal Services was reviewing the document and was aware of the Town Council's views. The final document would be subject to consultation.

The meeting ended at 9.45pm

**UTTLESFORD DISTRICT COUNCIL
FORWARD PLAN**

Item	Meeting	Date	Brief information about the item and details of documents submitted for consideration	Key Decision?	Part 2?	Portfolio Holder	Contact officer from where the documents can be obtained
Local Plan	Cabinet/ Council	TBC	To approve the Local Plan consultation document	N	N	Cllr Barker	Roger Harborough – Director of Public Services
Receive report from working group for engagement with residents including young people	Council	TBC				Cllr Rolfe	Dawn French – Chief Executive
Budget Covering report	Cabinet	16 February	2017/18 budget process	N	N	Cllr Howell	Adrian Webb – Director of Finance and Corporate Services
Robustness of estimates (including reserves strategy)	Cabinet	16 February	2017/18 budget process	N	N	Cllr Howell	Adrian Webb – Director of Finance and Corporate Services
Medium Term Financial Strategy	Cabinet	16 February	2017/18 budget process	N	N	Cllr Howell	Adrian Webb – Director of Finance and Corporate

Item	Meeting	Date	Brief information about the item and details of documents submitted for consideration	Key Decision?	Part 2?	Portfolio Holder	Contact officer from where the documents can be obtained
							Services
Treasury Management Strategy	Cabinet	16 February	2017/18 budget process	N	N	Cllr Howell	Adrian Webb – Director of Finance and Corporate Services
Capital programme 2017/18 – 2022/23	Cabinet	16 February	2017/18 budget process	N	N	Cllr Howell	Adrian Webb – Director of Finance and Corporate Services
HRA 2017/18 –	Cabinet	16 February	2017/18 budget process	N	N	Cllr Howell	Adrian Webb – Director of Finance and Corporate Services
General Fund and Council Tax 2017/18	Cabinet	16 February	2017/18 budget process	N	N	Cllr Howell	Adrian Webb – Director of Finance and Corporate Services
Procurement strategy 2017/18	Cabinet	16 February		N	N	Cllr Howell	Angela Knight – Assistant Director Resources
Articles of Association	Cabinet	16 February		N	Y	Cllr Howell	Adrian Webb – Director of Finance and Corporate Services
Newport/ Quendon and Rickling	Cabinet	16 February	To agree the Neighbourhood Plan Area	N	N	Cllr Barker	Roger Harborough – Director of Public Services

Item	Meeting	Date	Brief information about the item and details of documents submitted for consideration	Key Decision?	Part 2?	Portfolio Holder	Contact officer from where the documents can be obtained
Neighbourhood Plan							
Consultation on night flight restricts	Cabinet	16 February	DfT consultation in relation to Heathrow, Gatwick and Stansted Airports	N	N	Cllr Barker	Roger Harborough – Director of Public Services
Private Sector Housing Renewal Strategy	Cabinet	30 March or 25 May		N	N	Cllr Redfern	Roz Millership – Assistant Director Housing and Environmental Services
Broadband Investment	Cabinet	30 March					
Corporate Plan	Council	23 February		N	N	Cllr Rolfe	Dawn French – Chief Executive
Budget approval	Council	23 February	2017/18 budget process	N	N	Cllr Howell	Adrian Webb – Director of Finance and Corporate Services
LGA Peer Review	Council	23 February		N	N	Cllr Rolfe	Dawn French – Chief Executive
Gambling Act	Council	23		N	N	Cllr Howell	Simon Pugh – interim Head

Item	Meeting	Date	Brief information about the item and details of documents submitted for consideration	Key Decision?	Part 2?	Portfolio Holder	Contact officer from where the documents can be obtained
Policy		February					of Legal Services
Member public Engagement	Council,	4 April	Report from the CWG on the proposals for Member public engagement			Cllr Redfern	
Code of Conduct and Procedures	Council,	4 April	To receive recommendations from the Standards Committee on a revised Code of Conduct and Procedures for dealing with complaints regarding a breach of the Code of Conduct	N	N	Cllr Rolfe	Simon Pugh – Interim Head of Legal Services
2016/17 Community Governance Reviews	Council	TBC	To receive recommendations from the Electoral Working Group for community governance reviews	Y	N	Cllr Howell	Dawn French- Chief Executive
Local Plan	Cabinet/ Council	TBC	Further decisions will be required regarding the local plan but the timing may not align to existing meetings and may therefore necessitate additional meetings of Cabinet and Council			Cllr Barker	Roger Harborough – Director of Public Services

Work Programme 2016/17

Date	7 February	11 April
Standard agenda items	Responses of the Executive to reports of the Committee	Responses of the Executive to reports of the Committee
	Consideration of any matter referred to the Committee in relation to call in of a decision	Consideration of any matter referred to the Committee in relation to call in of a decision
	Invited reports from the Executive	Invited reports from the Executive
	Cabinet Forward Plan	Cabinet Forward Plan
	Scrutiny Work Programme	Scrutiny Work Programme
Agenda items	Corporate Plan and Delivery Plan	Tenant Regulatory Panel – Introduction to the panel and update on its work
	Budget 2017/18	2016/17 Scrutiny Review
	Local Plan Action Plan	ECC Highways – reporting of maintenance issues – Cllr Davies

Notes

This work programme runs to the end of the 2016/17 council year. Provisional dates for the 2017/18 council year are:

- 20 June,
- 19 September,
- 21 November,
- 6 February,
- 27 March.
- 1 May.

Scrutiny Items – February 2017 Status Report

Item	Status with Scrutiny	Latest note	Status
Air Quality Action Plan (AQAP)	Subject of Scrutiny call-in meeting on 4 October	Officers have now received a response from DEFRA and are ensuring that the AQAP is covering the measures described to the appropriate degree of detail. The matter will then be referred back to Cabinet for approval.	Open
Member/Public Engagement	This has arisen during Scrutiny meetings through the Cabinet Forward Plan	It has been discussed with group leaders that the working group on youth engagement could be asked to look at this matter following completion of its current work. A report from the Youth Engagement Working Group went to Council on 8 December where it was agreed to form an Uttlesford Youth Council with a view to considering more detailed recommendations after an initial period of three months.	Open
Street Naming and Numbering Policy	Subject of the Scrutiny call-in meeting on 16 June	Responsibility for drafting the policy has been given to the Interim Head of Legal Services, who is currently looking at best practice elsewhere and expects to be able to submit a revised policy to Cabinet in the first part of 2017.	Open
Enforcement	Committee's recommendations were presented to Cabinet on 26 October	Cabinet considered a report incorporating the Committees recommendations. Cabinet agreed that <ol style="list-style-type: none"> 1. the corporate customer charter be updated 2. an overarching corporate enforcement strategy be developed supported by enforcement policies for <ul style="list-style-type: none"> – benefits – debt recovery – development management including building control - environmental health 	Closed

		<ul style="list-style-type: none"> – licensing – litter, fly-tipping, flyposting, abandoned and untaxed vehicles – taxis and private hire operators <p>3. regular reports with a schedule of cases be generated and distributed together with management information for performance review purposes as soon as the database had been addressed.</p>	
PAS Action Plan	Scrutiny commissioned the PAS to review progress on the emerging local plan to date.	It was agreed that the draft Action Plan would be updated and brought to the Scrutiny meeting on 7 February.	Open

Committee: Scrutiny

Agenda Item

Date: 7 February 2017

8

Title: Corporate Plan 2017-2021 and Delivery Plan
2017-2018

Scrutiny Committee Lead Officer: Richard Auty, Assistant Director Corporate Services Item for decision

Summary

1. The Corporate Plan is a key document that sets out the Council's vision and priorities for the next four years. However, it is reviewed annually to ensure that it remains relevant and deliverable.
2. Underpinning it is the Cabinet's Delivery Plan which sets out the outcomes, activities and output measures/milestones relating to the key activities to be undertaken in the forthcoming year to meet the aims of the Corporate Plan.
3. The Council's 2017/18 budget has been aligned to the Corporate Plan and the Delivery Plan to ensure that resources follow the priorities.

Recommendations

4. The Scrutiny Committee provides feedback to Cabinet on the Corporate Plan and Delivery Plan

Financial Implications

5. There are no direct financial implications arising from this report. Financial implications are identified in the Delivery Plan and reflected in the budget.

Background Papers

6. None

Impact

- 7.

Communication/Consultation	The plan is derived from community and budget consultation activities.
Community Safety	Community safety and resilience is more clearly identified as a corporate priority; specific actions and projects particularly relating to community health and wellbeing

	are included in the Delivery Plan.
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	None
Sustainability	Sustainability issues are identified through the plans
Ward-specific impacts	None
Workforce/Workplace	A strong vision that creates a sense of purpose is key to engaging staff effectively in their work. Any workforce implications resulting from actions or projects in the corporate plan will be identified in the delivery and service plans

Situation

8. In December, Cabinet and Full Council considered the draft Corporate Plan 2017-2021. Paragraphs 9 to 17 of this report set out the information presented to Members in those reports. The Corporate Plan is attached to this report as Appendix A. The remaining paragraphs provide information about the Cabinet's Delivery Plan, which underpins the Corporate Plan. The Delivery Plan is attached as Appendix B.
9. The Council has for many years followed the good practice of setting out its priorities in the form of a Corporate Plan. Since 2007, much of the focus has, by necessity, been to ensure that the Council's finances were restored to good order. Whilst it is essential that the Council continues its efforts in maintaining a financially sound position, it is considered to be an opportune time for the Council to prioritise its Community Leadership role.
10. Community Leadership is widely used to describe the key and unique value that councils can bring to their localities. As the only over-arching locally elected body, councils have a uniquely democratic role within the locality. The Council is well placed to perform a more visible Community Leadership role, focusing on bringing partners together, joining up local services, exercising influence in developing a shared local agenda, engaging with residents and creating a vision for our locality. This is in addition to its more traditional role of meeting its statutory requirements and as a provider of good quality services.
11. The role of Community Leadership is also essential when the rapidly changing nature of the public sector is considered, brought on by significant reductions in central government funding, increasing demand in services, a greater reliance on

digital delivery. The Council is uniquely placed to maintain an overview on how these changes impact on the residents, businesses and the community of Uttlesford.

12. In addition, individuals, families and communities experience much more complex issues that cannot be tackled by individual parts of the public sector. Again, the Council is well placed to exercise its Community Leadership role by bringing statutory partners and the voluntary and community sectors together to provide more holistic, and wherever possible, earlier interventions and support.

Vision

13. To this end a vision is proposed within the Corporate Plan: **Working together for the well-being of our communities and to protect and enhance the unique character of the District.**
14. Implicit in this vision is the community leadership role that the council will need to play if progress is to be made towards this vision for the District.

Priorities

15. The Corporate Plan builds on the direction set in previous corporate plans but is intended to provide greater focus on the priorities. The addition of the narrative is intended to ensure that the public, members, staff and partners are clear what the issues and challenges are that drive the priorities, which therefore informs an assessment of what actions are most likely to deliver greatest progress on those priorities.
16. Underpinning the Corporate Plan is the Cabinet's Delivery Plan for 2017/18 that sets out the more significant actions/projects, expected outcomes and performance measures by which success will be measured. The Delivery Plan has been completed alongside the budget for 2017/18 to ensure that resources follow priorities.
17. It should be recognised that all of the Council's activities should be contributing to one or more of the priorities but it is not desirable or practicable to set out in a delivery plan all operational activities that contribute to the priorities.

Delivery Plan

18. The Delivery Plan is a Cabinet document setting out the more significant actions and projects for 2017/18 which will deliver the commitments of the Corporate Plan.
19. The Delivery Plan actions are categorised by Corporate Plan commitment, so it is easy to see how each action or project contributes towards the Council's key aims.

20. Each project or action in the Delivery Plan is broken down as follows:

- Outcomes** – this describes what successful delivery of the project or activity will look like
- Activities for 2017/18** – what the council will do in the next financial year to achieve the outcome
- Output measures/milestones:** what the key dates or targets are
- Resources** – the budgeted amount for delivering the project and staff resources required
- Officer Responsible:** The Corporate Management Team officer with responsibility for delivering each project

21. The actions contained in the Delivery Plan have been costed and are contained within the Council’s budget for 2017/18.

22. Under the Delivery Plan will sit Service Plans; documents for staff use which set out the key aims of each service area and how their work will contribute towards meeting the Delivery Plan, and so Corporate Plan, aims.

23. Through the Council’s appraisal system, individual employees are given performance objectives relating to their area’s Service Plan. Therefore staff will be able to see a clear link from their individual role and contribution through their Service Plan, to the Delivery Plan and to the Corporate Plan.

24. It is intended that progress on the Delivery Plan will be discussed by Cabinet quarterly in 2017/18.

Risk Analysis

25.

Risk	Likelihood	Impact	Mitigating actions
The Council fails to deliver on its priorities	1 – The Delivery Plan sets out an ambitious but achievable programme of work for the coming year	3 – If staff are not sufficiently focused on the priorities, some projects bringing benefit to the community may not be delivered	Greater clarity and explanatory narrative enables staff to understand the priorities more clearly; the Delivery Plan alongside the budget ensures that adequate resources are allocated; activities will feature in service and individual performance plans

- 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.

Promote thriving, safe and healthy communities	
<p><u>Why is this important:</u> Uttlesford is one of the most affluent areas in the country with a strong sense of community and low levels of crime, where most residents enjoy generally good health. But in some communities (including newly forming ones) and for some residents, there are early signs of a reversal of these positive trends. The council, with its partners, wants to act early to support communities and individuals to live well; Live Well will be the coordinating campaign for the Uttlesford Local Strategic Partnership and its work groups to promote all aspects of health, wellbeing, security and safeguarding. Housing is essential to enabling our residents to live well and we will strive to ensure everyone has access to a safe, secure, warm and affordable homes.</p>	<p><u>We will do this by:</u> Encouraging the production of Neighbourhood plans Improving community engagement Encouraging young people to live well through volunteering, engaging in civic life and being active Promoting garden city development for new settlement(s) Working through the LSP to promote Live Well Increasing the number of council owned homes Promoting better standards in private rented housing Supporting people to remain living in their own homes</p>
Protect and enhance heritage and character	
<p><u>Why is this important:</u> The combination of over 3800 listed building, historic towns, traditional villages and open countryside make Uttlesford a great place to live, work and visit. It is also one of the fastest growing places due to its location, which presents opportunities and challenges to protect and enhance its essential character for present and future generations. Too often our beautiful place is blighted by fly tipping, litter and untidy open space. Together with residents, communities and businesses, we want to ensure that Uttlesford always looks its best to encourage more people and businesses to visit or locate here.</p>	<p><u>We will do this by:</u> Producing and adopting a Local Plan Promoting Pride in Uttlesford Working with others to increase access to the heritage and history of the District Encouraging positive planning that values heritage and promotes growth Opposing a 2nd runway at Stansted airport</p>
Support sustainable business growth	
<p><u>Why is this important:</u> Uttlesford benefits from very low levels of unemployment but key to this is a diverse and growing economy. Located between London and Cambridge and with Stansted airport in our district, we want to attract and retain businesses that provide good jobs for local people. Digital connectivity is essential for businesses and their customers, which is why we are investing directly to improve broadband access. The retail sector everywhere faces particular challenges but our town centres provide local services for our residents and are important to our tourism offer; we all need to do what we can to maintain and improve their vitality.</p>	<p><u>We will do this by:</u> Promoting broadband and mobile telephony to support small businesses and home working Promoting town centres Promoting economic benefits of Stansted Airport Working with partners in EESET and WE Alliance to promote economic opportunities Encouraging more people to visit Uttlesford Supporting business parks and business communities on industrial estates and support the SE Cambs Science Cluster Encouraging the establishment of a higher education offer in Uttlesford</p>
Maintain a financially sound and effective Council	
<p><u>Why is this important:</u> The way in which the council funds its activities has and continues to undergo significant change. Grants from government will end in 2018 and so the council will be reliant on income from council tax, business rates, new homes bonus and the income we can generate directly through investments. Key to this is also that we spend wisely and ensure our services are as effective as possible. Good customer service is essential to enable us to get it right first time. We also need our residents to help us for example, by recycling as much waste material as possible and paying their bills online to reduce transaction costs.</p>	<p><u>We will do this by:</u> Setting a MTFS that balances prudent use of investment, reserves and capital Maximising the use of our assets, including utilising the available space within the council offices Reviewing all services to ensure efficiency and effectiveness Developing a commercial strategy for the council, including trading Aspire Enabling enhanced self-service through the council website Working in partnership to deliver good services and reduce costs</p>

Corporate Plan Commitment: Promote thriving, safe and healthy communities					
Programme/Project/ Activity Title	Outcomes	Activities for 2017/18	Output measures/milestones	Resources	Officer Responsible
Encouraging the production of Neighbourhood plans	Communities fully engaged in positively planning for sustainable development to deliver growth.	Support 9 parish and town councils currently developing their neighbourhood plans	Key stages reached by each neighbourhood plan Neighbourhood plan workshops for neighbourhood plan groups in March and September 2017	Support for Rural Community Council of Essex. £10K budget for 2017/18 £15K budget provision for consultancy to support neighbourhood plan groups. £35K grant in 2017/18 from Department for Communities and Local Government for community led housing delivery. Planning Policy Manager and local plan team	Assistant Director - Planning
Encouraging young people to live well	Volunteering, engagement in civic life and being active Young people feeling more informed and connected	Develop and deliver a campaign to raise awareness and participation in volunteering targeted at young people	Decision as to whether to establish an Uttlesford Youth Council	Youth Initiatives Working Group budget Community Development Officer	Assistant Director – Housing and Health
Working through the LSP and with partners to promote and address health and wellbeing priorities and activities through Livewell	More effective collaboration and greater impact on health and wellbeing in Uttlesford Delivery of evidence-based programmes that contribute to improved Health and Wellbeing	Develop a Health and Wellbeing Strategy that takes account of local and national priorities Contribute to the work of the Uttlesford and West Essex Health and Wellbeing boards to deliver programmes that promote living well	Health and Wellbeing Strategy is developed to respond to identified needs Health and Wellbeing data collection – and analysis. Indicators will be measured against the Public Health Outcomes framework	Budget provision for health and wellbeing team including Senior Health Improvement officer £26.5k pa - Public Health budget until Mar 2018	Assistant Director – Housing and Health

Corporate Plan Commitment: Promote thriving, safe and healthy communities <i>(continued/...)</i>					
Programme/Project/ Activity Title	Outcomes	Activities for 2017/18	Output measures/milestones	Resources	Officer Responsible
Delivering a new build council homes programme	Well designed and affordable new homes built to replace those lost through Right To Buy sales Making a contribution to meeting local housing needs	Carry out development appraisals of identified sites and review business plan capacity to develop further sites	Delivery of approximately 6 - 10 properties per year	£6.89m – development budget within the Housing Revenue Account Housing and Communities Manager, Development Manager	Assistant Director – Housing and Health
Delivering supported housing units for vulnerable/older people	Provision of well designed, more suitable accommodation to meet vulnerable/older residents’ needs, enabling moves from less appropriate housing, enabling older people to live independently	Complete Phase I of the redevelopment of Reynolds Court and commence phase 2; remodel Hatherley Court sheltered accommodation; explore options to remodel Walden Place sheltered scheme and refurbish the listed main house for private sector flats Deliver extra care accommodation in Saffron Walden including 40 social rented and 33 shared ownership units	Handover of Reynolds Court Phase I Start on site of Reynolds Court Phase 2 Start on site of Hatherley Court remodelling scheme Completion of Radwinter Road extra care independent living scheme Start on site of Chelmsford Road Dunmow extra care independent living scheme Start on site of Everett Road scheme providing accommodation for people with learning disabilities	£11.5m - development budget within the Housing Revenue Account Housing and Communities Manager, Development Manager	Assistant Director – Housing and Health
Promoting better standards in private rented housing	Strengthened relationships with private sector landlords Safe homes, free from category 1 hazards for those living in the private rented sector	Develop a Private Sector Housing Strategy Develop a Private Sector Housing Renewal Strategy	New strategy developed New strategy developed	£50k pa - private sector renewal grant Principal Environmental Health Officer	Assistant Director – Housing and Health

Corporate Plan Commitment: Promote thriving, safe and healthy communities <i>(continued/...)</i>					
Programme/Project/ Activity Title	Outcomes	Activities for 2017/18	Output measures/milestones	Resources	Officer Responsible
Supporting people to remain living in their own homes	Reduction in the time people have to wait for adaptations Reduction in cold homes and fuel poverty	Improve/Increase the scope of the Disabled Facilities Grant service Enable more sustainable homes by increasing energy efficiency and reducing fuel poverty	Updates to Corporate Management Team BRE data analysis Uttlesford's Energy Switch Scheme (3 times/year) for cheaper energy tariffs Deliver the targeted campaign in partnership with the Citizens Advice Bureau	£260k pa – capital /Disabled Facilities Grant funding £50k pa - private sector renewal grant Principal Environmental Health Officer Energy Officer	Assistant Director – Housing and Health

Corporate Plan Commitment: Protect and enhance heritage and character					
Programme/Project/ Activity Title	Outcomes	Activities for 2017/18	Output measures/milestones	Resources	Officer Responsible
Producing and adopting a Local Plan	Growth accommodated in a sustainable manner	Complete preparation of local plan	Local Development Scheme will set out milestones	Planning Policy Manager, local plan team and consultancy provision in budget	Assistant Director - Planning
Promoting Pride in Uttlesford	Improved public realm	Address non-managed areas of estates, supplementary litter picking of roadside verges and urban roads and maintaining roundabouts	Public realm agreement with Essex County Council Love Essex campaign 2017	Additional resource for Street Services team led by Street Services Operations Manager in budget Sponsorship income from roundabouts	Director of Public Services

Corporate Plan Commitment: Protect and enhance heritage and character <i>(continued/...)</i>					
Programme/Project/ Activity Title	Outcomes	Activities for 2017/18	Output measures/milestones	Resources	Officer Responsible
Working with others to increase access to the heritage and history of the District	Greater access to the Museum collections through digitisation and outreach programmes. Better access for the general public to Museum collections	Work with the Museum, St Mary's Church, Fry Art Gallery, Saffron Hall and others to increase access to the heritage	Successful HLF bid for 2-year project 'Stories of NW Essex' to run 2017-19 Temporary co-location of Fry Art Gallery on museum site Measures in 2017-18: % of collections at Shirehill Store to be digitised at inventory level No. of schools and communities around Uttlesford engaged or consulted by Learning & Outreach Officer	Museum Learning & Outreach Officer f/t Bid to HLF for Project-funded Collections Access Officer for 2 years with budget for digitisation and outreach Curatorial staff- and volunteer- time from Museum	Assistant Director – Corporate Services
Encouraging positive planning that values heritage and promotes growth	Listed buildings adequately maintained	Review each individual building on the buildings at risk register on an annual basis Monitor the effectiveness of local plan conservation policies for the purposes of determining planning applications on an annual basis	1 property at risk safeguarded/ brought back into use per year. Yearly monitoring report Local Plan local development scheme	Existing budget provision for conservation and local plan. Conservation officers/ Planning Policy Manager	Assistant Director - Planning
Opposing a 2 nd runway at Stansted airport	Government aviation policy framework review does not support additional runway capacity at Stansted	Maintain regular and positive contact with Manchester Airport Group	Department for Transport topic papers	Existing budget of £23k	Director of Public Services

Corporate Plan Commitment: Support sustainable business growth					
Programme/Project/ Activity Title	Outcomes	Activities for 2017/18	Output measures/milestones	Resources	Officer Responsible
Promoting broadband and mobile telephony to support small businesses and home working	Create a competitive business location enabling retention of existing businesses, attraction of new businesses and business start-ups. Enhancing home working.	Investment in the Superfast Essex Phase Three programme. Lobbying of Superfast Essex to maximise the level of coverage in Uttlesford. Completion of the wireless superfast broadband project	95% premises able to access fibre based superfast broadband by end 2019.	Up to £500k investment in Superfast Essex Phase Three programme would be required from SIF. £100k budget to support wireless projects. Economic Development Officer and economic development team	Director of Public Services
Promoting town centres	Sustainable socio-economic hubs providing employment, services, business opportunities and places to meet and socialise.	Resourcing of Saffron Walden and Great Dunmow Town Teams and Economic Development Working Group in Stansted. Resourcing of the potential Saffron Walden Business Improvement District (BID) and investigation of the feasibility of a Great Dunmow BID. Creation of a district wide car parking strategy and action plan.	Delivery of action plans resulting in increased footfall. Delivery of potential Saffron Walden Business Improvement District Project Plan.	Support for Town Teams £40k Support for BID(s) £30k Additional capacity to enable creation of car parking strategy, action plan and its implementation.	Assistant Director - Planning
Promoting economic benefits of Stansted Airport	Sustaining local businesses through supplying the airport and enabling attraction and retention of businesses.	Work with London Stansted Cambridge Corridor, Invest Essex, Meet the Buyer and other partners and initiatives.	Delivery of Meet the Buyer event New business investment attracted into the airport locality including review of use of airport northside with Manchester Airport Group Additional Business Rates	£13k contribution to Greater Cambridge Greater Peterborough £10k contribution to London Stansted Cambridge Consortium	Assistant Director - Planning

Corporate Plan Commitment: Support sustainable business growth (continued/...)					
Programme/Project/ Activity Title	Outcomes	Activities for 2017/18	Output measures/milestones	Resources	Officer Responsible
Working through the Local Strategic Partnership to promote economic growth, jobs and prosperity	Sustainable local economic growth	Contribute to the work of the Employment, Economy, Skills, Environment and Transport Group, West Essex Alliance, Local Enterprise Partnerships, London Stansted Cambridge Corridor and others to deliver programmes that promote economic prosperity	Delivery of the Employment, Economy, Skills, Environment and Transport Group work plan	Contributions to Greater Cambridge Greater Peterborough Local Enterprise Partnership and London Stansted Cambridge Corridor as above	Assistant Director - Planning
Encouraging more people to visit Uttlesford	Sustaining local businesses in the important visitor economy	Support the work of Town Teams and Economic Development Working Group in Stansted Work with the Saffron Walden Marketing Group	Promotion events in Dunmow and Stansted Increased visitor numbers at the key attractions in Saffron Walden i.e. Audley End House, Saffron Hall, Saffron Walden Museum, Fry Art Gallery	Support for town teams and Business Improvement District as above Economic Development Officer and economic development team	Assistant Director - Planning
Supporting business parks and business communities on industrial estates and support for the South Cambridge Science Cluster	Sustaining local businesses growth Enhanced communication with key Uttlesford firms	Support the work of Stansted Business Forum, Stansted Airport Chamber of Commerce and Shirehill Business Network. Development of the Uttlesford Business Database. Membership of and work with Cambridge Cleantech Network. Support Chesterford Research Park. Page 32	Growth in membership of the local business networks. Grow the Uttlesford Business Database to 2,000 entries. Deliver the Annual Business Breakfast. Additional Business Rates income for the Council	£4k Uttlesford Business Database £2k Annual Business Breakfast Economic Development Officer and economic development team	Assistant Director - Planning

Corporate Plan Commitment: Support sustainable business growth (continued/...)					
Programme/Project/ Activity Title	Outcomes	Activities for 2017/18	Output measures/milestones	Resources	Officer Responsible
Encouraging the establishment of a higher education offer in Uttlesford	Fill gap in supply of skilled labour Support local career path opportunities	Work with South East Local Enterprise Partnership, Essex County Council, Harlow College and Manchester Airport Group to deliver a further education facility at Stansted airport	Delivery plan for further education facility	Economic Development Officer and economic development team	Assistant Director - Planning

Corporate Plan Commitment: Maintain a financially sound and effective Council					
Programme/Project/ Activity Title	Outcomes	Activities for 2017/18	Output measures/milestones	Resources	Officer Responsible
Setting a Medium Term Financial Strategy that balances prudent use of investment, reserves and capital	Balanced budget ensuring quality of service	To provide all reports and financial data as per the timetable in measures and milestones. Finance and Revenues and Benefits to continuously monitor the income and expenditure and liaise with relevant managers.	Budget setting and Council Tax approval timetable; Scrutiny – 7 th February 2017 Cabinet – 16 th February 2017 Full Council – 23 rd February 2017 Budget monitoring carried out monthly – quarterly reports to Corporate Management Team and Cabinet Quarter 1 – September 2017 Quarter 2 - December 2017 Quarter 3 – February 2018 Quarter 4 – June 2018 Final Accounts (audited) July 2018	Finance Team Revenues and benefits Teams All managers and staff to ensure that timely and accurate information is provided on all income and expenditure.	Assistant Director - Resources

Corporate Plan Commitment: Maintain a financially sound and effective Council (continued/...)					
Programme/Project/ Activity Title	Outcomes	Activities for 2017/18	Output measures/milestones	Resources	Officer Responsible
Maximising the use of our assets, including utilising the available space within the council offices	Use of Assets maximised to bring in income.	Rental of office space on ground floor. Apply for planning permission on any General Fund building plots that are not viable for the Council to develop so they can be sold on the open market Dispose of De Vigier Avenue site	Space rented Outline planning permission granted Land disposed of	Assistant Director, ICT and Facilities Facilities Manager £50,000 pa income if let £10,000 cost of planning fees Capital receipt	Assistant Director – ICT and Facilities
Reviewing all services to ensure efficiency and effectiveness	Decision on sharing a single depot site	Costs benefit analysis of options available.	Decision on whether or not to proceed	Director of Finance and Corporate Services Assistant Director, ICT and Facilities £15,000 cost of options appraisal	Director of Finance and Corporate Services Assistant Director, ICT and Facilities
Developing a commercial strategy for the council, including trading Aspire	Additional income to support the Medium Term Financial Strategy	Develop commercial strategy Appraisal of options to purchase land for building of commercial units Acquisition of suitable land and commence development process	Commercial strategy agreed Option appraisal completed and way forward agreed Acquisition process commenced Additional land purchased for commercial activity	Director of Finance and Corporate Services Assistant Director, ICT and Facilities Acquisition and build cost circa £4m	Director of Finance and Corporate Services Assistant Director, ICT and Facilities

Corporate Plan Commitment: Maintain a financially sound and effective Council (continued/...)					
Programme/Project/ Activity Title	Outcomes	Activities for 2017/18	Output measures/milestones	Resources	Officer Responsible
Enabling enhanced self-service through the council website	Customers able to access council tax, business rates, housing benefits and housing rent account information on line and complete transactions/applications	Procurement of account system Installation of account system Launch and publicity for account system	Procurement of system by end 9/17 Launch of facility by end 3/18 Take-up to be measured in 18/19	Project Team comprising staff from Web team Revenues Benefits Information Communications Technology Cost £40,000 pa	Assistant Director – Corporate Services

Committee: Scrutiny

Agenda Item

Date: 7 February 2017

9

Title: 2017/18 Budget – covering report

Portfolio Holder: Councillor Simon Howell

Item for decision

Summary

1. The budget consists of a series of reports, all on today's agenda, as shown below. For all of the reports the Scrutiny Committee is requested to endorse the recommendation(s) to Cabinet, or suggest alternatives.

Report	Purpose	Recommendation(s)
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.	The Cabinet is requested to approve, for recommendation to Full Council: a) That the Council takes account of the advice in the report when determining the 2017/18 General Fund budget and Council Tax. b) That the Council approves the risk assessment relating to the robustness of estimates as detailed in the report c) That the Council sets the minimum safe contingency level for 2016/17 at £1,280 million. d) That the attached Reserves Strategy is adopted. e) That the Council agrees that no transfers to or from the Working Balance should be built into the 2017/18 budget.
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.	The Cabinet is requested to approve, for recommendation to Full Council, the Medium Term Financial Strategy as attached.

Report	Purpose	Recommendation(s)
Treasury Management Strategy	Details how cash flow will be managed, and a strategy for prudent borrowing and investment.	<p>The Cabinet is requested to approve, for recommendation to Full Council the following items:</p> <ul style="list-style-type: none"> • Treasury Management Strategy 2017/18, Appendix A. • Prudential Indicators, Appendix A1. • Minimum Revenue Provision (MRP) Statement, Appendix A2 • Economic Forecast, Appendix A3
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	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.
Housing Revenue Account Budget	<p>Covers spending plans for council housing in the district from 2017/18 with a 5 year forecast.</p> <p>The report contains proposals for rents and service charges. The proposals have been endorsed by the Tenants Forum and Housing Board.</p> <p>2017/18 is the sixth year of the self-financing arrangements and the 30 year plan approved by the Council in 2012.</p>	The Cabinet is request to approve, for recommendation to Full Council the HRA Revenue Budget and 5 Year Financial Strategy.
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	<ol style="list-style-type: none"> 1. The Cabinet is requested to recommend that the Full Council approves the General Fund Council Tax requirement of £5,034,621 summarised in paragraphs 16 – 22. 2. The Cabinet is recommended to approve the schedule of fees and charges in Appendix F.



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.	2017/18 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.	Angela Knight, Assistant Director - Resources 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	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?	<input checked="" type="checkbox"/> Yes * <input type="checkbox"/> No* <input type="checkbox"/> Insufficient  <input type="checkbox"/> Not applicable  <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>
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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>
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Checking delivery arrangements

10	<p>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.</p> <p><i>If assessing a proposed strategy, policy, project, contract or decision, indicate 'Yes' if you anticipate compliance by launch of implementation.</i></p> <table data-bbox="1157 1433 1436 1825"> <thead> <tr> <th></th> <th>Yes</th> <th>No </th> <th>N/A</th> </tr> </thead> <tbody> <tr> <td>The premises for delivery are accessible to all.</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>Consultation mechanisms are inclusive of all.</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Participation mechanisms are inclusive of all.</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> </tbody> </table> <p>If you answered 'No' to any of the questions above please explain why giving details of any legal justification.</p>		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"/>
	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"/>														

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.



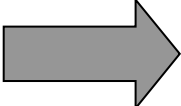
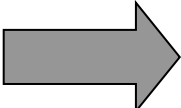
Future Impact

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 <input type="checkbox"/> No*  <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>
15	<p>If you have any additional comments to make, please include here. <input type="checkbox"/> None</p>

Completion	
16	<p>Name and job title (Assessment lead officer) Angela Knight Assistant Director - Resources</p>
	<p>Name/s of any assisting officers and people consulted during assessment: CMT</p> <p>Date: 25 January 2017</p> <p>Date of next review: January 2018</p> <p><i>For new strategies, policies, projects, contracts or decisions this should be one year from implementation.</i></p>

Committee: Cabinet

Agenda Item

Date: 16 February 2017

10

Title: Robustness of Estimates and Adequacy of Reserves

Portfolio Holder: Councillor Simon Howell

Item for decision

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 being considered by Cabinet tonight and then by Full Council on 23 February as part of the budget approval process.
3. The Scrutiny Committee reviewed the budget reports on 7 February. Comments from the Committee are in a separate item on the agenda.

Recommendations

4. The Cabinet is requested to approve, for recommendation to Full Council:
 - a) That the Council takes account of the advice in the report when determining the 2017/18 General Fund budget and Council Tax.
 - b) That the Council approves the risk assessment relating to the robustness of estimates as detailed in the report
 - c) That the Council sets the minimum safe contingency level for 2017/18 at £1.280 million.
 - d) That the attached Reserves Strategy is adopted.
 - e) That the Council agrees that no transfers to or from the Working Balance should be built into the 2017/18 budget.

Financial Implications

5. No direct implications arise from the recommendations.

Background Papers

None.

Impact

Communication/Consultation	A comprehensive budget consultation exercise was undertaken with in excess of 800 responses
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 2017/18.
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 for the Working Balance is £1.280 million. This sum is calculated using 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%
2017/18 working balance reserve equates to;
$$\begin{aligned} & \text{£}35,423,000 + \text{£}23,973,000 + \text{£}1,861,000 + \text{£}65,000 + \text{£}1,507,000 + \text{£}293,000 \\ & = \text{£}63,122,000 \times 2\% = \text{£}1,262,000 \text{ (this calculation uses rounded figures, the} \\ & \text{actual working balance is } \text{£}1,266,000 \end{aligned}$$
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 2017/18 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 2017/18 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 Medium High	Possible, but unlikely Probable Almost certain
Impact	Low Medium High	Possible variance of £5,000 to £20,000 Possible variance of £21,000 to £50,000 Possible variance of over £50,000

Risk item	Probability	Impact	Overall Risk of budget variance
<p>Waste & Recycling – This continues to be one of the most complex financially and at greatest risk of volatility. Fuel costs and disposal costs, particularly around cost of dry recycling disposal 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. The budget is based on current disposal costs</p>	Medium	High (adverse or favourable)	Medium
<p>Local Plan – Additional consultancy spend or resources may be needed in order to take forward the Local Plan process; however the Planning Reserve exists to meet additional costs. Due to recruitment issues the need for agency staff has increased and these are at a higher cost than substantive posts.</p>	Medium	High (adverse)	Medium
<p>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.</p>	Medium	Low (adverse)	Medium
<p>Business Rates Appeals. The way in which Business Rates is accounted for increases the risk around the forecasts. The key area of risk still remains with appeals; the 2017 reset of business valuation could lead to further appeals.</p>	Medium	Medium (adverse)	Medium
<p>100% Business Rates Retention. Due to the uncertainty of the increased responsibilities and the precise funding mechanism, it is still difficult to predict the financial implications of the new scheme.</p>	High	High (adverse or favourable)	High
<p>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 2017/18. In addition, the budget includes costs for Service Redesign and Organisational Development; these will be funded from the Transformation Reserve. It is still possible 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>Commercialisation. Creation of Council wholly owned subsidiaries and other income generating projects. This is in the early stages and the outcomes are expected to generate increased income to support the council with the funding reductions.</p>	High	High (favourable) Low (adverse)	High

Risk item	Probability	Impact	Overall Risk of budget variance
<p>Car Park 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 the Christmas/New Year free periods are continued, income will reduce.</p>	Medium	Low (adverse or favourable)	Medium
<p>Fees & Charges income. If economic conditions deteriorate or demand fluctuates there may be unbudgeted loss of income. Building Control, Planning, Land Charges, Licensing, Lifeline and Food Imports are all income streams where risk of volatility has been noted.</p>	Medium	Low (adverse)	Medium
<p>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.</p>	Low	High (adverse)	Medium
<p>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 reduced its commitment to subsidise the LCTS scheme for Town and Parish councils. This is based on estimates and subject to variation.</p> <p>Housing benefit reforms and benefit caps have had an adverse impact on amount of claimants benefit awards and this could have an impact on collection rates and increased claims for discretionary housing payments.</p>	Medium	Medium (adverse)	Medium
<p>Universal Credit – This was due to commence in early 2015/16 but was delayed and only started in late 2015/16 and further roll out is not expected until late in 2017/18. Implications of delay are primarily around the Working Balance level.</p>	Medium	Low (adverse or favourable)	Medium
<p>External funding. Due to inherent uncertainty about local authority budgets, there is a risk that funding for services such as the Highways Ranger could be reviewed or reduced.</p>	Medium	Low	Low
<p>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.</p>	Medium	Low (adverse or favourable)	Low

Risk item	Probability	Impact	Overall Risk of budget variance
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), 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 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
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.

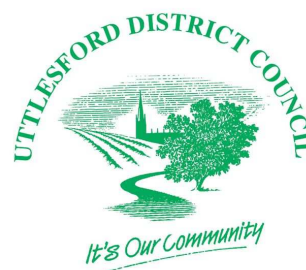


Uttlesford District Council

Reserves Strategy



Prepared by:
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Uttlesford District Council
January 2017



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 2017/18 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 Council 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 2017/18 Budget identifies a surplus of £564,000 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 2017/18 this is calculated as;

$£35,423,000 + £23,973,000 + £1,861,000 + £65,000 + £1,507,000 + £293,000 = £63,122,000 \times 2\% = £1,262,000$ (this calculation uses rounded figures, the actual working balance is £1,266,000)

For the HRA the same principal of 2% of total expenditure and 2% of total income is applied. For 2017/18 this is calculated as;

$£4,246,000 + £15,222,000 + £2,449,000 + £17,000 + £1,507,000 + £293,000 = £23,734,000 \times 2\% = £473,000$.

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 intention is that the Council will take on 100% retention and it is anticipated this is likely to be from 2020. Central Government have stated that this will be fiscally neutral to the council, but this will come with additional responsibilities and the associated financial risks.
- The Council has also taken responsibility for the settlement of any outstanding Business Rates appeals.
- New Homes Bonus reforms, has seen reductions in the allocations for 2017/18 and changes to the scheme, with further reforms expected in 2018/19.
- The loss of Revenue Support Grant with 2017/18 being the final year the council will receive this funding.
- 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 funding 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 2017/18 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 Useable Reserves as at 31 March 2017 is £9.94 million reducing to £8.89 million by 31 March 2018.
- 5.2 The table below summarises the General Fund Reserves at the end of the last financial year and the forecast end position for the next two years.

£' 000	1.4.2016	2016/17		31.3.2017	2017/18		31.3.2018
	Actual	additions	deductions	Forecast	additions	deductions	Forecast
USABLE RESERVES							
<u>Financial management Reserves</u>							
MTFS Reserve	1,000		0	1,000			1,000
Transformation Reserve	960		-66	894	1,000	-100	1,794
<u>Contingency Reserves</u>							
Emergency Response	40			40			40
<u>Service Reserves</u>							
New waste depot site	1,488		-1,488	0	2,000		2,000
Planning*	982		-385	597		-275	322
Waste Management	130	70		200			200
Homelessness	40			40		-40	0
Economic Development	194			194			194
Elections	25	25		50	25		75
Strategic Initiatives Fund	4,506	2,376	-80	6,802	564	-4,220	3,146
New Homes Bonus Ward Members	39			39			39
Voluntary Sector Grants	41		-41	0			0
Private Finance Initiative	0	85		85			85
TOTAL USABLE RESERVES	9,445	2,556	-2,060	9,941	3,589	-4,635	8,895

- 5.3 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

- 5.4 These reserves are held for specific purposes and cannot be used for anything other than the stated purpose.

£' 000	1.4.2016	2016/17	31.3.2017	2017/18	31.3.2018
	Actual	net movement	Forecast	net movement	Forecast
RING-FENCED RESERVES					
Working Balance	1,246	34	1,280	(14)	1,266
Pension Reserve*	0		0	0	0
Business Rates Reserve	500	(20)	480		480
Licensing Reserve	16	(16)	0		0
DWP Reserve	136	50	186		186
TOTAL RING-FENCED RESERVES	1,898	48	1,946	(14)	1,932

*the pension reserve shows a zero balance as the transfer for the triannual payment goes in and out in the same year

Housing Revenue Account (HRA)

- 5.5 The table below summarises the HRA Useable Reserves at the start of the 2016/17 financial year and the forecast end position for the next two year.

£000	01.04.2016 Actual	31.03.2017 Forecast	31.03.2018 Forecast
Usable Reserves			
Transformation	180	180	180
Capital Projects	3,538	0	516
Potential Development Projects	2,998	723	723
Revenue Projects	60	60	60
Sheltered Housing Reserve	318	318	0
Major Repairs Reserve	190	269	477
Total Usable Reserves	7,284	1,550	1,956

HRA Ring-fenced Reserve

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

£000	Purpose	01.04.2016	31.03.2017	31.03.2018
HRA Working Balance	Maintained to protect the Council's budget from unexpected risks (calculation as set out in 4.2)	463	473	473
Total		463	473	473

Capital Receipts

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

£000	01.04.2016	31.03.2017	31.03.2018
Capital Receipts	2,242	3,680	2,000

- 5.8 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. The Council can only use a 30% contribution of the capital receipts to fund a housing project. If the Council fails to replenish housing within 13 quarters then the capital receipts have to be repaid to Central Government.

6. Total Reserves

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

	01.04.2016	31.03.2017	31.03.2018
General Fund Earmarked Reserves	9,445	9,941	8,895
General Fund Ring-Fenced Reserves	1,898	2,744	2,730
Capital Receipts	2,242	3,680	2,000
HRA Usable Reserves	7,284	1,550	1,956
HRA Ring-Fenced Reserves	463	473	473
Total Reserves	21,332	18,388	16,054

7. General Fund Reserves 5 year plan

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

£' 000	1.4.2016	2016/17	31.3.2017	2017/18	31.3.2018	2018/19	31.3.2019	2019/20	31.3.2020	2020/21	31.3.2021	31.3.2022
	Actual	net movement	Forecast	net movement	Forecast	net movement	Forecast	net movement	Forecast	net movement	Forecast	Forecast
USABLE RESERVES												
<u>Financial management Reserves</u>												
MTFS Reserve	1,000		1,000		1,000		1,000		1,000		1,000	1,000
Transformation Reserve	960	(66)	894	900	1,794		1,794		1,794		1,794	1,794
<u>Contingency Reserves</u>												
Emergency Response	40		40		40		40		40		40	40
<u>Service Reserves</u>					0		0		0		0	0
New waste depot site	1,488	(1,488)	0	2,000	2,000		2,000		2,000		2,000	2,000
Planning	982	(385)	597	(275)	322	(200)	122		122		122	122
Waste Management	130	70	200		200		200		200		200	200
Homelessness	40		40	(40)	0		0		0		0	0
Economic Development	194		194		194		194		194		194	194
Elections	25	25	50	25	75	25	100	(75)	25	25	50	75
Strategic Initiatives Fund *	4,506	2,296	6,802	(3,656)	3,146		3,146		3,146	(830)	2,316	2,316
New Homes Bonus Ward Members	39		39		39		39		39		39	39
Voluntary Sector Grants	41	(41)	0		0		0		0		0	0
Private Finance Initiative	0	85	85		85		85		85		85	85
TOTAL USABLE RESERVES	9,445	496	9,941	(1,046)	8,895	(175)	8,720	(75)	8,645	(805)	7,840	7,865
RING-FENCED RESERVES												
Working Balance	1,246	34	1,280	(14)	1,266	(80)	1,186	(100)	1,086	(86)	1,000	1,000
Pension Reserve**	0		0	0	0		0		0	0	0	0
Business Rates Reserve	500	(20)	480		480		480		480		480	480
Licensing Reserve	16	(16)	0		0		0		0		0	0
DWP Reserve	136	50	186		186		186		186		186	186
TOTAL RING-FENCED RESERVES	1,898	48	1,946	(14)	1,932	(80)	1,852	(100)	1,752	(86)	1,666	1,666
TOTAL RESERVES	11,343	544	11,887	(1,060)	10,827	(255)	10,572	(175)	10,397	(891)	9,506	9,531

* The surplus of £564,000 for 2017/18 is included in the Strategic Initiatives Reserves; however the identified surplus/deficits for future years are not included in the 5 year reserves plan

** This reserve is for the triannual payment on the pension fund deficit and is drawdown in 2017/18 and 2020/21. This is then credited to the pension reserve and paid out in the same year and thus shows a zero balance.

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	01.04.2016 Balance	31.03.2017 Forecast	31.03.2018 Forecast	31.03.2019 Forecast	31.03.2020 Forecast	31.03.2021 Forecast
<u>RINGFENCED RESERVES</u>						
Working Balance	463	473	473	473	473	473
	463	473	473	473	473	473
<u>USABLE RESERVES</u>						
<u>Revenue Reserves</u>						
Revenue Projects	60	60	60	60	60	60
Transformation Reserve	180	180	180	180	180	180
Major Repairs Reserve	190	269	477	644	163	0
	430	509	717	884	403	240
<u>Capital Reserves</u>						
Capital Projects	3,538	0	516	600	138	95
Potential Projects Reserve	2,998	723	723	14	14	14
Sheltered Housing Projects Reserve	318	318	0	0	0	0
	6,854	1,041	1,239	614	152	109
TOTAL USABLE RESERVES	7,284	1,550	1,956	1,498	555	349
TOTAL RESERVES						
	7,747	2,023	2,429	1,971	1,028	822

Appendix One

Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
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 – To minimise the impact of New Homes Bonus reduction whilst adjusting the budget to match the income.</p> <p>2. Universal Credit – The working balance assumes Universal Credit will be implemented on time. This reserve will assist should it not be implemented on time and therefore the working balance has to be reinstated at the current level</p> <p>3. Business Rates – Due to timing issues the BR reserve may be insufficient to meet demand</p>	<p>1. The NHB figures presented as part of the MTFS identified the deficit by the end of the plan to be £1m.</p> <p>2. The Working Balance reduces by £280,000 over the remaining life of the plan.</p> <p>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>

<p>Transformation Reserve</p>	<p>To enable the council to change the way it operates in order to meet the financial challenges ahead.</p>	<p>1. Universal Credit – The Department for Work and Pensions have announced that TUPE does not apply to those staff working in the Benefits Section. However it is possible that DWP will fund any related redundancy costs</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 possible that a number of services will need to change in the way they are delivered or cease to be provided. This will inevitably lead to statutory redundancy being paid</p>	<p>This is to support and enable customer service improvements to enhance customer interactions with the council.</p> <p>£100k has been allocated in 2017/18 to support the above programme.</p>
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Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
<p>Emergency Response</p>	<p>To enable the council to undertake an emergency response such as that encountered with the Lebanese evacuation.</p>	<p>1. No such emergency arises</p> <p>2. The reserve is insufficient</p>	<p>1. The likelihood of such an emergency is relatively low however as the council moves forward and budget pressures become significant a small reserve is appropriate.</p> <p>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</p>

Reserves Strategy

			the reserve should be sufficient.
New waste depot site	It is proposed to purchase land and provide the necessary buildings and utilities in the south of the district.	<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. The process has advanced and there is now a preferred option and a reserve site. 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. The reserve has been increased to enable a single depot site to be established. This would replace the existing three depots.

Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
Planning	<p>For four primary purposes</p> <ol style="list-style-type: none"> 1. Stansted Airport studies 2. Planning Appeals 3. Local Plan 4. Neighbourhood Plans 	<ol style="list-style-type: none"> 1. The reserve is insufficient to meet the total costs 	<p>The reserve has two elements Planning as per points 1 to 3 in the column Purpose and Lifespan. There is also a second element of specific funding included for Neighbourhood Plans and these are accounted for separately.</p> <p>Current indications are that the amount allocated for Planning will be significantly depleted by the end of the financial year 2018/19; there will be a minor balance of £23,000 remaining at 31.3.2019. The majority of reserve will be used to support consultancy relating to the Local Plan.</p> <p>A balance of £99,000 remains for Neighbourhood Plans.</p>

Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
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.	1. Disposal costs increase	1. With a significant drop in the sale price of oil the cost of dry recycling disposal has increased. The 2017/18 budget is based on current cost with any increase in disposal costs being met from this reserve.
Homelessness	To assist with the fluctuating demand for homeless support. To be reviewed in March 2017.	1. The reserve remains unused	The reserve has been unused since 2014/15 and the monies held in this reserve will be released back into the General Fund in 2017/18.
Economic Development	To assist with the promotion of economic development.	1. The reserve is inadequate to cover projects identified	<ol style="list-style-type: none"> 1. Help for local people to start and stay in business. 2. Access to superfast broadband and mobile communications. 3. Help for business to expand in or locate in Uttlesford. 4. Help for town centres with their viability and vitality.

Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
Elections	Each year £25,000 is allocated to the reserve to fund future election costs. The reserve is used in UDC 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
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. 	1. Insufficient projects that meet the criteria are identified	<p>There are four key criteria that each initiative 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 initiative demonstrably supports the Council’s corporate priorities, as set out in the Corporate Plan 2. The initiative fulfils at least one of the five suggested uses for the Fund, as set out above 3. The initiative results in tangible financial benefit to the Council, either by reducing future cost pressures, efficiency savings, or income generation 4. The initiative does not give the Council any additional ongoing revenue budget commitments beyond the 2018/19 financial year

Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
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
Working Balance	Maintained to protect the Council's budget from unexpected risks,	Calculation as set out in 4.2	
Business Rates Retention	This is to manage the Collection Fund deficit, which is mainly due to the large appeals both lodged and anticipated.	1. Fund is insufficient to meet demand	This is based on central government calculations which make this unlikely to happen. However should it do so the MTFS reserve would be available to support the timing delay.
Licensing	A ring-fenced reserve that can only be spent on the taxi licensing service.		Due to new legislation relating to Taxi Licensing, where they are renewed every 3 or 5 years there is not a requirement to maintain an annual reserve.
DWP	Amount of benefit subsidy currently being reviewed in light of the External Audit grant claim process.	1. DWP seek to recover more money than in the reserve	This is the amount identified by the auditors

Committee: Cabinet

Agenda Item

Date: 16 February 2017

11

Title: Medium Term Financial Strategy 2017/18

Portfolio Holder: Councillor Simon Howell

Summary

1. The purpose of the Medium Term Financial Strategy (MTFS) 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 provisional settlement assumes that Local Authorities will maximise their council tax income, the current increase is capped at either 2% or £5. The Government has based the councils spending power on the maximum Council Tax increase which is £5, the 2017/18 budget is based on a 2% increase and the MTFS assumes a 2% increase for each year thereafter.
3. The Council is facing ever decreasing funding allocations, the phasing out of Revenue Support Grant by 2018/19, transition grant ending in 2018/19, reduction in Rural Services Delivery Grant in 2018/19 and significant reductions in New Homes Bonus. The Rural Services Network are lobbying the Government to address the shortfall in funding that rural districts are facing and the inequity of this compared to Urban areas.
4. The Council signed up for the Government's offer of a four year funding deal in October 2016, (97% of authorities have accepted the offer) and Government has confirmed its commitment to this ongoing. 2017/18 is the second year of the funding deal. The funding streams currently included that apply to this council are;
 - Revenue Support Grant
 - Business rates tariff and top ups
 - Rural Services Delivery Grant
 - Transition Grant
5. The Government proposed changes to the New Homes Bonus (NHB) scheme in a consultation paper issued in December 2015. The target set in the 2016/17 settlement was to reduce total payments from £1.5bn to £900m by 2019/20. The pressure on social care has meant the reductions have been moved forward with a planned reduction of £250m in 2017/18 to create the new adult social care fund. The outcomes from the consultation were expected in June 2016, these were received as part of the provisional statement in December.

- Legacy payments will reduce from 6 years to 5 years in 2017/18 and then to 4 years in 2018/19.
 - A 'deadweight' factor or national baseline will be introduced in 2017/18; NHB allocations will include a reduction for natural growth of 0.4% (149 properties). This means that payments are made only on the increase in the number of houses which are above the national baseline (average national growth).
6. The original consultation also included proposals for no or reduced payments to authorities for houses built following a successful appeal and where an authority does not have an approved Local Plan. These elements have been deferred pending further consultation in 2017/18.
7. Revaluation of Business Rates (BR) hereditaments has been carried out in 2016. Following a technical consultation issued in September 2016 on proposed changes to the calculation of the revaluation adjustment, the Government are proposing three changes;
- Section 31 grants (funding to reimburse the council for statutory rate relief) to be included in the BR income.
 - Adjustment of the calculation to take into account inflation only after the revaluation adjustment to tariffs and top ups
 - The multiplier to be revised;
 - i. properties with a rateable value over £50,000, multiplier is 47.9 (previously over £18,000 at 49.7)
 - ii. properties with a rateable value below £50,000, multiplier is 46.6 (previously to 48.4)
8. Two changes to business rates reliefs were announced and these have been previously fully funded by Section 31 grants. These new reliefs will continue to be funded by Section 31 grants in 2017/18 but there is no indication this will continue in future years.
- Extension of the Rural Rate Relief from 50% to 100% (in line with Small Business Relief)
 - Reliefs for new fibre broadband businesses
9. The introduction of 100% Business Rates Retention is still expected to be implemented in 2019/20, although this is yet to be confirmed. The MTFS assumes a consistent level of Business Rates income for the 5 years as Government has said that the move to 100% retention will be fiscally neutral. The key questions that need to be confirmed are;
- What extra responsibilities LA's will be required to take on?

- Will the appeals risk continue to be managed locally or will there be a central pot?
- What will be included in the Local and Central list?

Recommendations

10. The Cabinet is requested to recommend, for approval by Full Council, the Medium Term Financial Strategy as attached.

Financial Implications

11. Summary in the main body of this report and more detail in the Medium Term Financial Strategy.

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

12. It is relatively straightforward to forecast what the Council's costs and income will be, based on extrapolating the 2017/18 budget into future years, using prudent assumptions about inflation.

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

Budget item	Annual inflation assumption used
Salaries	1%
Employer's pension	1.1% of salary
Other staff costs	0%
Members allowances	1%
Utilities & fuel	3%

Supplies & services (contractual)	3%
Supplies & services (non-contractual)	0%
Fees & charges income (except car parking)	2%
Car parking income	0%
Benefits case load	-1%
Benefits rent increases	-1%
Demand growth	£50,000 cumulative additional spend per year from 2018/19

14. 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.

15. Other assumptions:

- No changes to the Council's priorities; existing levels of service provision to continue.
- Capital financing costs are based on the draft five year capital programme and allied financing strategy.
- Recharge of costs to Housing Revenue Account is based on actual cost apportionment of central and core services.
- Investment income continues to remain low due to the interest rate decline.

Efficiency and Income Opportunities

16. As part of the offer to accept the four year settlement the council was required to prepare an efficiency plan, this was a high level document and the council was not required to put in specific details of how this would be achieved. The original plan was submitted to Cabinet in October for approval and can be found at the following link [Efficiency Plan](#)

17. The Corporate Management Team is currently working on detailed plans to achieve the required efficiencies to ensure a balanced budget over the next 5 years. This includes actively seeking investment opportunities and income generating projects.

MTFS: Guiding principles

18. 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.
19. 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.
20. 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.
21. 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.
22. 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
23. 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.
24. 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.
25. The Council will ensure that all reserves are held for clearly defined purposes and the amounts kept under review as per the Reserves Strategy.
26. 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.

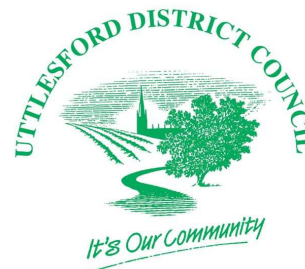


Uttlesford District Council

Medium Term Financial Strategy



Prepared by:
Angela Knight
Uttlesford District Council
January 2017



CONTENTS

	Page
Financial Outlook	2
Budget Model	4
Outcome of the Budget Modelling	8
Reserves	10
Housing Revenue Account	11

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 this being the fourth year of localisation of business rates and council tax support.

The basis of local government funding has radically altered such that Councils' funding depends directly on growth and prosperity in their local economies. The provisional settlement was announced on the 14th December 2016. The Council is facing ever decreasing funding allocations, the phasing out of Revenue Support Grant by 2018/19, transition grant ending in 2018/19, reduction in Rural Services Delivery Grant in 2018/19 and significant reductions in New Homes Bonus.

A consultation on the proposed settlement is in progress and Uttlesford has submitted a response, along with this, The Rural Services Network are lobbying the Government to address the shortfall in funding that rural districts are facing and the inequity of this compared to Urban areas. The consultation closes on 13th January 2017.

There continues to be much uncertainty in the five year forecast as the Government consultations for both New Homes Bonus and 100% Business Rates Retention continue. The proposals are varied and the implications potentially significant.

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.

Four Year Settlement

In the 2016/17 settlement Government offered all authorities the option to 'sign up' for a four year funding deal. This was to give authorities certainty and clarity over future years funding streams. The Council formally accepted the offer in October 2016, as part of this we were required to produce an efficiency plan.

The efficiency plan was submitted to Cabinet in October 2016 and a link to this is included later in this document.

New Home Bonus (NHB)

The NHB figure for 2017/18 was £3.772m in the provisional settlement on the 14th December. The Government has announced that NHB will continue for the immediate future; a consultation was undertaken on a review of the scheme in 2016, Uttlesford submitted a response. The Government's target set in the 2017/18 settlement was to reduce total payments from £1.5bn to £900m by 2019/20. The pressure on social care has meant the reductions have been moved forward with a planned reduction of £250m in 2017/18 to create the new adult social care fund. The outcomes from the consultation were expected in June 2016, these were received as part of the provisional statement in December. The provisional amendments are detailed below;

1. Legacy payments will reduce from 6 years to 5 years in 2017/18 and then to 4 years in 2018/19.
2. A 'deadweight' factor or national baseline will be introduced in 2017/18; NHB allocations will include a reduction for natural growth of 0.4%. This means that payments are made only on the increase in the number of houses which are above the national baseline (average national growth). This equates to approximately 149 properties per year.

Medium Term Financial Strategy

3. The consultation also included proposals for no or reduced payments to authorities where houses are built following a successful appeal and where an authority does not have an approved Local Plan. These elements have been deferred pending further consultation in 2017/18.

Localisation of Business Rates

The way in which the Council prepares estimates for the Localisation of Business Rates is under further review; this is due to the 2017 revaluation which is where the government adjusts the value of business rates to reflect changes in the property market. The last revaluation was carried out in 2010.

At revaluation the multipliers are also revised, which often means that individual businesses do not always see an increase in their business rates. To calculate the 'net collectable income' on business rates the following calculation applies;

Rateable value x multiplier = business rates payable.

The extension of current reliefs and the introduction of new reliefs also raise concerns, these have previously been funded through the section 31 grant, it is confirmed that this will continue for 2017/18 but there have been no indication of whether this will continue in future years. The Rural Rate Relief has been extended from 50% to 100%, to bring it in line with Small Business Relief and the introduction of relief for Fibre Broadband.

In previous years the section 31 grant (funding to reimburse the Council for statutory rate reliefs) was outside of the calculation of the councils 'net collectable income', this grant is now included in our income and levy calculation.

Appeals continue to be a challenge, although the financial risk has now reduced with any new appeals being subject to the new process of 'check, challenge and appeal', must be submitted within 3 months of the billing period and the back dating period being limited to April 2017.

There is still a significant level of historic appeals outstanding with the Valuation Office and these are subject to back dating to April 2010. The highest risk appeal the council faced was Stansted Airport and this was settled in 2016/17.

The introduction of 100% Business Rates Retention is still expected to be implemented in 2019/20, although this is yet to be confirmed. The MTFS assumes a consistent level of Business Rates income for the 5 years as Government have said that the move to 100% retention will be fiscally neutral. The key questions that need to be confirmed are;

- What extra responsibilities LA's will be required to take on?
- Will the appeals risk continue to be managed locally or will there be a central pot?
- What will be included in the Local and Central lists?

Universal Credit

The full rollout of Universal Credit has been delayed; the transfer of all working age claimants from Housing Benefit to Universal Credit is now expected to be April 2022. If there is any further delay this will have an 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 rollout of Universal Credit. There is a high risk that the actual level of claims transferred to Universal Credit will be

Medium Term Financial Strategy

significantly lower than that expected, due to the large number of pensioner and other types of disregarded claims.

Budget Model

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

	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000
Gross service expenditure	35,423	33,209	30,569	27,390	24,461
Gross service income	(23,973)	(22,345)	(19,611)	(16,142)	(12,911)
Demand growth	0	0	50	100	150
Net Service expenditure	11,450	10,864	11,008	11,348	11,700

- a) **Gross service expenditure:** Uses the 2016/17 base budget as a starting point and one-off items have been removed. Assumptions about annual inflation for 2017/18 are used: staff pay 1%; pension 1.1%; utilities 3%; contractual indexation 3% (unless specified otherwise); price inflation 2%.
- b) **Gross Service Income:** Again uses the 2016/17 base budget as a starting point. Assumed price inflation of 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 continue to phase out of the UDC budget in 2017/18 and Universal Credit to be implemented in full by 2022/23. This is shown by the Gross service expenditure and income reducing year on year.
- 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 from 2018/19.
- e) **Specific grants:** Housing Benefits subsidy at 98% of expenditure. Benefits admin subsidy being reduced to reflect rollout of Universal Credit.

Medium Term Financial Strategy

	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000
Capital financing costs	1,861	1,962	2,120	1,805	1,717
Pension fund - added years	92	92	92	92	92
Pension Fund - Deficit	770	0	0	830	0
Apprenticeship Levy	51	52	53	54	56
Recharge to HRA/Corporate Core	(1,800)	(1,836)	(1,873)	(1,910)	(1,948)
Investment Income	(65)	(66)	(66)	(67)	(68)
Efficiencies and Income Opportunities	(200)	0	0	0	0
Total Corporate expenditure	709	204	326	804	(151)

f) Corporate items:

- Capital Financing Costs – are in line with the projected capital programme’s financing requirements. The increased financing costs from 2019/20 relate to a new IT capital project and full details can be found in the Capital Programme report.
- Pension Fund deficit payment – tri-annual payment, where a discount is given for a 3 year upfront payment.
- Apprenticeship Levy – all employers with salary costs greater than £3m are required to pay a mandatory levy of 0.5% through the PAYE system.
- Investment income – nominal sum only due to continued low interest rates and prudent investment policy.
- Recharges to HRA – no change in methodology, based on actual costs of central services and corporate core.

f) **Efficiencies and Income Opportunities:** the savings identified are taken from the efficiency plan the Council was required to submit as part of the four year settlement. The Council is actively exploring options for investment projects to increase the ability to generate new sources of income. The savings identified are based around three core areas, Income Generation, Service Redesign and New Ways of Working. Full details can be found at the following link. [Efficiency Plan](#)

	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000
Business Rates Retention	(2,568)	(2,215)	(2,286)	(2,200)	(2,200)
NNDR Collection Fund Deficit	1,009	0	0	0	0
Net Business Rates Income	(1,559)	(2,215)	(2,286)	(2,200)	(2,200)

Medium Term Financial Strategy

- g) **Localisation of Business Rates:** The increased income figure for 2017/18 compared to future years is due to the Council membership of the Essex Business Rates Pool. The pool has to be approved by government each year and with expected 100% Business Rates retention commencing in 2020 there is no indication the pooling scheme will continue beyond 2017/18.

The collection fund deficit is the Council's share of the shortfall in the appeal provision for the backdated settlement of the Stansted Appeal. The guidance from our external consultants indicated that the appeal settlement would be approximately £8m whereas the actual backdated settlement figure from the Valuation Office was £11m.

	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000
Formula Grant	(255)	0	0	0	0
Rural Services Delivery Grant	(225)	(172)	(225)	0	0
Transitional Grant	(60)	0	0	0	0
Total Grant Funding	(540)	(172)	(225)	0	0

- h) **Formula Grant:** The Government has announced that Formula Grant (also known as Revenue Support Grant or RSG) will be phased out. For this Council 2017/18 is the final year of this grant. The Rural Services Delivery Grant continues until 2019/20, from 2020/21 the Council's funding is reliant on Business Rates Retention and New Homes Bonus.

	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000
New Homes Bonus	(3,772)	(2,881)	(2,764)	(2,500)	(2,500)

- i) **New Homes Bonus:** The model shows the announced figure for 2017/18. Future year's allocations for 2018/19 and 2019/20 are based on the latest funding analysis, (using average growth in the area), received from our CIPFA Finance Network consultants. The final two years are purely estimated, as we expect significant changes to the way the council is funded with the introduction of 100% Business Rates.

Council Tax

The MTFs has been prepared on the assumption that Council Tax will be increased annually by 2%. 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 based on the average growth over the last five years, which equates to approximately 2%. An estimate of LCTS discounts has been made. These assumptions give rise to the forecasts on the table below.

Medium Term Financial Strategy

	2017/18	2018/19	2019/20	2020/21	2021/22
Tax Base	37,234	37,968	38,715	39,478	40,256
LCTS Discounts	(2,010)	(2,010)	(2,010)	(2,010)	(2,010)
Net Tax Base	35,224	35,958	36,705	37,468	38,246
UDC Band D	142.93	145.79	148.70	151.68	154.71
Percentage increase	2%	2%	2%	2%	2%
Council Tax Income	(5,035)	(5,242)	(5,458)	(5,683)	(5,917)

Outcome of Budget Modelling

	2017/18 £' 000	2018/19 £' 000	2019/20 £' 000	2020/21 £' 000	2021/22 £' 000
Gross service expenditure	35,423	33,209	30,569	27,390	24,461
Gross service income	(23,973)	(22,345)	(19,611)	(16,142)	(12,911)
Demand growth	0	0	50	100	150
Net service expenditure	11,450	10,864	11,008	11,348	11,700
Capital financing costs	1,861	1,962	2,120	1,805	1,717
Pension fund - added years	92	92	92	92	92
Pension Fund - Deficit	770	0	0	830	0
Apprenticeship Levy	51	52	53	54	56
Recharge to HRA/Corporate Core	(1,800)	(1,836)	(1,873)	(1,910)	(1,948)
Investment Income	(65)	(66)	(66)	(67)	(68)
Efficiencies and Income Opportunities *	(200)	0	0	0	0
Total budget	12,159	11,068	11,334	12,152	11,549
Funding					
Business Rates Retention	(2,568)	(2,215)	(2,286)	(2,200)	(2,200)
Collection Fund Balance	816	0	0	0	0
Formula Grant	(255)	0	0	0	0
Rural Services Grant	(285)	(173)	(224)	0	0
New Homes Bonus	(3,772)	(2,881)	(2,764)	(2,500)	(2,500)
Total Funding	(6,064)	(5,269)	(5,274)	(4,700)	(4,700)
Net Operating Expenditure	6,095	5,799	6,060	7,452	6,849
Movement in Reserves	(1,060)	(255)	(175)	(891)	25
COUNCIL TAX REQUIREMENT	5,035	5,544	5,885	6,561	6,874
COUNCIL TAX INCOME	(5,035)	(5,242)	(5,458)	(5,683)	(5,917)
In year surplus (-) / deficit	0	302	427	878	957
Efficiencies and Income Opportunities	0	(696)	(725)	(961)	(1,025)
Adjusted surplus (-) / deficit	0	(394)	(298)	(83)	(68)

Medium Term Financial Strategy

The 2017/18 surplus of £564k has been added to the Strategic Initiatives Reserves.

** The efficiencies target for 2017/18 is shown in the body of the table as there is a legal requirement to set a balanced budget.*

Sufficient reserves should be maintained to cover the eventualities that may arise from 2018/19 if the efficiencies identified cannot be realised. The Council should proactively look for service efficiencies and income generating projects.

Due to 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 those 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 decrease from £12.68m to £10.32m. This includes the surplus for 2017/18 but excludes any in-year surpluses or deficits for future years. A schedule of forecasted reserves balances is set out on the following page.

£' 000	1.4.2016	2016/17	31.3.2017	2017/18	31.3.2018	2018/19	31.3.2019	2019/20	31.3.2020	2020/21	31.3.2021	31.3.2022
	Actual	net movement	Forecast	net movement	Forecast	net movement	Forecast	net movement	Forecast	net movement	Forecast	Forecast
USABLE RESERVES												
<u>Financial management Reserves</u>												
MTFS Reserve	1,000	(20)	980		980		980		980		980	980
Transformation Reserve	960	(66)	894	900	1,794		1,794		1,794		1,794	1,794
<u>Contingency Reserves</u>												
Emergency Response	40		40		40		40		40		40	40
<u>Service Reserves</u>					0		0		0		0	0
New waste depot site	1,488	(1,488)	0	2,000	2,000		2,000		2,000		2,000	2,000
Planning	982	(385)	597	(275)	322	(200)	122		122		122	122
Waste Management	130	70	200		200		200		200		200	200
Homelessness	40		40	(40)	0		0		0		0	0
Economic Development	194		194		194		194		194		194	194
Elections	25	25	50	25	75	25	100	(75)	25	25	50	75
Strategic Initiatives Fund	4,506	2,296	6,802	(3,656)	3,146		3,146		3,146	(830)	2,316	2,316
New Homes Bonus Ward Members	39		39		39		39		39		39	39
Voluntary Sector Grants	41	(41)	0		0		0		0		0	0
Private Finance Initiative	0	85	85		85		85		85		85	85
TOTAL USABLE RESERVES	9,445	476	9,921	(1,046)	8,875	(175)	8,700	(75)	8,625	(805)	7,820	7,845
RING-FENCED RESERVES												
Working Balance	1,246	34	1,280	(14)	1,266	(80)	1,186	(100)	1,086	(86)	1,000	1,000
Pension Reserve*	0		0	0	0		0		0	0	0	0
Business Rates Reserve	500	798	1,298		1,298		1,298		1,298		1,298	1,298
Licensing Reserve	16	(16)	0		0		0		0		0	0
DWP Reserve	136	50	186		186		186		186		186	186
TOTAL RING-FENCED RESERVES	1,898	866	2,764	(14)	2,750	(80)	2,670	(100)	2,570	(86)	2,484	2,484
TOTAL RESERVES	11,343	1,342	12,685	(1,060)	11,625	(255)	11,370	(175)	11,195	(891)	10,304	10,329

*The pension reserve shows a zero balance as the transfer from the Strategic Initiatives reserves and subsequent release to the general fund are in the same year and thus gives a net zero balance.

The forecast underspend for 2016/17 is not shown in the 5 year Reserves Strategy above nor however are the identified shortfalls in the years from 2018/19.

Housing Revenue Account (HRA)

2017/18 will be the sixth year of self-financing and the first year of the principal repayment of the loan. The HRA Business Plan, re-written in January 2016, sets out estimates of revenue headroom and how this will be invested.

A number of financial assumptions, including interest rates, rent setting, void rates, bad debt levels and repair costs have been used in the Business Plan. These and other assumptions will be kept under review to ensure that the plan remains a robust tool in the delivery of the council's priorities.

An HRA investment programme has been developed based on these financial assumptions. Alongside investment in existing stock and new housing, a range of actions are planned to deliver value for money service improvements.

The key issues for the HRA will be:

- ensuring that delivery of the HRA Business Plan is on course
- mitigating the impact of the 1% rent reduction
- preparing for the potential loss of high value voids or government levy on councils as part of the government's policy to fund the Right To Buy (RTB) discounts of Housing Associations
- reducing the risk of repayment of RTB receipts to government
- ensuring that the Housing Service has the capacity to deliver the plan

Under the self-financing reform the Council took out a loan for housing stock of £88.4m. 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.

A review of the HRA Business Plan and the financing of the loans will be undertaken in early 2017/18 in order to ensure the maximum benefit is being obtained, both in terms of interest rates and also the ability for the HRA to continue to deliver new housing.

The table on the next page shows the predicted 5 year financial position for the HRA. The use of the HRA reserves and the 5 year reserve balances are detailed in the Reserves Strategy.

Housing Revenue Account – 5 year Summary

	2017/18 Original Budget	2018/19 Original Budget	2019/20 Original Budget	2020/21 Original Budget	2021/22 Original Budget
£ '000					
Dwelling Rents	(14,160)	(14,019)	(14,229)	(14,442)	(14,659)
Garage Rents	(206)	(208)	(210)	(212)	(214)
Other Rents etc	(3)	(3)	(3)	(4)	(4)
Charges for Services & Facilities	(853)	(862)	(870)	(879)	(888)
Contribution towards expenditure	0	0	0	0	0
Total Income	(15,222)	(15,091)	(15,312)	(15,537)	(15,764)
Housing Finance & Business Management					
Business & Performance Management	122	124	125	126	127
Rents, Rates & Other Property Charges	75	75	76	77	78
	197	199	201	203	205
Housing Maintenance & Repairs Service					
Common Service Flats	189	191	193	195	197
Estate Maintenance	147	148	150	151	153
Housing Repairs	2,321	2,344	2,367	2,391	2,415
Housing Sewerage	53	53	54	54	55
Newport Depot	17	17	17	17	17
Property Services	300	303	306	309	312
	3,026	3,057	3,087	3,118	3,149
Housing Management & Homelessness					
Housing Services	399	403	407	411	415
Sheltered Housing Services	623	625	631	637	644
	1,022	1,027	1,038	1,048	1,059
Other Costs					
Bad Debt Provision	178	180	182	183	185
Depreciation -transferred to MRR	3,564	3,599	3,635	3,672	3,708
Impairment - Other Assets	0	0	0	0	0
Interest/Costs re HRA Loan	2,625	2,651	2,678	2,705	2,732
Repayment of HRA Loan	2,000	2,000	2,000	2,000	2,000
Investment Income	(15)	(15)	(15)	(15)	(16)
Pension Costs - Added Years	19	19	19	20	20
Pension Deficit - Triannual payment	158	0	0	170	172
Recharge from General Fund	1,507	1,522	1,537	1,553	1,568
HRA Share of Corporate Core	293	296	299	302	305
Total Non-Service Expenditure	10,329	10,253	10,335	10,589	10,675
Total Expenditure	14,574	14,536	14,661	14,958	15,087
OPERATING (SURPLUS)/DEFICIT	(648)	(556)	(651)	(579)	(677)
Transfer to/(from) Capital receipts	(2,000)	(413)	(200)	(200)	(200)
Revenue balance available for capital financing	(2,648)	(969)	(851)	(779)	(877)
Capital Schemes Funded from Revenue	2,449	1,588	1,905	1,156	1,170
Transfers to/(from) Reserves					
Capital Projects	516	84	(462)	(43)	(109)
Change Management Reserve	0	0	0	0	0
Potential Developments	0	(709)	0	0	0
Sheltered Housing Reserve	(317)	0	0	0	0
Transformation Reserve	0	0	0	0	0
Major Repairs Reserve - Other	0	0	(598)	(340)	(190)
Working Balance	0	0	0	0	0
	199	(625)	(1,060)	(383)	(299)
(SURPLUS)/DEFICIT	(0)	(6)	(6)	(6)	(6)

Committee: Cabinet

Date: 16 February 2017

Title: Treasury Management Strategy 2017/18

Portfolio Holder: Councillor Simon Howell

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 2017/18 and the following two years.

1.3 The Local Government Act 2003 also requires Local Authorities to adopt Prudential Indicators and Minimum Revenue Provision Statements, see Appendices A and B.

1.4 The TM strategy 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 The Scrutiny Committee reviewed the budget reports on 7 February. Comments from the Committee are in a separate item on the agenda.

2.0 Recommendations

2.1 The Cabinet is requested to approve, for recommendation to Full Council, the following items:

- Treasury Management Strategy 2017/18.
- Prudential Indicators, Appendix A.
- Minimum Revenue Provision (MRP) Statement, Appendix B
- Economic Forecast, Appendix C

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 2017/18 Strategy has incorporated the updates to our current strategy approved at Cabinet on 1 December; these are in line with recommendations by our independent Treasury Management Advisors (Arlingclose). The key changes were:
- Increased counterparty investment levels and time limits for Local Authorities
 - Increased borrowing limit to £250million
- 4.2 The Treasury Management counterparty list is outlined below and is also included within the Strategy; there are no recommended changes for 2017/18.
- 4.3 The Council has adopted the TM Code; in addition the Department for Communities and Local Government (DCLG) issued revised *Guidance on Local Authority Investments* in March 2010 which both require the Council to approve an Investment Strategy before the start of each financial year.
- 4.5 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.
- 4.6 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

6.0 Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Credit/Liquidity/Refinancing and Market risks	2 – Our advisors will alert us to any future or possible risks	2 – Some action may be necessary to ensure that funds are secure	Council compliance with the legal framework as set out in the local Government Act 2003, associated regulations and professional Codes of Practice/guidance. Compliance monitored regularly through: <ul style="list-style-type: none">• adoption of TM Policy and Strategy• Mid year TM progress report to Cabinet• Annual TM outturn Report to Cabinet.• 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 – Prudential Indicators

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.

Prudential Indicators 2017/18:

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.

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.

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.

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

General Fund

Capital Expenditure - General Fund £000s	2016/17 Current Budget	2016/17 Forecast Spend	2017/18 Budget	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	Total
Total Capital Expenditure	4,601	4,257	2,985	1,786	1,908	2,035	1,209	14,180
Financing - General Fund								
Grants & Contributions	(466)	(466)	(466)	(466)	(466)	(466)	(466)	(2,796)
Revenue Contributions	(2,702)	(2,329)	(981)	(552)	(626)	(589)	(589)	(5,666)
General Fund Capital Receipts	0	0	0	0	0	0	0	0
Internal Borrowing	(1,433)	(1,462)	(1,538)	(768)	(816)	(980)	(154)	(5,718)
Total Capital Financing	(4,601)	(4,257)	(2,985)	(1,786)	(1,908)	(2,035)	(1,209)	(14,180)
Net Financing Need (External Borrowing)	0	0	0	0	0	0	0	0

Housing Revenue Account (HRA)

Capital Schemes - HRA £000s	2016/17 Current Budget	2016/17 Forecast Spend	2017/18 Budget	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	Total
Total Capital Expenditure	14,037	8,128	12,127	5,651	6,095	5,165	5,185	42,351
Financing - Housing Revenue Account								
Major Repairs Reserve Contribution	(3,431)	(3,470)	(3,406)	(3,445)	(3,445)	(3,593)	(3,679)	(21,038)
HRA Financial Headroom - Specific Schemes	(3,378)	0	(5,744)	(948)	(831)	(758)	(856)	(9,137)
HRA Revenue Contributions	(50)	(51)	(187)	0	0	0	0	(238)
HRA Headroom - Funded from reserves	(5,743)	(3,373)	(2,229)	(640)	(1,024)	(340)	(170)	(7,776)
Grants & Contributions	(1,103)	(1,103)	0					(1,103)
S106 - Housing Partnership Funding - HRA	0	0	0	0	0	0	0	0
Capital Receipts - RTB	(332)	(131)	(561)	(618)	(795)	(474)	(480)	(3,059)
Internal Borrowing	0	0	0	0	0	0	0	0
Total Financing	(14,037)	(8,128)	(12,127)	(5,651)	(6,095)	(5,165)	(5,185)	(42,351)
Net Financing Need (External Borrowing)	0	0	0	0	0	0	0	0

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 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2021/21	Estimate 2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund	9,042	9,805	9,560	9,316	9,453	8,840
Housing Revenue Account (HRA)	88,407	86,407	84,407	82,407	80,407	78,407
TOTAL	97,449	96,212	93,967	91,723	89,860	87,247

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.

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	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
Operational Boundary	93,260	91,147	89,026	86,895	84,753	82,598
Authorised Limit	250,000	250,000	250,000	250,000	250,000	250,000

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 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22
General Fund	10.41%	13.37%	17.82%	18.02%	15.20%	13.66%
Housing Revenue Account	17.60%	18.64%	18.79%	18.41%	17.97%	17.46%

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.

	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2020/21
	£	£	£	£	£	£
General Fund, Council Tax Impact	116.53	73.12	36.57	38.14	39.60	17.90
Housing Revenue Account (AWR)	62.65	23.39	55.75	10.85	12.67	7.50

Interest Rate Exposures:

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

	Forecast 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22
Interest Rate Exposure	£'000	£'000	£'000	£'000	£'000	£'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	80	75	60	35	0
	0.75%	1.00%	1.25%	1.50%	1.75%	0.00%

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.

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

Liquidity/Refinancing	2017/18 £000's
Maturity Structure - Upper Limit	
Under 5 Years	8,000
5 years to 10 years	16,000
11 years to 20 years	39,000
21 years and above	25,407
Total	88,407

Minimum Revenue Provision Statement – 2017/18

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.

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 *Guidance on Minimum Revenue Provision* (the DCLG/DOE Guidance) most recently issued in 2011/2012.

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.

The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.

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.

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.

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.

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.

Also need to include paragraph relating to the increased borrowing for company investment and not charging MRP.

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.

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.

	31.03.2017 Estimated CFR £m	2017/18 Estimated MRP £m
Capital expenditure before 01.04.2008	-	-
Supported capital expenditure after 31.03.2008	-	-
Unsupported capital expenditure after 31.03.2008	4.189	0.663
Finance leases and Private Finance Initiative	4.853	0.112
Transferred debt	-	-
Loans to other bodies	-	-
Total General Fund	9.042	0.775
Assets in the Housing Revenue Account	0.000	-
HRA subsidy reform payment	88.407	2.000
Total Housing Revenue Account	88.407	2.000
Total	97.449	2.775

Arlingclose Economic & Interest Rate Forecast November 2015

Underlying assumptions:

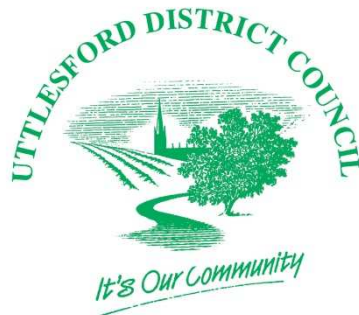
- The medium term outlook for the UK economy is dominated by the negotiations to leave the EU. The long-term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU and other countries.
- The global environment is also riddled with uncertainty, with repercussions for financial market volatility and long-term interest rates. Donald Trump's victory in the US general election and Brexit are symptomatic of the popular disaffection with globalisation trends. The potential rise in protectionism could dampen global growth prospects and therefore inflation. Financial market volatility will remain the norm for some time.
- However, following significant global fiscal and monetary stimulus, the short term outlook for the global economy is somewhat brighter than earlier in the year. US fiscal stimulus is also a possibility following Trump's victory.
- Recent data present a more positive picture for the post-Referendum UK economy than predicted due to continued strong household spending.
- Over the medium term, economic and political uncertainty will likely dampen investment intentions and tighten credit availability, prompting lower activity levels and potentially a rise in unemployment.
- The currency-led rise in CPI inflation (currently 1.0% year/year) will continue, breaching the target in 2017, which will act to slow real growth in household spending due to a sharp decline in real wage growth.

- The depreciation in sterling will, however, assist the economy to rebalance away from spending. The negative contribution from net trade to GDP growth is likely to diminish, largely due to weaker domestic demand. Export volumes will increase marginally.
- Given the pressure on household spending and business investment, the rise in inflation is highly unlikely to prompt monetary tightening by the Bank of England, with policymakers looking through import-led CPI spikes to the negative effects of Brexit on economic activity and, ultimately, inflation.
- Bank of England policymakers have, however, highlighted that excessive levels of inflation will not be tolerated for sustained periods. Given this view and the current inflation outlook, further monetary loosening looks less likely..

Forecast:

- Globally, the outlook is uncertain and risks remain weighted to the downside. The UK domestic outlook is uncertain, but likely to be weaker in the short term than previously expected.
- The likely path for Bank Rate is weighted to the downside. The Arlingclose central case is for Bank Rate to remain at 0.25%, but there is a 25% possibility of a drop to close to zero, with a very small chance of a reduction below zero.
- Gilt yields have risen sharply, but remain at low levels. The Arlingclose central case is for yields to decline when the government triggers Article 50.

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.12
Arlingclose Central Case	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Downside risk	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.40
3-month LIBID rate														
Upside risk	0.05	0.05	0.10	0.10	0.10	0.15	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.18
Arlingclose Central Case	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.29
Downside risk	0.20	0.25	0.25	0.25	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.34
1-yr LIBID rate														
Upside risk	0.10	0.10	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.23
Arlingclose Central Case	0.60	0.50	0.50	0.50	0.50	0.50	0.50	0.60	0.70	0.85	0.90	0.90	0.90	0.65
Downside risk	0.10	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.24
5-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	0.50	0.40	0.35	0.35	0.35	0.40	0.40	0.40	0.45	0.50	0.55	0.60	0.65	0.45
Downside risk	0.30	0.45	0.45	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.47
10-yr gilt yield														
Upside risk	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	1.15	0.95	0.85	0.85	0.85	0.85	0.85	0.90	0.95	1.00	1.05	1.10	1.15	0.96
Downside risk	0.30	0.45	0.45	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.47
20-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	1.70	1.50	1.40	1.40	1.40	1.40	1.40	1.45	1.50	1.55	1.60	1.65	1.70	1.75
Downside risk	0.40	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.57
50-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	1.60	1.40	1.30	1.30	1.30	1.30	1.30	1.35	1.40	1.45	1.50	1.55	1.60	1.41
Downside risk	0.40	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.57



Uttlesford District Council Treasury Management Strategy 2017/18

1. Introduction
 2. Policies & Objectives
 3. Reporting Requirements
 4. External Context
 5. Borrowing Strategy
 6. Debt Rescheduling
 7. Investment Strategy
 8. Risk Assessment
 9. Liquidity Management
 10. Governance Arrangements
 - 11 Treasury Management Procedures
- Appendices;
- A - Prudential Indicators
 - B - MRP Statement
 - C - Economic Forecast

1.0 – Introduction

The Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year.

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

This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the CLG Guidance.

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.”

The Authority has invested and borrowed 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 Authority's treasury management strategy.

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.

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)

The changes from the strategy adopted in 2016/17 are:

The counterparty list for other Local Authorities (to include Fire and Police) was revised in December 2016 and the changes were;

- The investment limit was increased from £5m per authority to unlimited
- The percentage of portfolio invested increased from 70% to 100%
- The maximum number of days of investment increased from 365 to 730 days.

The operational boundary was increased from £101.5m to £250.0m to allow the Council flexibility in its borrowing to support future investment and the Council's wholly owned company.

2.0 – Policies and Objectives

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.

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.

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

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:

- 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.
- 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 the June Cabinet after the financial year end.
- 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

Economic Background

The major external influence on the Authority's treasury management strategy for 2017/18 will be the UK's progress in negotiating a smooth exit from the European Union. Financial markets, wrong-footed by the referendum outcome have since been weighed down by uncertainty over whether leaving the Union also means leaving the single market. Negotiations are expected to start once the UK formally triggers exit in early 2017 and last for at least two years. Uncertainty over future economic prospects will therefore remain throughout 2017/18.

The fall and continuing weakness in sterling and the near doubling in the price of oil in 2016 have combined to drive inflation expectations higher. The Bank of England is forecasting that Consumer Price Inflation will breach its 2% target in 2017, the first time since late 2013, but the Bank is expected to look through inflation overshoots over the course of 2017 when setting interest rates so as to avoid derailing the economy.

Initial post-referendum economic data showed that the feared collapse in business and consumer confidence had not immediately led to lower GDP growth. However, the prospect of leaving the single market has dented business confidence and resulted in a delay in new business investment and, unless counteracted by higher public spending or retail sales, will weaken economic growth in 2017/18.

Looking overseas, with the US economy and its labour market showing steady improvement, the market has priced in a high probability of the Federal Reserve increasing interest rates in December 2016. The Eurozone meanwhile has continued to struggle with very low inflation and lack of momentum in growth, and the European Central Bank has left the door open for further quantitative easing.

The impact of political risk on financial markets remains significant over the next year. With challenges such as immigration, the rise of populist, anti-establishment parties and negative interest rates resulting in savers being paid nothing for their frugal efforts or even penalised for them, the outcomes of Italy's referendum on its constitution (December 2016), the French presidential and general elections (April – June 2017) and the German federal elections (August – October 2017) have the potential for upsets.

Credit outlook

Markets have expressed concern over the financial viability of a number of European banks recently. Sluggish economies and continuing fines for pre-crisis behaviour have weighed on bank profits, and any future slowdown will exacerbate concerns in this regard.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however continue to fall.

Interest rate forecast

The Authority's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.25% during 2017/18. The Bank of England has, however, highlighted that excessive levels of inflation will not be tolerated for sustained periods. Given this view and the current inflation outlook, further falls in the Bank Rate look less likely. Negative Bank Rate is currently perceived by some policymakers to be counterproductive but, although a low probability, cannot be entirely ruled out in the medium term, particularly if the UK enters recession as a result of concerns over leaving the European Union.

Gilt yields have risen sharply, but remain at low levels. The Arlingclose central case is for yields to decline when the government triggers Article 50. Long-term economic

fundamentals remain weak, and the quantitative easing (QE) stimulus provided by central banks globally has only delayed the fallout from the build-up of public and private sector debt. The Bank of England has defended QE as a monetary policy tool, and further QE in support of the UK economy in 2017/18 remains a possibility, to keep long-term interest rates low.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix C.

For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 2.86%.

5.0 – Borrowing Strategy

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.

The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

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 2017/18 as the intention is to use internal borrowing which is currently more cost effective.
- 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.

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.

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.

In addition, the Council may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages.

The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board and any 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
- European Banks as approved by our independent Consultants, Arlingclose, who will undertake appropriate analysis of financial statements

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Operating and Finance Leases
- Hire Purchase
- Private Finance Initiative
- Sale and Leaseback

The Council has previously raised all of its long term borrowing from the PWLB but it continues to investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.

The Council has £88.407m of long-term borrowing from the Public Works Loan Board.

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.

The Council currently pays approximately £2.6m each year towards interest cost for the £88.407m loan borrowed from PWLB. 2017/18 is the first year of the principal repayment of the loan, for £2.0m. The following table details the current debt portfolio.

Final Payment Date	Balance Outstanding £'000	Loan Rate	Discount Rate
28/03/2018	2,000	0.65	0.66
28/03/2019	2,000	0.65	0.66
28/03/2020	2,000	0.65	0.66
28/03/2021	2,000	0.65	0.66
28/03/2022	2,000	0.65	0.66
28/03/2023	2,000	2.56	1.30
28/03/2024	3,000	2.70	1.40
28/03/2025	3,000	2.82	1.49
28/03/2026	3,000	2.92	1.57
28/03/2027	3,000	3.01	1.64
28/03/2028	3,000	3.08	1.70
28/03/2029	3,000	3.15	1.76
28/03/2030	4,000	3.21	1.82
28/03/2031	4,000	3.26	1.88
28/03/2032	4,000	3.30	1.93
28/03/2033	4,000	3.34	1.98
28/03/2034	4,000	3.37	2.02
28/03/2035	4,000	3.40	2.06
28/03/2036	4,000	3.42	2.09
28/03/2037	5,000	3.44	2.12
28/03/2038	5,000	3.46	2.15
28/03/2039	5,000	3.47	2.17
28/03/2040	5,000	3.48	2.18
28/03/2041	5,000	3.49	2.20
28/03/2042	5,407	3.50	2.20
88,407			

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.

6.0 – Investment Strategy

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 £26m and £54m, and similar levels are expected to be maintained in the forthcoming year.

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. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

If the UK enters into a recession in 2017/18, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

The Council may invest its surplus funds with any of the counterparties listed in the table on page 11 subject to the cash, credit rating and time limits shown.

Given the increasing risk and falling returns from short term unsecured bank investments the Council will investigate options to diversify into more secure and/or higher yield investments during 2017/18.

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.

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.

For liquidity reasons and to ensure optimum interest the Council should hold no more than £2m of cash overnight on the Barclay Bank General Bank, i.e. callable account, excluding the deposit account.

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 £2m, 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.

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.

Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

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.

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.

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. In 2017/18 the Council only invested in the public sector deposit fund, one of the two UK domiciled money market funds.

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.

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 not invested in T-Bills in 2016/17 and has no current plans to use this investment option in 2017/18.

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 2016/17 and has no current plans to use this investment option in 2017/18.

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”.

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.

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

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.

Investment Limits:

The Authority’s revenue reserves available to cover investment losses are forecast to be £9.921million on 31st March 2017. In order that no more than 10% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government and other Local Authorities, including Fire and Police) is detailed in the counterparty list on the next page. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

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.

The counterparty list as approved by Cabinet on the 1st December 2016 is shown below;

General Counterparty List	Credit Rating	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	£3m	365 days
	AA+	£3m	365 days
	AA	£3m	365 days
	AA-	£3m	365 days
	A+	£3m	365 days
	A	£3m	365 days
	A-	£3m	365 days
	BBB+	£1m	100 days
Council's General Bank Account if it fails to meet the above criteria, excluding fixed term deposits accounts		£2m	Next Day
UK Central Government (irrespective credit rating)	N/A	Unlimited	50 years
UK Local Authorities including Police and Fire (irrespective of credit rating) per authority	N/A	Unlimited	730 days
UK Building Societies without credit ratings	N/A	£1m	365 days
Saffron Building Society	N/A	£0.5m	100 days
Money Market Funds, per fund	AAA	£3m	Next day

This list is the maximum risk appetite the council is willing to take and is within the limits set by Arlingclose Counterparty list.

For practicality UDC cash limit is set prior to the start of the year. The time limit set by Arlingclose in their regularly updated counterparty report will not be exceeded even if it is shorter than the limit shown above.

7.0 - Risk Assessment

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
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

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.

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.

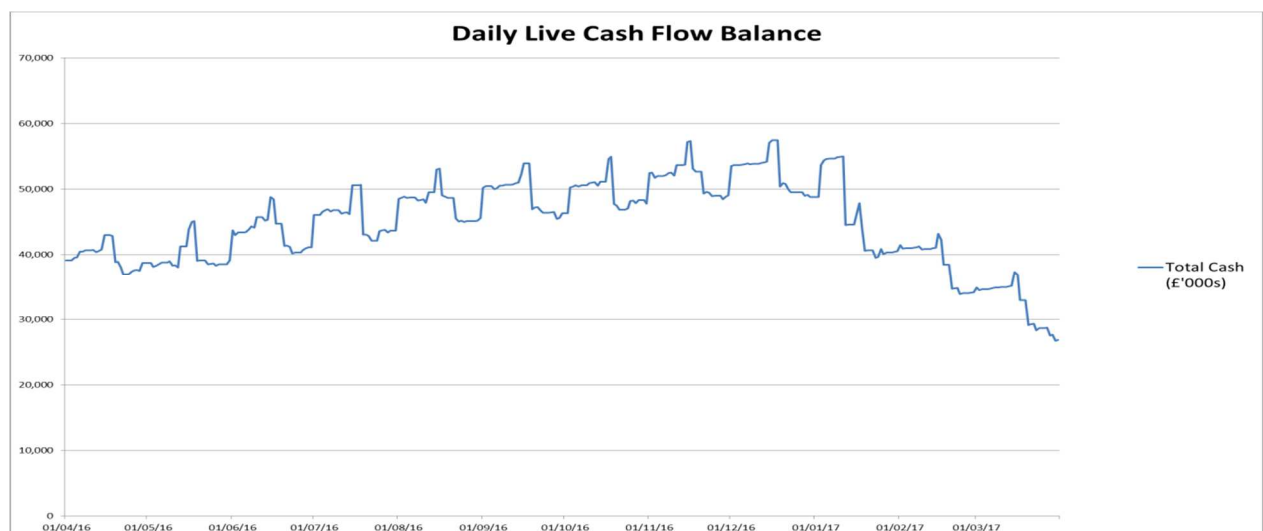
The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government, via 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.

8.0 - Liquidity Management

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

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.

The graph below shows the levels of cash held in the financial year 2016/17. The fall in income during the last two months of the financial year is due to the fact that the Council receives most of its Council Tax and Business Rates income in the first 10 months of the year.



Existing Investment & Debt Portfolio Position

31 December 2016		
	Actual Portfolio £m	Average Rate %
External Borrowing:		
Public Works Loan Board	88.407	1.64
Total External Borrowing	88.407	
Other Long Term Liabilities:		
PFI	4.956	8.29
Total Gross External Debt	93.363	
Investments:		
Banks & building societies (unsecured)	6.500	0.47
Government (incl. local authorities)	48.500	0.33
Money Market Funds	1.000	0.68
Total Investments	56.000	
Net Debt	37.363	

Investment Training:

The needs of the Authority's treasury management staff for training in investment management are assessed regularly as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

Staff regularly attend workshops, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

Investment Advisers:

Arlingclose Limited is the Councils appointed treasury management advisers and they provide specific advice on investment, debt and capital finance issues.

Budget Implications:

The budget for investment income in 2017/18 is £65,000 for the General Fund and £15,000 for the HRA, based on an average investment portfolio of £27 million at an average interest rate of 2.86%. The budget for debt interest paid in 2017/18 is £2.6 million, based on an average debt portfolio of £88.4 million at an average interest rate of 1.64%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

9.0 - Other Options Considered

The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Director of Finance and Corporate Services (s151 Officer), having consulted the Portfolio Holder for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

10.0 - Governance Arrangements

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. Receives reports on Treasury Management activities.

Performance and Audit Committee:

Monitors compliance with the Council's Financial Regulations.

Committee: Cabinet

Agenda Item

Date: 16 February 2017

13

Title: Capital Programme 2017/18 – 2021/22

Portfolio Holder: Councillor Simon Howell

Item for decision

Summary

1. The Capital programme is for the next 5 years, 2017/18 to 2021/22.
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. The Scrutiny Committee reviewed the budget reports on 7 February. Comments from the Committee are in a separate item on the agenda.

Recommendation

7. 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

8. 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

9. None

Impact

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 2017/18 – 2021/22

10. Appendix A shows a summary table of all the capital projects and their costs for each year.
11. 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.
12. The Capital Programme is an evolving and rolling programme year on year.
13. Appendix C details the financing of the Capital Programme.
14. The schemes of works detailed in the programme are proposed to be funded by the following means:
 - Grants
 - Revenue contributions
 - Capital receipts and internal borrowing
15. No external borrowing is required to finance the 5 year Capital Programme detailed in this report.
16. 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.

17. A regular update on the capital programme and associated financing is included in the Budget Monitoring reports presented to Cabinet throughout the year.

18. 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.

19. The total predicted cost of the capital programme for the 5 year programme plus the predicted outturn for 2016/17 is £58.532m. The breakdown of the total cost is;

- General Fund - £14.181m
- Housing Revenue - £42.351m

Capital Programme – Key points

20. The General Fund capital programme is consistent with routine annual replacement and maintenance projects. There are no new projects identified.

21. HRA

- It is anticipated that the main HRA development projects will complete in 2017/18, Reynolds Court, Hatherley Court and Walden Place.
- From 2018/19 there are no major projects planned due to the lack of resources available in the HRA. This is discussed in the Medium Term Financial Strategy in more detail.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Failure to identify capital budget pressures and/or funding not realised	2- Unlikely as all projects fully funded	2 – would require a drawdown on reserves	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

Portfolio Schemes	2016-17 Current Budget £	2016-17 Forecast Spend P6 £	2017-18 Forecast £	2018-19 Forecast £	2019-20 Forecast £	2020-21 Forecast £	2021-22 Forecast £	Total £
Community Partnerships and Engagement	362,000	362,000	110,000	110,000	110,000	110,000	110,000	912,000
Environmental Services	1,395,000	1,308,600	1,676,500	713,180	826,315	990,094	164,895	5,679,585
Finance Administration	2,038,000	1,989,170	388,000	283,000	292,000	255,000	255,000	3,462,170
Housing and Economic Development	805,500	597,500	810,000	680,000	680,000	680,000	680,000	4,127,500
General Fund Total	4,600,500	4,257,270	2,984,500	1,786,180	1,908,315	2,035,094	1,209,895	14,181,255
Housing Revenue Account	14,037,000	8,128,400	12,127,080	5,651,000	6,095,000	5,165,000	5,185,000	42,351,480
Total Capital Programme	18,637,500	12,385,670	15,111,580	7,437,180	8,003,315	7,200,094	6,394,895	56,532,735

The 2017/18 forecast includes the predicted slippage as at period 6 (September) from 2016/17

APPENDIX B – 5 YEAR CAPITAL PROGRAMME BY PORTFOLIO

COMMUNITY AND PARTNERSHIPS								
	2016-17 Current Budget £	2016-17 Forecast Spend P6 £	2017-18 Forecast £	2018-19 Forecast £	2019-20 Forecast £	2020-21 Forecast £	2021-22 Forecast £	Total £
S/W Castle -Motte & Bailey	200,000	200,000	0	0	0	0	0	200,000
Community Projects Grants	127,000	127,000	110,000	110,000	110,000	110,000	110,000	677,000
CCTV Thaxted	35,000	35,000	0	0	0	0	0	35,000
Community Partnerships and Engagement	362,000	362,000	110,000	110,000	110,000	110,000	110,000	912,000

APPENDIX B – 5 YEAR CAPITAL PROGRAMME BY PORTFOLIO

ENVIRONMENTAL SERVICES								
	2016-17 Current Budget £	2016-17 Forecast Spend P6 £	2017-18 Forecast £	2018-19 Forecast £	2019-20 Forecast £	2020-21 Forecast £	2021-22 Forecast £	Total £
Vehicle Replacement Programme	1,147,000	1,147,000	1,372,500	603,180	716,315	880,094	54,895	4,773,985
Mower - Vehicles growth bid	0	15,600	0	0	0	0	0	15,600
Household Bins	70,000	70,000	70,000	70,000	70,000	70,000	70,000	420,000
Kitchen Caddies	10,000	10,000	10,000	10,000	10,000	10,000	10,000	60,000
Garden Waste Bins	20,000	20,000	20,000	20,000	20,000	20,000	20,000	120,000
Trade Waste Bins	10,000	10,000	10,000	10,000	10,000	10,000	10,000	60,000
Lower St Car Park Extension	102,000	0	102,000	0	0	0	0	102,000
On-Board Vehicle Weighing Equipment	36,000	36,000	0	0	0	0	0	36,000
Car Parking machine replacement schemes NEW	0	0	92,000	0	0	0	0	92,000
Environmental Services	1,395,000	1,308,600	1,676,500	713,180	826,315	990,094	164,895	5,679,585

APPENDIX B – 5 YEAR CAPITAL PROGRAMME BY PORTFOLIO

FINANCE AND ADMINISTRATION								
	2016-17 Current Budget £	2016-17 Forecast Spend P6 £	2017-18 Forecast £	2018-19 Forecast £	2019-20 Forecast £	2020-21 Forecast £	2021-22 Forecast £	Total £
ICT Schemes								
Members - New IT Equipment	0	4,270	0	0	18,000	0	0	22,270
Minor Items IT	20,000	28,000	20,000	20,000	20,000	20,000	20,000	128,000
PSN CoCo	35,000	35,000	30,000	30,000	30,000	30,000	30,000	185,000
Mobile working ICT set up - Housing	30,000	30,000	0	0	0	0	0	30,000
Mobile working ICT set up - Planning and Environmental Health	69,000	69,000	0	0	0	0	0	69,000
PCI Compliance - cash receipting	32,000	32,000	0	0	0	0	0	32,000
PCI Compliance - Direct debit	20,000	20,000	0	0	0	0	0	20,000
UPS Server	0	900	0	0	0	0	0	900
Committee Management System	20,000	20,000	0	0	0	0	0	20,000
Laptops and Tablets	20,000	20,000	0	0	0	0	0	20,000
CCTV - London Rd	30,000	30,000	0	0	0	0	0	30,000
Scanning Stations	10,000	10,000	0	0	0	0	0	10,000
New Schemes								
Unidentified IT projects	0	0	0	0	32,000	50,000	50,000	132,000
Core switches - replacement	0	0	40,000	40,000	0	0	0	80,000
Replacement Electoral System	0	0	30,000	30,000	0	0	0	60,000
Hot desking/Mobile working	0	0	45,000	45,000	0	0	0	90,000
UDC Asset work								
Council Offices Improvements								
- London Road Building works	119,000	119,000	58,000	57,000	94,000	80,000	80,000	488,000
-London Rd Electrical	0	0	54,000	0	37,000	30,000	30,000	151,000
- London Rd Heating	36,000	0	36,000	16,000	0	0	0	52,000
Stansted Conveniences - Grant	30,000	0	30,000	0	0	0	0	30,000
Museum Storage Facility	0	4,000	0	0	0	0	0	4,000
Dunmow Depot	1,488,000	1,488,000	0	0	0	0	0	1,488,000
Solar Panels - Shire Hill	2,000	2,000	0	0	0	0	0	2,000
Museum Buildings work	52,000	52,000	20,000	20,000	36,000	20,000	20,000	168,000
Day Centres Cyclical Improvements	25,000	25,000	25,000	25,000	25,000	25,000	25,000	150,000
Finance Administration	2,038,000	1,989,170	388,000	283,000	292,000	255,000	255,000	3,462,170

APPENDIX B – 5 YEAR CAPITAL PROGRAMME BY PORTFOLIO

HOUSING AND ECONOMIC DEVELOPMENT								
	2016-17 Current Budget £	2016-17 Forecast Spend P6 £	2017-18 Forecast £	2018-19 Forecast £	2019-20 Forecast £	2020-21 Forecast £	2021-22 Forecast £	Total £
Disabled Facilities Grants	292,500	262,500	290,000	260,000	260,000	260,000	260,000	1,592,500
Empty Dwellings	64,000	15,000	50,000	50,000	50,000	50,000	50,000	265,000
Private Sector Renewal Grants	49,000	20,000	70,000	70,000	70,000	70,000	70,000	370,000
Compulsory purchase order	300,000	300,000	300,000	300,000	300,000	300,000	300,000	1,800,000
Superfast broadband	100,000	0	100,000	0	0	0	0	100,000
Housing and Economic Development	805,500	597,500	810,000	680,000	680,000	680,000	680,000	4,127,500

APPENDIX B – 5 YEAR CAPITAL PROGRAMME BY PORTFOLIO

HOUSING REVENUE ACCOUNT

	2016-17 Current Budget £	2016-17 Forecast Spend P6 £	2017-18 Forecast £	2018-19 Forecast £	2019-20 Forecast £	2020-21 Forecast £	2021-22 Forecast £	Total £
<u>HRA Fund</u>								
HRA Capital Repairs	3,180,000	3,180,000	3,255,000	3,345,000	3,295,000	3,435,000	3,435,000	19,945,000
UPVC Fascia's and Guttering	251,000	200,000	151,000	100,000	100,000	100,000	100,000	751,000
Cash Incentive Scheme Grants	50,000	50,000	50,000	50,000	50,000	50,000	50,000	300,000
			0					
Light Vans Replacement programme	0	0	87,000	96,000	0	0	0	183,000
<u>HRA Business Plan Schemes</u>								
<u>New builds</u>								
Unidentified Sites	198,000	0	1,398,000	2,060,000	2,650,000	1,580,000	1,600,000	9,288,000
Catons Lane	310,000	288,000	22,000	0	0	0	0	310,000
Sheds Lane	600,000	150,000	450,000	0	0	0	0	600,000
			0					
<u>Redevelopments</u>								
Mead Court - Phase 2	642,000	642,000	0	0	0	0	0	642,000
Newton Grove	0	3,000	0	0	0	0	0	3,000
			0					
<u>Sheltered Redevelopments</u>								
Reynolds Court	6,174,000	2,844,000	4,452,080	0	0	0	0	7,296,080
Hatherley Court	1,707,000	300,000	1,407,000	0	0	0	0	1,707,000
Walden Place	410,000	0	810,000	0	0	0	0	810,000
<u>Other Schemes</u>								
Energy Efficiency improvement schemes	252,000	252,000	0	0	0	0	0	252,000
Internet cafes in sheltered schemes	2,000	3,400	0	0	0	0	0	3,400
Resurfacing access roads	150,000	150,000	0	0	0	0	0	150,000
<u>ICT</u>								
Housing Mobile devices IT	65,000	20,000	45,000	0	0	0	0	65,000
Housing contractors portal & SAM - (Now just SAM)	46,000	46,000	0	0	0	0	0	46,000
HRA Housing	14,037,000	8,128,400	12,127,080	5,651,000	6,095,000	5,165,000	5,185,000	42,351,480

APPENDIX C – GENERAL FUND 5 YEAR CAPITAL FINANCING

Financing - General Fund	2016-17	2016-17	2017-18	2018-19	2019-20	2020-2021	2021-22
	Current	Forecast	Forecast	Budget	Budget	Budget	Budget
	Budget	Spend	Budget +	Budget	Budget	Budget	Budget
	£	£	Slippage	£	£	£	£
	£	£	£	£	£	£	£
Disabled Facilities Grant	(166,000)	(166,000)	(166,000)	(166,000)	(166,000)	(166,000)	(166,000)
PLACE scheme funding	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
General Fund Capital Receipts	0	0	0	0	0	0	0
Internal Borrowing	(1,433,000)	(1,461,770)	(1,537,500)	(768,180)	(816,315)	(980,094)	(154,895)
<u>Direct Revenue Contributions (including reserves)</u>							
Revenue Contributions to Capital - Community and Partnerships	(362,000)	(362,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)
Revenue Contributions to Capital - Environmental	(248,000)	(146,000)	(304,000)	(110,000)	(110,000)	(110,000)	(110,000)
Revenue Contributions to Capital - Finance & Admin	(1,752,000)	(1,690,000)	(223,000)	(118,000)	(192,000)	(155,000)	(155,000)
Revenue Contribution - Housing and Economic Development	(339,500)	(131,500)	(344,000)	(214,000)	(214,000)	(214,000)	(214,000)
Total Financing	(4,600,500)	(4,257,270)	(2,984,500)	(1,786,180)	(1,908,315)	(2,035,094)	(1,209,895)
Funding deficit	0	0	0	0	0	0	0

APPENDIX C – HOUSING REVENUE ACCOUNT 5 YEAR CAPITAL FINANCING

	2016-17	2016-17	2017-18	2018-19	2019-20	2020-2021	2021-22
Financing - Housing Revenue Account	Current Budget	Forecast Spend	Forecast Budget + Slippage	Budget	Budget	Budget	Budget
	£	£	£	£	£	£	£
<u>Business Plan Schemes</u>							
Funded from reserves	(5,743,000)	(3,373,500)	(2,229,000)	(640,000)	(1,024,000)	(340,000)	(170,000)
HRA Revenue Funding - RCCO	(3,377,600)	0	(5,744,080)	(948,000)	(831,000)	(758,000)	(856,000)
HCA grant funding	(1,103,000)	(1,103,000)	0	0	0	0	0
Capital Receipts - RTB	(332,400)	(131,400)	(561,000)	(618,000)	(795,000)	(474,000)	(480,000)
Other MRR reserve cont	0	0	0	(13,000)	(50,000)	(58,000)	(144,000)
	(10,556,000)	(4,607,900)	(8,534,080)	(2,219,000)	(2,700,000)	(1,630,000)	(1,650,000)
<u>Other Schemes</u>							
Major Repairs Reserve Contribution	(3,280,000)	(3,280,000)	(3,255,000)	(3,432,000)	(3,395,000)	(3,535,000)	(3,535,000)
Other MRR reserve cont	(151,000)	(190,000)	(151,000)		0	0	0
HRA Revenue Funding	(50,000)	(50,500)	(187,000)				
Sub total	(3,481,000)	(3,520,500)	(3,593,000)	(3,432,000)	(3,395,000)	(3,535,000)	(3,535,000)
TOTAL FINANCING	(14,037,000)	(8,128,400)	(12,127,080)	(5,651,000)	(6,095,000)	(5,165,000)	(5,185,000)
Funding deficit (Borrowing outside of HRA required internal from cash or external)	0	0	0	0	0	0	0

Committee: Cabinet

Agenda Item

Date: 16 February 2017

14

Title: Housing Revenue Account 2017/18 Budget and 5 year Business Plan Strategy

Portfolio Holders: Councillor Simon Howell

Item for decision

Councillor Julie Redfern

Summary

1. This report sets out the following:
 - A proposed Housing Revenue Account (HRA) budget and reserves position for 2017/18.
 - A proposed 5 year financial forecast for the period from 2017/18 to 2021/22.
2. The Welfare Reform and Work Act 2016 requires registered providers of social housing in England to reduce social housing rents by 1% a year for 4 years from a frozen 2015 to 2016 baseline and to comply with maximum rent requirements for new tenancies. This is the second year of rent decrease to general needs properties and the first year for supported accommodation.
 - a. HRA rents for general needs properties are decreased by 1% in line with new government guidance.
 - b. HRA rents for supported accommodation are decreased by 1% in line with government guidance.
 - c. All dwelling rents to be revised to the formula rent level when the property is re-let.
3. Other income and service charges for 2017/18 are as follows;
 - a. Garage rents are increased by 2% in line with RPI as at September 2016.
 - b. Heating, Service and Sewerage charges are increased in line with actual costs.
 - c. Lifeline charges are increased by 2% in line with RPI as at September 2016.
 - d. Housing related support and Intensive Housing Management charges are increased by 2% in line with RPI as at September 2016.
 - e. Protection for Tenants at 31st March 2003 who are eligible for supporting people grant assistance to cease as no tenants will be receiving supporting people (HRS) grant funding from April 2017.
 - 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.
4. The Housing Board and the Tenants Page 18 have reviewed the housing rent and service charge proposals and recommended these for approval by Cabinet and Full Council.

5. 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.
6. The Scrutiny Committee reviewed the budget reports on 7 February. Comments from the Committee are in a separate item on the agenda.

Recommendations

7. The Cabinet is requested to approve, for recommendation to Full Council the HRA Revenue Budget and 5 Year Financial Strategy.

Financial Implications

8. Financial implications are included in the body of this report.

Background Papers

9. None

Impact

Communication/Consultation	Tenants Forum reviewed the rent and heating, service and sewerage charges
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

10. The HRA budget for 2017/18 reflects the service arrangements and investments in relation to the council's housing services for the sixth year under 'Self Financing'.
11. The new financial arrangements enable the service to stand alone financially and take 'local' decisions for housing services.
12. Decisions about the level of expenditure in the Housing Revenue Account continue to be made in the context of a 30 year HRA Business Plan.
13. The fully updated Business Plan, approved at Cabinet in January 2016, sets the financial strategy and the budget proposals are reflected in this report.

14. The Business Plan has been framed in the light of:

- Estimated rental income is in line with the Government's guidance
- 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
- Service improvements

15. Following government policy changes the authority no longer has discretion to set rents at a local level, but instead are required to comply with a national approach where rents will be reduced by 1% per year, for four years, from April 2016,

16. This change, alongside other national changes in housing policy, significantly reduces the council's flexibility over longer-term decision making.

17. Income and expenditure is budgeted on an incremental and inflationary basis to reflect the financial and operational needs of the housing service.

Housing Revenue Account Budget 2017/18

18. The budget identifies a net operating surplus of £648,000 made up of total income of £15,222,000 and total expenditure of £14,574,000. The surplus has been allocated to fund agreed projects as detailed in the Business Plan.

19. The net operating surplus has reduced by £2.767m in 2017/18 compared to 2016/17; this is due in the main to this being the first year of the principal repayment of the Self Financing loan, a sum of £2m. This is being funded from the Capitals receipts reserve so there is a net nil bottom line effect.

20. The remaining difference is the reduction in rental income, due to the 1% decrease as per the government policy. There is an increase in the central service and corporate core recharge which includes the HRA share of the pension deficit triannual payment. Full details of the budget movements can be seen in point 33

21. The table below summarises the HRA budget for 2016/17, a more detailed breakdown is shown in Appendix A.

HRA SUMMARY - 2017/18	2016/17 Original Budget £'000	2016/17 Restated Budget £'000	2017/18 Original Budget £'000	Increase / (Decrease) £'000
Dwelling Rents	(14,335)	(14,335)	(14,160)	175
Rents and Charges (other)	(1,120)	(1,120)	(1,062)	58
Service Income	(15,455)	(15,455)	(15,222)	233
Housing Finance & Business Management	179	179	197	18
Housing Maintenance and Repairs Service	3,032	3,032	3,026	(6)
Housing Management and Homelessness	1,029	1,029	1,022	(7)
Service Expenditure	4,240	4,240	4,245	5
Recharge from General Fund	1,666	1,666	1,958	292
Depreciation and Impairment	3,427	3,492	3,564	72
Interest/Costs re HRA Loan	2,625	2,625	4,625	2,000
Other (net)	17	17	182	165
Non-Service Expenditure	7,735	7,800	10,329	2,529
Operating Surplus	(3,480)	(3,415)	(648)	2,767
Capital Receipts Reserve (for HRA Loan)	0	0	(2,000)	(2,000)
Funding of Capital Programme from HRA	7,503	9,228	2,449	(6,779)
Transfers to/from(-) Reserves	(4,023)	(5,813)	199	6,012
HRA (Surplus)/Deficit	0	0	0	0

22. The average weekly rent in 2016/17 was £99.81 and in 2017/18 has decreased to £98.80, a decrease of £1.01 per week.

23. The council manages a total of 453 garages; current weekly rental is £9.70 and will increase to £9.89 (excluding VAT).

24. Last year the council reviewed all support charges in preparation for further cuts to HRS funding made by Essex County Council.

25. The review resulted in the introduction of an Intensive Housing Management (IHM) charge to recover a proportion of the reduction of funding from ECC. The IHM charge is covered by Housing Benefit and its introduction therefore lessened the impact of the cuts to HRS for those tenants on benefits who previously have not contributed to support costs.

26. Tenants on housing benefit were also expected to pay the remaining proportion of the reduction of funding from ECC that could not be recovered through IHM. Last year this charge was minimal to those on housing benefit.

27. Essex County Council (ECC) has confirmed that all HRS funding will now cease from April 2017. This will result in the full cost of the support charge having to be recovered from all sheltered tenants. The rationale that ECC makes for these cuts is that people who require this type of support can claim appropriate benefits to pay for it themselves.
28. It is proposed to increase by RPI of 2% the charges for the council's sheltered housing scheme management service (made up from a support charge and an IHM charge) and lifeline services. The charges to be set at one level of service:
- i. Sheltered plus: £18.15 per week
 - ii. Protection for tenants at 31st March 2003 who are ineligible for supporting people grant assistance to cease as no tenants will be receiving grant funding from April 2017
 - iii. Lifeline service: 4.30 per week
29. The Council manages leasehold and freehold properties where service and sewerage charges are payable and these will continue to be calculated and charged in line with actual costs.
30. General needs and sheltered housing service charges are calculated on the same basis as Leasehold/freehold properties.
31. Heating charges will be calculated and charged in line with actual costs.
32. Service charges for tenants as at 31st March 2012 in sheltered accommodation and not in receipt of Housing Benefit will continue to be partially subsidised from the HRA. It is recommended that the subsidy for these charges is reduced by 25% annually.

Budget Movements

33. The table below details budget movements for 2017/18.

Service Movement	Description of Movement	£' 000
Housing Rents	Continuation and extension of 1% reduction in housing rents set by Centyral Government	175
Housing Repairs	Legionella management better value for money contract	(36)
	Reduction in need for agency	(3)
	Asbestos Management surveys reduced due to capacity to deliver planned programme	(30)
	Less materials purchase due to outsourcing of jobs	(22)
	Travel costs for fully recruited team	8
Housing Services	Service contract cost reduction	(5)
	Publication of survey not taking place in year	(8)
	Removal of unused budget for subscriptions	(6)
	Training Course fees	5
Sheltered Housing	Supporting People funding ceased in 17-18	100
	Reduction in lifeline users	8
	Increase in support cost income	(51)
	Reduction in transitional relief of service charges	(25)
Various Services	Natural reduction in transitional relief of support charges	(7)
	Inflationary increase in staffing costs	72
	Net saving on utility costs	(37)
	Salary increases	69
	Other immaterial changes	29
		238
Other Movements		
Bad Debt Provision	Increase due to cessation in support people grant, possible risk of arrears	128
Depreciation	Increase in asset values	72
Pension	Pension deficit 3 year payment	158
Investment Income	Reduced due to low rates of return on investments	37
GF Recharge	Increase to match the increased cost of Central Services and Corporate core	135
		530
Total Movements		768

5 Year Budget Summary

34. The 5 year financial forecast identifies the HRA's ability to make revenue contributions to the housing development programme are significantly reduced now that the principal loan repayment becomes due as from 2017/18. The detailed 5 year forecast is shown in Appendix B.
35. In 2017/18 the loan repayment has been matched by drawing down on the capital receipts reserve, but due to the specific criteria surrounding the capital receipts this source of funding is also reduced in future years.
36. The capital receipts are the monies that the council are allowed to keep from the sale of council houses as part of the right to buy scheme.
37. The capital receipts are ringfenced to the replenishing of the housing stock on the basis of a one for one replacement of sold properties.
38. The Council can only use up to the maximum of 30% of these receipts on any one project, so the Council is required to fund 70% out of its own resources.

39. There is a risk that the council may have to repay to government any Capital Receipts monies that are not spend with 13 quarters of receiving this income.
40. Due to the reducing resources within the HRA it is unlikely that there will be enough funds to support further developments. This can be seen in the capital programme where there are no projects identified from 2018/19. Full details of the capital programme are shown in Appendix C.
41. The Council is carrying out a review with their independent financial consultants, Arclingclose to refinance the current loan over a longer period and release funds to enable the continuation of its programme of housing development.
42. A further risk to the HRA financial planning relates to the Sale of high value properties once they become vacant. This is not planned for 2017/18 but there is a risk that this will be implemented in April 2018.
43. The HRA is facing the potential loss of high value voids or a government levy as part of the government's policy to fund the Right To Buy (RTB) discounts of Housing Associations.

Movement in Reserves

44. The table below details the movement in reserves and this includes the Major Repairs Reserve.

Reserve	Balance 01-Apr-16	Forecast transfer from HRA	Forecast transfer to HRA	Transfers between Reserves	Estimated Balance 31-Mar-17	Forecast transfer from HRA	Forecast transfer to HRA	Transfers between Reserves	Estimated Balance 31-Mar-18
£'000									
<u>RINGFENCED RESERVES</u>									
Working Balance	463	10			473				473
	463	10	0	0	473	0	0	0	473
<u>USABLE RESERVES</u>									
<u>Revenue Reserves</u>									
Major Repairs Reserve	190	146	(67)		269	208			477
Revenue Projects	60				60				60
Transformation Reserve	180				180				180
	430	146	(67)	0	509	208	0	0	717
<u>Capital Reserves</u>									
Capital Projects	3,538		(5,037)	1,499	0	516			516
Potential Projects Reserve	2,998		(776)	(1,499)	723				723
Sheltered Housing Projects Reserve	318		0		318		(318)		0
	6,854	0	(5,813)	0	1,041	516	(318)	0	1,239
TOTAL USABLE RESERVES	7,284	146	(5,880)	0	1,550	724	(318)	0	1,956
TOTAL RESERVES	7,747	156	(5,880)	0	2,023	724	(318)	0	2,429

HRA Business Plan and 5 Year Strategy

45. 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 2020/21. This is a rolling programme and is continuously updated, a detailed action plan is attached in Appendix D.

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 – due to the withdrawal of the supporting people grant and the benefit cap	2 – increased arrears and resources needed to support tenants to manage their payments	Housing officers provide Tenant support for those in financial difficulty.
Vulnerable people at risk due to loss of supporting people grant and discontinued support from ECC for Lifeline alarms	3 – residents may struggle financially to self-fund	3 – extra support from officers and possible increased claims for benefits and/or hardship grants	Increased officer support for those tenants affected - will need help with their finances. Residents on HB can claim for supported services within their claim.
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
HCA Funding for	1 – it is	3 – shortfall in	Close monitoring of the

Reynolds Court development may have to be repaid	expected that the project will complete on time	funding will have to be found within current resources	project
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

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 – 2017/18 Summary Budget

Appendix B – 5 year Budget Summary (2017/18 – 2021/22)

Appendix C – HRA 5 year Capital Programme and Financing

Appendix D – Business Plan – Action Plan 2016 - 2021

APPENDIX A

HRA Budget Summary 2017/18

£'000	2016/17 Original Budget	2016/17 Restated Budget	2017/18 Original Budget	Increase / (Decrease)
Housing Revenue Income				
Dwelling Rents	(14,335)	(14,335)	(14,160)	175
Garage Rents	(208)	(208)	(206)	2
Other Rents etc	(3)	(3)	(3)	0
Charges for Services & Facilities	(908)	(908)	(853)	55
Contributions towards Expenditure	0	0	0	0
TOTAL INCOME	(15,455)	(15,455)	(15,222)	232
Housing Finance & Business Management				
Business & Performance Management	103	103	122	20
Rents, Rates & Other Property Charges	76	76	75	(1)
	179	179	197	18
Housing Maintenance & Repairs Service				
Common Service Flats	226	226	189	(37)
Estate Maintenance	145	145	147	2
Housing Repairs	2,324	2,324	2,321	(4)
Housing Sewerage	53	53	53	(1)
Newport Depot	11	11	17	6
Property Services	273	273	300	28
	3,032	3,032	3,026	(5)
Housing Management & Homelessness				
Housing Services	394	394	399	5
Sheltered Housing Services	635	635	623	(12)
	1,029	1,029	1,022	(7)
Total Service Expenditure	4,240	4,240	4,245	6
Other Costs				
Bad Debt Provision	50	50	178	128
Depreciation -transferred to MRR	3,427	3,492	3,564	72
Impairment - Other Assets	0	0	0	0
Interest/Costs re HRA Loan	2,625	2,625	2,625	0
Repayment of HRA Loan	0	0	2,000	2,000
Investment Income	(52)	(52)	(15)	37
Pension Costs - Added Years	19	19	19	0
Pension Deficit - Triannual payment	0	0	158	158
Recharge from General Fund	1,330	1,330	1,507	177
HRA Share of Corporate Core	335	335	293	(42)
Total Non-Service Expenditure	7,735	7,800	10,329	2,529
TOTAL EXPENDITURE	11,975	12,039	14,574	2,535
OPERATING (SURPLUS)/DEFICIT	(3,480)	(3,415)	(648)	2,767
Funding from Capital Receipts Reserve for HRA Loan	0	0	(2,000)	(2,000)
Funding of Capital Programme from HRA				
Capital Schemes Funded from Revenue	7,503	9,228	2,449	(6,779)
	7,503	9,228	2,449	(6,779)
Transfers to/(from) Reserves				
Capital Projects	(3,613)	(5,037)	516	5,553
Change Management Reserve	0	0	0	0
Potential Developments	(92)	(776)	0	776
Sheltered Housing Reserve	(318)	0	(317)	(317)
Transformation Reserve	0	0	0	(0)
Working Balance	0	0	0	0
	(4,023)	(5,813)	199	6,012
(SURPLUS)/DEFICIT	(0)	(0)	(0)	(0)

APPENDIX B

HRA Summary – 5 Year Forecast 2017/18 – 2021/22

	2017/18 Original Budget	2018/19 Original Budget	2019/20 Original Budget	2020/21 Original Budget	2021/22 Original Budget
£ '000					
Dwelling Rents	(14,160)	(14,019)	(14,229)	(14,442)	(14,659)
Garage Rents	(206)	(208)	(210)	(212)	(214)
Other Rents etc	(3)	(3)	(3)	(4)	(4)
Charges for Services & Facilities	(853)	(862)	(870)	(879)	(888)
Contribution towards expenditure	0	0	0	0	0
Total Income	(15,222)	(15,091)	(15,312)	(15,537)	(15,764)
Housing Finance & Business Management					
Business & Performance Management	122	124	125	126	127
Rents, Rates & Other Property Charges	75	75	76	77	78
	197	199	201	203	205
Housing Maintenance & Repairs Service					
Common Service Flats	189	191	193	195	197
Estate Maintenance	147	148	150	151	153
Housing Repairs	2,321	2,344	2,367	2,391	2,415
Housing Sewerage	53	53	54	54	55
Newport Depot	17	17	17	17	17
Property Services	300	303	306	309	312
	3,026	3,057	3,087	3,118	3,149
Housing Management & Homelessness					
Housing Services	399	403	407	411	415
Sheltered Housing Services	623	625	631	637	644
	1,022	1,027	1,038	1,048	1,059
Other Costs					
Bad Debt Provision	178	180	182	183	185
Depreciation -transferred to MRR	3,564	3,599	3,635	3,672	3,708
Impairment - Other Assets	0	0	0	0	0
Interest/Costs re HRA Loan	2,625	2,651	2,678	2,705	2,732
Repayment of HRA Loan	2,000	2,000	2,000	2,000	2,000
Investment Income	(15)	(15)	(15)	(15)	(16)
Pension Costs - Added Years	19	19	19	20	20
Pension Deficit - Triannual payment	158	0	0	170	172
Recharge from General Fund	1,507	1,522	1,537	1,553	1,568
HRA Share of Corporate Core	293	296	299	302	305
Total Non-Service Expenditure	10,329	10,253	10,335	10,589	10,675
Total Expenditure	14,574	14,536	14,661	14,958	15,087
OPERATING (SURPLUS)/DEFICIT	(648)	(556)	(651)	(579)	(677)
Transfer to/(from) Capital receipts	(2,000)	(413)	(200)	(200)	(200)
Revenue balance available for capital financing	(2,648)	(969)	(851)	(779)	(877)
Capital Schemes Funded from Revenue	2,449	1,588	1,905	1,156	1,170
Transfers to/(from) Reserves					
Capital Projects	516	84	(462)	(43)	(109)
Change Management Reserve	0	0	0	0	0
Potential Developments	0	(709)	0	0	0
Sheltered Housing Reserve	(317)	0	0	0	0
Transformation Reserve	0	0	0	0	0
Major Repairs Reserve - Other	0	0	(598)	(340)	(190)
Working Balance	0	0	0	0	0
	199	(625)	(1,060)	(383)	(299)
(SURPLUS)/DEFICIT	(0)	(6)	(6)	(6)	(6)

HRA – Capital Programme 2017/18 – 2021/22

HOUSING REVENUE ACCOUNT

	2016-17 Current Budget £	2016-17 Forecast Spend P6 £	2017-18 Forecast £	2018-19 Forecast £	2019-20 Forecast £	2020-21 Forecast £	2021-22 Forecast £	Total £
<u>HRA Fund</u>								
HRA Capital Repairs	3,180,000	3,180,000	3,255,000	3,345,000	3,295,000	3,435,000	3,435,000	19,945,000
UPVC Fascia's and Guttering	251,000	200,000	151,000	100,000	100,000	100,000	100,000	751,000
Cash Incentive Scheme Grants	50,000	50,000	50,000	50,000	50,000	50,000	50,000	300,000
			0					
Light Vans Replacement programme	0	0	87,000	96,000	0	0	0	183,000
<u>HRA Business Plan Schemes</u>								
<u>New builds</u>								
Unidentified Sites	198,000	0	1,398,000	2,060,000	2,650,000	1,580,000	1,600,000	9,288,000
Catons Lane	310,000	288,000	22,000	0	0	0	0	310,000
Sheds Lane	600,000	150,000	450,000	0	0	0	0	600,000
			0					
<u>Redevelopments</u>								
Mead Court - Phase 2	642,000	642,000	0	0	0	0	0	642,000
Newton Grove	0	3,000	0	0	0	0	0	3,000
			0					
<u>Sheltered Redevelopments</u>								
Reynolds Court	6,174,000	2,844,000	4,452,080	0	0	0	0	7,296,080
Hatherley Court	1,707,000	300,000	1,407,000	0	0	0	0	1,707,000
Walden Place	410,000	0	810,000	0	0	0	0	810,000
<u>Other Schemes</u>								
Energy Efficiency improvement schemes	252,000	252,000	0	0	0	0	0	252,000
Internet cafes in sheltered schemes	2,000	3,400	0	0	0	0	0	3,400
Resurfacing access roads	150,000	150,000	0	0	0	0	0	150,000
<u>ICT</u>								
Housing Mobile devices IT	65,000	20,000	45,000	0	0	0	0	65,000
Housing contractors portal & SAM - (Now just SAM)	46,000	46,000	0	0	0	0	0	46,000
HRA Housing	14,037,000	8,128,400	12,127,080	5,651,000	6,095,000	5,165,000	5,185,000	42,351,480

HRA Capital Financing 2017/18 – 2021/22

	2016-17	2016-17	2017-18	2018-19	2019-20	2020-2021	2021-22
<u>Financing - Housing Revenue Account</u>	Current	Forecast	Forecast	Budget	Budget	Budget	Budget
	Budget	Spend	Budget +	Budget	Budget	Budget	Budget
	£	£	Slippage	£	£	£	£
			£				
<u>Business Plan Schemes</u>							
Funded from reserves	(5,743,000)	(3,373,500)	(2,229,000)	(640,000)	(1,024,000)	(340,000)	(170,000)
HRA Revenue Funding - RCCO	(3,377,600)	0	(5,744,080)	(948,000)	(831,000)	(758,000)	(856,000)
HCA grant funding	(1,103,000)	(1,103,000)	0	0	0	0	0
Capital Receipts - RTB	(332,400)	(131,400)	(561,000)	(618,000)	(795,000)	(474,000)	(480,000)
Other MRR reserve cont	0	0	0	(13,000)	(50,000)	(58,000)	(144,000)
	(10,556,000)	(4,607,900)	(8,534,080)	(2,219,000)	(2,700,000)	(1,630,000)	(1,650,000)
<u>Other Schemes</u>							
Major Repairs Reserve Contribution	(3,280,000)	(3,280,000)	(3,255,000)	(3,432,000)	(3,395,000)	(3,535,000)	(3,535,000)
Other MRR reserve cont	(151,000)	(190,000)	(151,000)		0	0	0
HRA Revenue Funding	(50,000)	(50,500)	(187,000)				
Sub total	(3,481,000)	(3,520,500)	(3,593,000)	(3,432,000)	(3,395,000)	(3,535,000)	(3,535,000)
TOTAL FINANCING	(14,037,000)	(8,128,400)	(12,127,080)	(5,651,000)	(6,095,000)	(5,165,000)	(5,185,000)
Funding deficit (Borrowing outside of HRA required internal from cash or external)	0	0	0	0	0	0	0

Housing Revenue Business Plan Action List – 2016 – 2021

Action	Timescale	Resources	Outcome	Update January 2017
1. Operate a sound and viable housing business in a professional and cost effective manner				
Continue to develop business plan financial model to inform investment and service planning	Ongoing	Within existing resources	HRA that continues to be managed on sound business principles	Business plan financial model has been updated and shows that the HRA business plan remains viable
Prepare for supporting people funding reductions	Mar-17	Within existing resources	Options identified to enable key services to continue to be delivered	Introduced 2 new levels of service – sheltered and sheltered plus Introduced new Intensive Housing Management (IHM) charge – this can be included in Housing Benefit claim to reduce impact on residents receiving this service
Improve performance management systems in housing services	Mar-17	Within existing resources	PI targets based on a combination of performance of peer LA's in HouseMark benchmarking group and historic UDC performance data	All PIs and targets reviewed. PI's continually monitored through new Housing Performance Management process
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	Rent arrears action taken at an earlier stage to prevent arrears from escalating. Providing debt support and signposting to tenants/leaseholders who are struggling. Corporate approach to rent collection to ensure join-up with individual cases	Income collection has been separated from the debt support work resulting in a significant reduction in rent arrears
Implement re-chargeable repairs	Apr-16	Within existing resources	Improve recovery of costs of repairs which are tenants' responsibility	New re-charge policy in place and working well

Action	Timescale	Resources	Outcome	Update January 2017
policy				
Evaluate the alternative options available for the delivery of housing services through strategic and /or operational partnerships	Apr-17	Within existing resources	Options identified for step change improvement in value for money	No progress to date
Review the arrangements for the management of non-housing assets	Oct-16	Within existing resources	Rationalisation of management responsibilities and clarification of development potential	Complete - new structure in place
Ensure the void turnaround figures do not exceed targets to minimise rent losses	Ongoing	Within existing resources	Rent loss through voids minimalised	Further review of the void processes carried out in October 2016 following recommendations from the Housing Regulatory Panel (HRP). Review shows that new processes that have been implemented are working well
2. Ensure that all the council's tenants live in a decent home in settled communities for as long as needed, consistent with the council's Tenant Strategy				
Review tenant strategy to ensure that local housing need is met and assets are used effectively, utilising all available flexibilities	Apr-17	Within existing resources	Updated strategy	Complete - strategy has been reviewed. No change to policy recommended at this time
Create a tenancy sustainment team	Aug-16	Within existing resources	Increased support for vulnerable tenants. A full tenancy costs the Council several thousands of pounds	Complete - team in place. Successful Tenancy Sustainment Programme implemented. We have been able to

Action	Timescale	Resources	Outcome	Update January 2017
			so the success of this team will ultimately save money for re-investment in the housing stock	prevent evictions, organise sustainable repayment programmes and tenancies, and help individuals who have been previously unable to engage with us and many other support organisations
Improve the information on the housing stock	Apr-17	Within existing resources	Accessible up to date stock data	New stock data management system (SAM) has been implemented – estimated to go live in April 2017. 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
Continue to manage and maintain the housing stock effectively and efficiently ensuring that properties meet, as a minimum, the decent homes standard	Ongoing	Within identified resources - approximately £5.3m pa	Well maintained homes and assets to minimum decent homes standard	Ongoing - planned works programmes are progressing well and to budget - the authority is continuing to deliver a significant programme of investment in the stock
Deliver an improved repairs and maintenance service through: 1. Enhancement of mobile technology for repairs and voids teams; 2. Electronic van stocking of operatives' vehicles 3. Online reporting of repairs	Aug-16	£120k	Homes well maintained Improved tenant satisfaction More efficient and responsive deployment of personnel	Project plan in place to deliver IT improvements. 1. Handhelds have been selected and are currently being trialled - will be rolled out to all operatives by April 2017 2. Decision made not to implement new electronic stock system following unsuccessful trials 3. Schedule Board to enable on-line scheduling of repairs jobs currently being tested by users – to go live by April 2017

Action	Timescale	Resources	Outcome	Update January 2017
Improve average energy efficiency for council properties	Apr-17	£530k	Reduced fuel costs for residents	All works identified in Phase I, II and III now complete and included: air source heat pumps/external wall cladding/solar panels. Further properties identified for improvement works and budgets being prepared for works to be carried out in 2017/18
Continue to fund disabled adaptations for tenants and improve the delivery process	Ongoing	£260k pa	Reduction in the time people have to wait for adaptations	Disabled adaptations continue at a high demand – currently able to meet all requests within a reasonable timescale
Undertake fundamental review of policies and procedures to ensure service is 'Fit for Purpose'	Ongoing	Within existing resources	Policies in place that reflect best practice/current legislation	All policies and procedures regularly reviewed. Changes identified are brought to the tenant forum and housing board for approval
3. Help tenants and leaseholders get involved with decisions about their housing				
Continue to develop Housing Regulatory Panel to scrutinise the performance of the Housing Service and to undertake service reviews	Ongoing	5k pa - training for members	A Housing Regulatory Panel that deliver in-depth challenging inspections - achieving improvements that really matter to tenants	The HRP have carried out a review of the sheltered housing service following their successful review of the Void process. Report has been presented to officers and progress with implementing the recommendations will be reported to the HRP and Housing Board
Review the approach to gathering tenant feedback and satisfaction	Mar-17	Within existing resources	Refreshed approach to assessing tenant satisfaction to inform service improvement planning	Online satisfaction survey has been designed so that tenants can feed back immediately after repair is carried out. New STAR tenant satisfaction/feedback survey to be sent to all tenants in

Action	Timescale	Resources	Outcome	Update January 2017
				January 2017
Link tenant participation with opportunities for skill development	Ongoing	Within existing resources	Skilled Tenant Forum and Tenant Regulatory Panel members	Training programme in place
Publish annual tenants report	Ongoing	£3k pa	Annual report published	Annual report published in November 2016
Benchmark service with other landlords through HouseMark	Ongoing	Within existing resources	Core benchmarking data uploaded to HouseMark for full organisational review	Core benchmarking data has been submitted – performance data and comparison with other authorities reviewed by officers at section heads meeting
4. Regenerate the stock/estates and build new affordable rented council housing in an efficient and effective manner				
Deliver the new homes programme	Mar-21	£6.898m	New homes to replace those lost through RTB sales - approximately 6 -10 per year	Development programme on track: Holloway Crescent Phase I & II - 13 properties Mead Court Phase I & II – 29 properties Catons Lane – 6 properties 48 properties completed Planning permission obtained for development of garage sites in Sheds Lane – 3 properties (due to complete December 2017) 3 properties
Deliver Sheltered scheme re-development programme	Mar-18	£11.5m	Fit for purpose accommodation for the elderly	Development programme on track: Reynolds Court Phase I – 14 properties (due to complete June 2017) Reynolds Court Phase II – 27 properties (due to complete August 2018) 41 properties

Action	Timescale	Resources	Outcome	Update January 2017
				Hatherley Court – remodelling (26 properties) and new build (1 property) – tenders being evaluated
Review housing asset management strategy	Apr-18	Within existing resources	Established a clear policy on the use of HRA assets, regeneration and development	No progress
Develop and implement initiatives for improving estates	Ongoing	Within existing resources	Delivery of new estate improvement/ regeneration initiatives as part of the housing asset management strategy. Delivery of resident led improvements	Regular trailer events being held / estate inspection; projects identified for estate regeneration
Carry out development appraisals of identified sites and review business plan capacity to develop	Apr-17	Revenue cost of £50k pa for surveyor to co-ordinate works	Established housing development programme	Proposals/plans being drawn up for sites at The Moors, Little Dunmow (16 properties); Newton Grove, Great Dunmow (4 properties); Frambury Lane, Newport (5 properties) 25 properties 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 20 properties

Committee: Cabinet

Agenda Item

Date: 16 February 2017

15

Title: General Fund and Council Tax 2017/18

Portfolio Holder: Councillor Simon Howell

Summary

1. This report presents the 2017/18 General Fund budget for consideration by the Cabinet on 16 February ahead of final determination by Full Council on 23 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. The Scrutiny Committee reviewed the budget reports on 7 February. Comments from the Committee are in a separate item on the agenda.

Recommendations

4. The Cabinet is requested to recommend that the Full Council approves the General Fund Council Tax requirement of £5,034,621 summarised in paragraphs 16 - 22.
5. The Cabinet is recommended to approve the schedule of fees and charges in Appendix F.

Background Papers

6. None.

Financial Implications

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

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

8. This report provides detailed revenue estimates for the General Fund and Council Tax for 2017/18.
9. The estimates, as summarised in Appendix A, show a Council Tax Requirement of £5,034,621 which balances to the level of Council Tax yield, assuming an increase of 2% in Council Tax.
10. The Cabinet is required to determine a recommended budget for consideration by the Council on 23 February.
11. The estimates in this report are based on the recommended Capital Programme, Treasury Management Strategy and Housing Revenue Account budget for 2017/18 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 final reports prepared for Full Council.

2017/18 Budget Strategy

12. On 1 December 2016, the Cabinet determined its strategy for the 2017/18 budget and this was formed based on the residents and the local businesses consultation responses. The table in point 14 summarises the responses and priorities from the Residents and Local Businesses Consultations, the draft 2017/18 budget has been prepared where possible in line with the consultations.

Residents and Local Business Consultations

13. During the summer 2016, a consultation on the Council's budget priorities was completed using multiple methods in order to obtain a wider body of opinion, this was consistent with the approach taken in 2016/17. The residents consultation comprised of;
 - a) a telephone survey of over 500 residents
 - b) online and paper questionnaires and face-to-face surveys carried out in the district's main towns and villages
 - c) a copy of the survey was included in the summer Citizens Panel questionnaire
14. This is the first year that a dedicated consultation has been run asking businesses directly for their views on council spending, in previous years the consultation has been limited to Business Networking Groups. A multi directional approach was taken which comprised of an online consultation to enterprises registered on the Uttlesford Business Directory, local business support groups and the two town teams.

Survey respondents' priority		
	Residents	Local Businesses
Statutory Services		
1 st	Emptying Bins, including litter and dog bins	Planning how the district will develop in the coming decades, including where new housing and businesses will be located
2 nd	Providing council and sheltered housing for the elderly	Emptying bins, including public litter and dog bins
3 rd	Planning how the district will develop in the coming decades, including where new housing and businesses will be located	Sweeping the streets, litter picking, clearing up fly tipping and keeping the district council owned land tidy
Lowest Priority	Giving advice on work to listed buildings and work to protect trees	Giving advice on work to listed buildings and work to protect trees
Other Services		
1 st	Working with the police and other organisations to keep Uttlesford Safe	Working with the police and other organisations to keep Uttlesford Safe
2 nd	Enforcement work including prosecuting people for not paying council tax or council house rent, benefit fraud and fly tipping	Promoting and Supporting businesses in the area
3 rd	Educating young people about the dangers of drugs and alcohol	Enforcement work including prosecuting people for not paying council tax or council house rent, benefit fraud and fly tipping
Lowest Priority	Collecting stray animals, microchipping dogs and cats and dealing with complaints from the public about pet and animal related issues	Collecting stray animals, microchipping dogs and cats and dealing with complaints from the public about pet and animal related issues

15. When setting the budget for 2017/18 consideration was given to both the residents and businesses responses on service priorities. The table below details the priorities with the budget.

Respondents Priorities	Consistency with Budget
Emptying Bins, including litter and dog bins	Additional resources and capital investment in Street Services
Planning how the district will develop in the coming decades, including where new housing and businesses will be located	Local Plan continuing with investment from reserves
Providing council and sheltered housing for the elderly	Refurbishment of Sheltered Housing complexes continue and completion of redeveloped complex
Sweeping the streets, litter picking, clearing up fly tipping and keeping the district council owned land tidy	Additional resources and capital investment in Street Services
Working with the police and other organisations to keep Uttlesford Safe	Enhancing the Community Safety Hub Police located on the council site at Saffron Walden
Enforcement work including prosecuting people for not paying council tax or council house rent, benefit fraud and fly tipping	Joint working with other Essex Local Authorities on fraud prevention.
Promoting and Supporting businesses in the area	Additional investment of a new post to support the Economic Development Strategy
Educating young people about the dangers of drugs and alcohol	Integral element of the Health and Wellbeing agenda

2017/18 resources available

16. By law the budget (Council Tax Requirement) has to balance to the expected Council Tax income receivable.
17. The Director of Finance and Corporate Services (s151 Officer), under delegated authority, has approved the Council Taxbase to be used when setting the 2017/18 draft Council Tax. The Taxbase, expressed in Band D equivalents, is 37,234.37, an increase of 2.11% on the 2016/17 figure of 36,463.81. Deducted from the 37,234.37 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 2,010.63. This produces a Taxbase for budget setting purposes of **35,223.74**.
18. The 2016/17 UDC Band D Council Tax was £140.13. In accordance with the Cabinet's guidance, an increase of 2% has been assumed for the purpose of preparing this

report, this give a Band D figure for 2017/18 of **£142.93**. Multiplied by the taxbase, this would produce a Council Tax yield of **£5,034,621**.

19. The Council is therefore required to balance its net budget to a **Council Tax Requirement of £5,034,621**.

	2016/17	2017/18	% Change
Taxbase (gross)	36,463.81	37,234.37	2.11%
LCTS Discounts	(2,013.06)	(2,010.63)	-0.12%
Taxbase (net)	34,450.75	35,223.74	2.24%
Band D	£140.13	£142.93	2.00%
Council Tax Yield	£4,827,584	£5,034,621	4.24%

20. The Council Tax Yield is higher than the equivalent sum for 2016/17, this is explained below:

2016/17 Council Tax Requirement	4,827,584
Additional income arising from Taxbase increases	108,319
Additional income arising from UDC 2% increase	98,718
2017/18 Council Tax Requirement	5,034,621

21. The £5,034,621 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 2017/18

22. Assuming an increase of 2% 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	2016/17 UDC Council Tax	2017/18 UDC Council Tax	Increase 2% £/year
	No.	%		£	£	
A	1,052	3.02%	6/9ths	93.42	95.29	1.87
B	3,587	10.31%	7/9ths	108.99	111.17	2.18
C	7,984	22.96%	8/9ths	124.56	127.05	2.49
D	6,891	19.81%	9/9ths	140.13	142.93	2.80
E	6,306	18.13%	11/9ths	171.27	174.69	3.42
F	4,392	12.63%	13/9ths	202.41	206.45	4.04
G	4,162	11.97%	15/9ths	233.55	238.22	4.67
H	407	1.17%	18/9ths	280.26	285.86	5.60
Total	34,781	100%				

General Fund Budget

23. The 2017/18 budget has a surplus of £564,000 which has been allocated to the Strategic Initiatives Fund Reserve subject to the approval of the reserves strategy earlier in the agenda.
24. Included in the corporate items other net cost there is a £200,000 efficiency saving identified, which reduces the bottom line net expenditure requirement. The Council was required to produce an Efficiency Plan when accepting the four year settlement offered by government. The Council is currently working on a detailed action plan to deliver these efficiencies.
25. Details of the settlement deal and the efficiency plan are discussed in the Medium Term Financial Strategy earlier in the agenda.
26. A summary of the 2017/18 General Fund budget is shown in the table below. Further details are set out in the budget summary in Appendix A and Appendix B provides details on each portfolio.

	2016/17 Original Budget £ '000	2016/17 Restated Budget £ '000	2017/18 Original Budget £ '000	Increase / (Decrease) £ '000
<u>Portfolio budgets</u>				
Net Service Expenditure	9,895	9,841	11,448	1,607
<u>Corporate items</u>				
Capital Financing Costs	2,497	3,716	1,861	(1,855)
Recharge to HRA	(1,666)	(1,666)	(1,800)	(134)
Corporate Items other (net)	(26)	(26)	649	675
Net Expenditure	10,700	11,865	12,158	293
<u>Funding</u>				
New Homes Bonus - Grant	(4,280)	(4,280)	(3,772)	508
Business Rates Retention	(2,689)	(2,689)	(1,559)	1,130
Revenue Support Grant	(684)	(684)	(255)	429
Rural Services Delivery & Transitional Grant	0	(338)	(285)	53
Council Tax - Collection Fund Balance	(152)	(152)	(193)	(41)
	(7,805)	(8,143)	(6,064)	2,079
Net Operating Expenditure	2,895	3,722	6,094	2,372
Strategic Initiatives Reserve	2,369	2,431	114	(2,317)
Net Transfers to/(from) other earmarked reserves	(437)	(1,325)	(1,174)	151
	1,932	1,106	(1,060)	(2,166)
Council Tax Requirement	4,828	4,828	5,035	207
Council Tax (precept levied on Collection Fund)	(4,828)	(4,828)	(5,035)	(207)
	0	0	0	0

27. A subjective analysis of net service expenditure is detailed below.

	2016/17 Original Budget £ '000	2016/17 Restated Budget £ '000	2017/18 Original Budget £ '000	Increase / (Decrease) £ '000
Employees	9,735	9,681	10,855	1,174
Premises	704	704	713	9
Transport	632	632	605	(27)
Supplies & Services	5,303	5,303	6,084	781
Third Party Payments	249	249	231	(18)
Transfer Payments	17,072	17,072	17,033	(39)
Expenditure	33,695	33,641	35,521	1,880
				(Increase) / Decrease £ '000
External Funding	(1,541)	(1,541)	(1,619)	(78)
Fees & Charges	(4,364)	(4,364)	(4,526)	(162)
Specific Govmt Grants	(17,239)	(17,239)	(17,250)	(11)
Other Income	(656)	(656)	(678)	(22)
Income	(23,800)	(23,800)	(24,073)	(273)
Net portfolio expenditure	9,895	9,841	11,448	1,607

28. The following table is a reconciliation of the movement from the 2016/17 budget to the 2017/18 estimates. Details of all budget changes and adjustments are given in Appendix C.

	£' 000	£' 000
Council Tax Requirement - 2016/17		4,828
<u>Portfolio budget changes (£5k Minimum)</u>		
Inescapable growth	497	
Service Growth	1,448	
Efficiency Savings	(160)	
Changes to Income	(91)	
Other Adjustments	(55)	
Minor Variances < £5k	(33)	
<u>Corporate Items</u>		
Capital financing cost decrease	(636)	
Increase in HRA share of costs	(135)	
Triannual pension payment	770	
Efficiencies & Income Opportunities	(200)	
Other various	105	
<u>Funding Items</u>		
Reduction in settlement funding	429	
Reduction in New Homes Bonus	507	
Net impact of Collection Fund related transaction	785	
Net change in draw on reserves	(2,941)	
Other net adjustments	(83)	
Total net changes to base budget		207
Council Tax Requirement - 2017/18		<u>5,035</u>

Key budget items

29. The key movements in the 2017/18 budget changes are detailed in the following table:

Key Budget Movements	£' 000
Services	
One off cost of consultancy for due diligence review relating to potential income opportunities for the councils new commercial company (Aspire), funded from the Strategic Initiatives Reserves	450
Pay increases, realignment of the pay grades to aid retention and recruitment of staff	429
Salary increase relating to inflationary and incremental increases. This is the increased cost to salaries had the salary uplift proposal not been included in the budget	366
To facilitate and enable customer service improvement to enhance customer interactions with the Council	100
First of a two year budget for agency and consultants to support work on the Local Plan, funded from the Planning Reserve	275
50% reduction in Town and Parish grants for Local Council Tax Support	(95)
	<hr style="width: 100%; border: 0.5px solid black;"/> 1,525
Corporate Costs and Funding	
Capital Financing has reduced due to the anticipated completion of capital projects and the subsequent financing of these	(1,855)
Collection fund for Business Rates is in deficit due to the Stansted Airport settlement. The element to be backdated to 2010 was expected to be approximately £8m, as advised by our independent consultants, Analyse Local. The actual award was for £11m, this is the Councils share of the shortfall in the provision	1,009
New Homes Bonus was reduced following the governments review of the scheme, reducing in 2017/18 to a 5 year scheme and the introduction of a deadweight factor of 0.4% (no grant for natural growth)	508
Revenue Support Grant planned government reduction. This is the final year of this grant	429
	<hr style="width: 100%; border: 0.5px solid black;"/> 91
Total key movements	<hr style="width: 100%; border: 0.5px solid black;"/> 1,616 <hr style="width: 100%; border: 0.5px solid black;"/>

Risks and Assumptions

30. The key areas of risk both adverse and favourable are shown below, a full analysis of all risks and assumptions have been included in Appendix D.
- **Local Plan** – that the consultancy costs exceed the level budgeted for and the reserve is insufficient to cover the extra work required.
 - **Efficiency Savings** – that new sources of income and/or efficiencies are not identified.
 - **Business Rates Appeals** – Although the biggest risk appeal (Stansted Airport) has now been settled, there are still large numbers of historic appeals outstanding with the Valuation Office. These outstanding appeals could still have a moderate adverse impact on our budget.

Local Government Finance Settlement

31. On the 15 December the Council received the provisional notification of the settlement for 2017/18. Final figures are expected to be confirmed sometime early February.
32. The Settlement comprises of the following:
- Revenue Support Grant (RSG)
 - Localised Business Rates Retention (BRR)
 - New Homes Bonus (NHB)
 - Rural Services Delivery Grant (RSDG)
 - Transition Funding
33. There is uncertainty about the level of funding in future years and this is discussed in more detail in the Medium Term Financial Strategy (MTFS) earlier in the agenda.
34. The New Homes Bonus scheme has been subject to consultation following the government's announcement in last year's settlement, to reduce funding from £1.5 billion to £900m. The changes made to the scheme for 2017/18 are;
- Changing to a 5 year scheme in 2017/18 and moving to a 4 year scheme in 2018/19.
 - Introduction of a deadweight factor of 0.4%. This means grant is only received on the number of houses which are above the national baseline, for Uttlesford this equates to the loss of 149 properties.
35. Further consultation is planned for 2017/18 on the removal of NHB grant for houses approved on appeal and no grant where the Local Authority has not submitted a Local Plan.
36. Business Rates has not seen any significant changes in 2017/18, as the government continues with its plan for 100% retention in 2020.
37. A full revaluation of all business premises was carried out in 2016 to reflect changes in the property markets; this included a revision of the multipliers. The multipliers are the

mechanism to calculate the net collectable income (rateable value x multiplier = amount payable) due on business premises; these have been revised as follows.

- properties with a rateable value over £50,000, multiplier is 47.9 (previously over £18,000 set at 49.7)
- properties with a rateable value below £50,000, multiplier is 46.6 (previously set at 48.4)

38. Other amendments to the current Business Rates are;

- Increase Rural Rate Relief to 100% to bring it in line with Small Business Relief; this is funded through the Section 31 grant.
- Inclusion of the section 31 grant (to fund mandatory rate reliefs) within the income calculation, this increases our levy payment.

General Fund Reserves

39. The forecast on the Working Balance as at 31 March 2017 is set to ensure that we meet the minimum contingency requirement.

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 £1.280m, this is included in the 2017/18 Budget.

41. Appendix E shows a summary of the current reserves, a detailed breakdown of the reserves transfers and the working balance calculation is shown within the MTFs in The Reserves Strategy.

42. The table below shows how the reserves have been used in the 2017/18 budget.

Use of Reserves - to/(from)	£' 000
Commercialisation - Due diligence (Aspire)	(450)
Pension - 3 year deficit payment	(770)
Transformation - Service Enhancement	(100)
Homelessness	(40)
Planning Reserve	(275)
Elections	25
Working Balance	(14)
2017/18 Surplus	564
	<u><u>(1,060)</u></u>

Fees and Charges review

43. Officers have reviewed fees & charges in line with the Council's Pricing and Concessions policy and Cabinet decisions where relevant. A schedule of proposed charges is included at Appendix F.
44. 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

45. At the time of writing this report, the following issues were outstanding; the updated position will be reported verbally.
 - Confirmation of the Funding settlement for 2017/18
 - Final notifications of the formal precept figures from Essex County Council, Essex Police and Essex Fire.

Risk Analysis

46. 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)	2 (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 – Risks and Assumptions
- Appendix E – General Fund Reserves Summary
- Appendix F – Fees and Charges

APPENDIX A – GENERAL FUND SUMMARY 2017/18

£000	2016-17 Original Budget	2016/17 Restated Budget	2017/18 Original Budget	Increase / (Decrease)
Portfolio Budgets				
Communities & Partnerships	902	982	1,012	29
Environmental Services	2,380	2,505	3,111	606
Finance & Administration	5,216	4,947	5,720	773
Housing & Economic Development	1,398	1,407	1,606	199
Subtotal - Portfolio Budgets	9,895	9,841	11,448	1,607
Corporate Items				
Capital Financing Costs	2,497	3,716	1,861	(1,855)
Investment Income	(119)	(119)	(65)	54
Apprenticeship Levy	0	0	51	51
Efficiencies & Income Opportunities	0	0	(200)	(200)
Pension Fund - Added Years	92	92	92	0
Pension Triannual Payment	0	0	770	770
Recharge to HRA	(1,330)	(1,330)	(1,507)	(177)
HRA Share of Corporate Core	(335)	(335)	(293)	42
Subtotal - Corporate Items	805	2,024	709	(1,315)
Subtotal - Budget	10,700	11,865	12,158	293
Funding				
Council Tax - Collection Fund Balance	(152)	(152)	(193)	(41)
New Homes Bonus - Grant	(4,280)	(4,280)	(3,772)	507
NNDR - UDC share (net of tariff)	(2,407)	(2,407)	(2,238)	169
NNDR - Levy Payment/(Safety Net Reimbursement)	505	505	529	24
NNDR - Section 31 Funding	(536)	(536)	(722)	(186)
NNDR - Collection Fund Balance	(231)	(231)	1,009	1,240
NNDR - Renewable Energy Schemes	0	0	(136)	(136)
NNDR - Transfer to/(from) Ring-fenced Reserve	(20)	(20)	0	20
Rural Services Grant	0	(338)	(285)	53
Settlement Funding	(684)	(684)	(255)	429
Subtotal - Funding	(7,805)	(8,143)	(6,064)	2,079
Subtotal - Net Operating Expenditure	2,895	3,722	6,094	2,372
Transfers to/(from) Reserves				
DWP Reserve	50	50	0	(50)
Economic Development Reserve	0	0	0	0
Elections Reserve	25	25	25	0
Licensing Reserve	(16)	(16)	0	16
Homelessness Reserve	0	0	(40)	(40)
MTFS Reserve	0	0	0	0
Planning Development Reserve	0	0	(275)	(275)
Strategic Initiatives Reserve	2,369	2,431	114	(2,317)
Transformation Reserve	0	0	(100)	(100)
Pension Reserve	0	0	(770)	(770)
Waste Development Relocation Reserve	(600)	(1,488)	0	1,488
Waste Management Reserve	70	70	0	(70)
Working Balance	34	34	(13)	(47)
Subtotal - Movement in Earmarked reserves	1,932	1,106	(1,059)	(2,165)
Section 106 Funding - Transfers to/(from) S106 Reserves	0	0	0	0
Subtotal - Movement in Other reserves	0	0	0	0
COUNCIL TAX REQUIREMENT (BOTTOM LINE)	4,828	4,828	5,035	207
COUNCIL TAX (precept levied on Collection Fund)	(4,828)	(4,828)	(5,035)	(207)
OVERALL NET POSITION	0	0	0	(0)

APPENDIX B

COMMUNITY PARTNERSHIPS AND ENGAGEMENT PORTFOLIO

	2015/16 Outturn	2016/17 Original Budget	2016/17 Restated Budget	2017/18 Original Budget	Increase / (Decrease)
	£ '000	£ '000	£ '000	£ '000	£ '000
Assisted Travel	0	0	0	0	0
Community Information Centres	48	47	47	49	2
Community & Leisure Management	60	0	0	0	0
Day Centres	39	35	35	46	11
Emergency Planning	42	44	44	47	3
Grants & Contributions	318	373	373	377	4
Leisure & Performance	69	76	157	163	6
Leisure PFI	(86)	30	28	50	22
Museum Saffron Walden	169	180	181	202	21
New Homes Bonus	75	117	117	78	(39)
Renovation Grants	0	0	0	0	0
Sports Development	43	0	0	0	0
Portfolio Total	777	902	982	1,012	29

APPENDIX B continued..

ENVIRONMENTAL SERVICES

	2015/16 Outturn	2016/17 Original Budget	2016/17 Restated Budget	2017/18 Original Budget	Increase / (Decrease)
	£ '000	£ '000	£ '000	£ '000	£ '000
Animal Warden	33	32	32	32	0
Car Parking	(607)	(612)	(613)	(592)	21
Community Safety	55	149	149	154	5
Depots	54	60	60	58	(2)
Development Management	(385)	(364)	(288)	(230)	58
Environmental Management & Admin	107	112	0	0	0
Grounds Maintenance	211	223	223	289	66
Highways	(12)	(13)	(13)	(3)	10
Housing Strategy	94	114	115	112	(3)
Licensing	(236)	(126)	(126)	(55)	71
Local Amenities	28	8	8	8	0
Pest Control	0	0	0	0	0
Planning Management & Admin	403	388	382	421	39
Planning Policy	353	278	286	571	285
Planning Specialists	207	182	182	198	16
Public Health	377	521	680	682	2
Street Cleansing	297	294	294	302	8
Street Services Management & Admin	248	277	277	297	20
Vehicle Management	345	378	378	380	2
Waste Management	271	479	479	487	8
Portfolio Total	1,843	2,380	2,505	3,111	606

APPENDIX B continued..

FINANCE AND ADMINISTRATION

	2015/16 Outturn	2016/17 Original Budget	2016/17 Restated Budget	2017/18 Original Budget	Increase / (Decrease)
	£ '000	£ '000	£ '000	£ '000	£ '000
Benefit Administration	92	201	201	234	33
Business Improvement & Performance Team	64	80	0	0	0
Central Services	361	382	382	396	14
Conducting Elections	86	1	1	1	0
Conveniences	23	21	21	20	(1)
Corporate Management	632	667	667	761	94
Corporate Team	99	102	106	615	509
Electoral Registration	52	60	60	59	(1)
Enforcement	142	174	0	0	0
Financial Services	920	1,050	1,041	1,135	94
Housing Benefits	421	153	153	247	94
Human Resources	207	228	228	246	18
Information Technology	1,142	1,180	1,180	1,235	55
Internal Audit	110	114	114	129	15
Land Charges	(131)	(76)	(76)	(73)	3
Legal Services	23	99	99	97	(2)
Local Council Tax Support	7	(22)	(22)	(117)	(95)
Local Tax Collection	(100)	(90)	(90)	(110)	(20)
Non Domestic Rates	(137)	(145)	(145)	(145)	0
Offices	384	354	344	282	(62)
Office Cleaning	157	179	179	181	2
Revenues Administration	387	504	504	527	23
Portfolio Total	4,941	5,216	4,947	5,720	773

APPENDIX B continued..

HOUSING AND ECONOMIC DEVELOPMENT – GENERAL FUND

	2015/16 Outturn £ '000	2016/17 Original Budget £ '000	2016/17 Restated Budget £ '000	2017/18 Original Budget £ '000	Increase / (Decrease) £ '000
Building Surveying	(107)	(95)	(95)	(107)	(12)
Committee Administration	178	208	206	238	32
Communications	255	266	266	304	38
Customer Services Centre	332	384	384	420	36
Democratic Representation	313	326	326	324	(2)
Economic Development	133	130	141	181	40
Energy Efficiency	39	47	47	44	(3)
Health Improvement	24	112	112	126	14
Homelessness	190	175	175	212	37
Housing Grants	10	10	10	3	(7)
Lifeline	(140)	(165)	(165)	(139)	26
Portfolio Total	1,227	1,398	1,407	1,606	199

APPENDIX C – BUDGET ADJUSTMENTS

INESCAPABLE GROWTH (£5k MINIMUM)			
Portfolio	Service	Description	£' 000
All portfolios	Various services	Net inflationary increase in salaries	366 Ongoing
Finance & Administration	Information Technology	Support charges	27 Ongoing
Environmental Services	Waste Management	Processing and disposal fee increase	32 Ongoing
Environmental Services	Car Parks	Updated valuations on Business Rates	15 Ongoing
Finance & Administration	Financial Services	Insurance premiums due to inflation and prior year claims	23 Ongoing
Communities & Partnerships	Private Finance Initiative	Aligning with increases within the PFI model	23 Ongoing
Housing & Economic Development	Communications	Gov Delivery subscription	8 Ongoing
Environmental Services	Grounds Maintenance	Changes to residual waste treatment increasing disposal charge	5 Ongoing
			<u>499</u>

APPENDIX C – BUDGET ADJUSTMENTS

SERVICE INVESTMENT (£5K MINIMUM)			
Portfolio	Service	Description	£' 000
All Portfolios	Various Services	Salary increases	429 Ongoing reducing each year
Finance & Administration	Corporate Team	Consultants for Aspire	450 One off
Finance & Administration	Corporate Management	Enabling of customer service enhancements	100 One off
Environmental	Planning	Agency and Consultants	275 1st of 2 years
Environmental	Grounds Maintenance	4 x additional permanent posts	44 Ongoing
Finance & Administration	Corporate Team	1 x Post increase and additional hours for existing post	41 Ongoing
Environmental	Waste Management	Net increase for relief crew	38 Ongoing
Housing & Economic Development	Economic Development	1 year fixed term contract for Car Park Officer	29 One off
Environmental	Public Health - Commercial	Increase in staffing for commercial team	20 Ongoing
Finance & Administration	Legal Services	Increase in officer hours	11 Ongoing
Community & Partnerships	Day Centres	1 year extension to Day Centre Liaison Officer	10 One off
			<u><u>1,447</u></u>

APPENDIX C – BUDGET ADJUSTMENTS

EFFICIENCY SAVINGS (£5K MINIMUM)			
Portfolio	Service	Description	£' 000
Finance & Administration	Council tax Discounts	Annual reduction grants to parishes	(95) Ongoing
Communities & Partnerships	New Homes Bonus	50% reduction in members ward grants	(39) Ongoing
Environmental	Public Health - Commercial	Vacant post removed	(11) Ongoing
Environmental	Public Health	Decrease in grade of vacant officer post	(8) Ongoing
Housing & Economic Development	Housing Grants	Service being brought in house	(8) Ongoing
			<u>(161)</u>

APPENDIX C – BUDGET ADJUSTMENTS

CHANGES TO INCOME (£5K MINIMUM)			
Portfolio	Service	Description	£' 000
Increases			
Finance & Administration	S/W Offices	Net rental income increase for ground floor and lodge	(53) Ongoing
Housing & Economic Development	Building Control	Increase in collection of charges	(35) Ongoing
Environmental	Green Waste	Reflects current trend in income collection	(32) Ongoing
Finance & Administration	S/W Offices	Wedding Services	(23) Ongoing
Finance & Administration	Legal Services	Increase in cost recovery	(20) Ongoing
Environmental	Waste Management	Increase in charge per tonne	(18) Ongoing
Environmental	Trade Waste	Increase in cost recovery	(9) Ongoing
			<u>(190)</u>
Decreases			
Environmental	Licensing	Reflects profiling of various taxi license renewals	75 Ongoing
Housing & Economic Development	Lifeline	Reduction in Lifeline users	24 Ongoing
			<u>99</u>
			<u><u>(91)</u></u>

APPENDIX C – BUDGET ADJUSTMENTS

OTHER ADJUSTMENTS MATERIAL ITEMS (£5K MINIMUM)			
Portfolio	Service	Description	£000
Increases			
Finance & Administration	Housing Benefits	Net change to allowance and rebate expenditure	94 Ongoing
Environmental	Development Control	Net change in fees	19 Ongoing
Housing & Economic Development	Committee Administration	Adjustment of officer posts	12 Ongoing
Environmental	Planning	Training costs	7 One off
Finance & Administration	Financial Services	Net increase in staffing changes	7 Ongoing
			139
Decreases			
Environmental	Kitchen Waste	Kitchen waste income increase	(63) Ongoing
Environmental	Waste Management	Fuel costs	(35) Ongoing
Finance & Administration	Corporate Management	External Audit Fees	(22) Ongoing
Finance & Administration	Local Taxation	Adjustment of court cost recovery	(20) Ongoing
Environmental	Public Health	Food inspection confirmed to continue part year	(20) One off
Environmental	Vehicle Maintenance	Better quality purchases - spend to save	(16) Ongoing
Finance & Administration	Cleaning	Less expenditure of cleaning materials	(11) Ongoing
Housing & Economic Development	Homelessness	Reduction in service costs	(7) Ongoing
			(194)
		Net of other immaterial variances	(33)
			(88)

APPENDIX D

RISKS AND ASSUMPTIONS – ADVERSE AND FAVOURABLE

Budget item	Description of key assumptions and/or what variable outcomes may arise	Probability of variance arising (L, M, H)	Favourable Impact (L, M, H)	Adverse Impact (L, M, H)
DWP Grant	It is assumed that the Housing Benefit Subsidy Grant will be paid at similar or slightly reduced levels to 2016/17. The notification of grant amounts will not be made available however until the end of November 2016. There is therefore a risk that the amount budgeted may change with a more likely adverse rather than favourable impact.	<i>M</i>	<i>L</i>	<i>L</i>
Grants	Revised process for grants introduced in 2016/17 however there still may be a possibility that budgeted amounts are not realised through lack of applications.	<i>L</i>	<i>M</i>	<i>L</i>
DCLG LCTS Admin Grant	It is assumed that the LCTS Admin Grant will be paid at similar or slightly reduced levels to 2016/17. The notification of grant amounts are unlikely to be made available until early 2017. There is therefore a risk that the amount budgeted may change with a more likely adverse rather than favourable impact.	<i>M</i>	<i>L</i>	<i>L</i>
Rent Rebates Expenditure	It is assumed that Rent Rebate Expenditure will remain stable. There are no current plans to significantly increase the level of HRA stock and the implementation of Universal Credit is anticipated to continue to affect minimal numbers of claimants during the majority of the 2017/18 financial year. There is an adverse risk however that a large employer in the district may cease trading which could increase the amount of Housing Benefit claims made. Due to means testing calculations, there is also an adverse risk that the changes in Welfare Reform, such as changes in Tax Credits, could increase claimants housing benefit entitlements to compensate. With the implementation of Universal Credit, there is however a favourable risk that Rent Rebate expenditure may decrease if cases are migrated across quicker than currently projected.	<i>M</i>	<i>L</i>	<i>H</i>
Rent Allowance Expenditure	As above with the exception of HRA stock assumption and an additional risk of cost of rents significantly increasing in the Uttlesford area.	<i>M</i>	<i>L</i>	<i>H</i>
Rent Rebate and Allowance Subsidy	It is assumed that Rent Rebate Subsidy can continue to be claimed in line with levels reflected in previous years. There is a risk however that an increase in new burdens and requirements to increase the identification of fraud and error, could incur subsidy implications due to limited percentages of overpayment amounts being able to be claimed. There is also a risk that, if local authority error overpayment exceed the DWP stated upper threshold, no subsidy could be claimed for these amounts	<i>M</i>	<i>L</i>	<i>H</i>

APPENDIX D continued...

RISKS AND ASSUMPTIONS – ADVERSE AND FAVOURABLE

Budget item	Description of key assumptions and/or what variable outcomes may arise	Probability of variance arising (L, M, H)	Favourable Impact (L, M, H)	Adverse Impact (L, M, H)
Mobiles	The mobile phone contract is due for renewal in June 2017 prices could go up or down	M	L	L
Licensing	While at this stage there is no proposal to amend the current fees the Licensing service is undergoing a full review. This will include studies into the feasibility of introducing a knowledge test which if adopted will likely incur a charge. The management of the service is also under review together with the current staffing levels and remuneration which may also have an impact. Additional work is being done looking at moving to an electronic document management system and there are likely to be changes to administrative procedures to cover new statutory requirements dealing with immigration.	M	L	L
Turpins Bowls	The lease of the building determines that there will be a rent review in September 2017. This may impact on the amount of rental being received from the asset.	M	L	L
Office Rental	Three offices in the main building are being advertised for rent at circa £100k pa. There has been no interest since the rooms went on the market at the beginning of September. The budget assumption is income per annum of £75k to allow for voids/bad debt. Risk is rooms are not let	M	L	H
Weddings	This is a new service and promotion is on-going	M	L	L
PFI Leisure Contract	Budget follows PFI Model, however past few years outturn has been less than budgeted, a review of the model is therefore required to ascertain reasons for variances. Work with Management Company, Pario, to ensure budgetary risks minimalised.	M	L	L
Fuel supplies	Based on contractual indexation clauses an average increase of 3% has been assumed. However this is subject to petrol & diesel price volatility and the actual costs could go up or down.	H	L	L
Waste and Recycling	Change in tipping points as directed by WCA, which could potentially increase fuel costs not wholly mitigated by movement in bulking costs.	M	L	L
Waste and Recycling	Viridor charge review in May and Nov 2017 these will be dependent on market prices	H	M	M
Green Waste Income	Expect the same level of demand as in 2016/17, but may change.	M	L	L
Sickness absence	Amount of agency staff cover is dependant on levels of sickness	M	L	M

APPENDIX D continued...

RISKS AND ASSUMPTIONS – ADVERSE

Budget item	Description of key assumptions and/or what variable outcomes may arise	Probability of variance arising (L, M, H)	Favourable Impact (L, M, H)	Adverse Impact (L, M, H)
Agency Staff (Benefits)	It is assumed that benefits team staffing will remain relatively stable during 2017/18. There is a risk however that additional agency staff or overtime of current staff may be required to cover any vacant posts or additional work demands due to new or increased burdens being imposed.	L		L
Building Control Income	There is a risk that the service will receive fewer applications than expected and would therefore see a reduction in income. This will be monitored throughout the year and any necessary adjustments made.	L		L
White Street Car Park	Remedial work needed to an underground Tar Pit that is leaking. No cost estimate at the moment, but cost is definite - was due in 16/17 but still has not been carried out. It will be a capital expenditure, the financing of capital expenditure is charged to the General Fund.	H		M
Mailroom Equipment	Re-tender for mailroom equipment cost unknown	M		L
Post/Print Room - MFD Printers	Re-tender for MFD printers at all sites; costs unknown	M		L
Planning fees	It is assumed that planning applications will continue to come in at the current rate. There is a risk that activity will slow down due to the recession.	M		M
DWP Discretionary Funding	It is assumed the the governments Discretionary Housing Payment Funding will remain stable, if not slightly increase for the 2017/18 financial year. There is a risk however that the amount granted will not meet local requirements following the implementation of welfare reform changes and therefore the authority may need to 'top the fund up' out if it's own finances (up to a maximum of 2.5 times DWP amount) if required.	L		M
Disposal Costs	Braintree and EWD charges may increase	L		M
Highway Ranger Funding	Funding from ECC will be withdrawn	L		H
Local land charges income	The Land Registry is looking to take over responsibility for local land charges and is currently running pilot schemes. If this comes about the fee for local searches will be lost. It is unlikely that this will come about in the next 12 months but could be a significant risk for the future.	L		H

APPENDIX D continued...

RISKS AND ASSUMPTIONS – ADVERSE

Budget item	Description of key assumptions and/or what variable outcomes may arise	Probability of variance arising (L, M, H)	Favourable Impact (L, M, H)	Adverse Impact (L, M, H)
Planning fees	It is assumed that planning applications will continue to come in at the current rate. There is a risk that activity will slow down due to the recession.	<i>M</i>		<i>H</i>
Local plan	If the Local Plan is delayed, agency staff employed for longer. Further studies might also need to be carried out which haven't been budgeted for.	<i>H</i> <i>H</i>		<i>H</i> <i>H</i>
Business Rates	Main income stream for UDC in future Government funding arrangements. Its important that resources are in place to ensure new businesses are identified and any changes in RV monitored on a weekly basis to ensure any unusual changes are identified referred to professional rating surveyor with the view of challenging the VO decision	<i>M</i>		<i>M</i>
Software costs	The current Rev/Ben systems contract is being renewed currently. Potential risk of new software being purchased and additional training budget required and staff for data cleansing	<i>M</i>		<i>L</i>
Legal costs	Litigation has resulted in an extra strain on the legal costs budget. With Business rates revaluation coming in from April 2017 further litigation is possible	<i>L</i>		<i>L</i>
Revenues - Consultant	Potential need for a Rating Surveyor consultant following Business rates revaluation but this should result in a higher income for the collection fund	<i>M</i>		<i>L</i>
Green Waste	Parishes contribution to green waste weekend skip scheme 2017/18 will not be accepted by Parishes	<i>M</i>		<i>M</i>
Trade Waste Income	Budget includes 3% inflation and an increase in charges to cover ECC increased cost of disposal. There is a risk that demand may reduce.	<i>L</i>		<i>M</i>
Waste and Recycling Vehicles	Breakdown of fleet vehicles may require hire vehicles	<i>M</i>		<i>M</i>

APPENDIX D continued...

RISKS AND ASSUMPTIONS – FAVOURABLE

Budget item	Description of key assumptions and/or what variable outcomes may arise	Probability of variance arising (L, M, H)	Favourable Impact (L, M, H)	Adverse Impact (L, M, H)
Building Surveying	Stansted Airport's anticipated expansion project will generate an inspection fee in the region of £130k which will cover possibly 2 or 3 years of inspections. There will be some increased staffing costs associated with this work.	<i>M</i>	<i>H</i>	
Building Surveying Income	Environmental Health are planning to transfer part of the Disabled Facilities Grant work to BC instead of the Papworth Trust. Estimated recharge of £10k	<i>M</i>	<i>M</i>	
Pre Application Fees (incl PPAs)	It is assumed that pre- applications fees will continue to come in at the current rate. There is a possibility with PPAs that income could increase.	<i>L</i>	<i>M</i>	
Land Charges	The European Court of Justice has just agreed that local authorities can charge for staff time for dealing with EIR requests which may enable the council to recover additional fees. Detailed analysis of the judgement is currently underway	<i>H</i>	<i>M</i>	
Licensing Income	Trends show that there is likely to continue to be an increase in the number of drivers and vehicles licensed by the council leading to an increased income. The Police Reform and Social Responsibility Act contains provisions for the Secretary of State to make provision for fees under the Licensing Act 2003 to be set by licensing authorities whereas at present such fees are set by central government. The proposal is that the fees should be set on a break even basis. The Secretary of State has consulted on how this arrangement may be introduced but has expressed dissatisfaction with the consultation response. Further work is being undertaken. Once this has been done there will need to be consultation upon the draft regulations. It is unlikely that the new arrangements would come into effect before 2016/17.	<i>H</i> <i>M</i>	<i>L</i> <i>L</i>	
Planning Policy Government grant	It is assumed that the government grant will be cut or withdrawn so a prudent estimate of income has been made. It is possible that grant will come in at a higher level.	<i>L</i>	<i>M</i>	

Impact levels

L = up to £100,000

M = £100,000 to £250,000

H = over £250,000

APPENDIX E

GENERAL FUND RESERVES 2017/18

Reserve £000	Actual balance 1st April 2016	Forecast Transfer from GF	Forecast Transfers Between Reserves	Forecast Transfer to GF	Estimated balance 1st April 2017	Forecast Transfer from GF	Forecast Transfers Between Reserves	Forecast Transfer to GF	Estimated Balance 31st March 2018
<u>RINGFENCED RESERVES</u>									
Business Rates Reserve	500			(20)	480			0	480
DWP Reserve	136	50			186				186
Licensing Reserve	16			(16)	(0)				(0)
Working balance	1,246	34			1,280			(13)	1,266
TOTAL RINGFENCED RESERVES	1,898	84	0	(36)	1,946	0	0	(13)	1,933
<u>USABLE RESERVES</u>									
<u>Financial Management Reserves</u>									
MTFS Reserve	1,000				1,000				1,000
Transformation Reserve	960			(66)	894		1,000	(100)	1,794
	1,960	0	0	(66)	1,894	0	1,000	(100)	2,794
<u>Contingency Reserve</u>									
Emergency Response Reserve	40				40				40
	40	0	0	0	40	0	0	0	40
<u>Service Reserves</u>									
Economic Development	194				194				194
Elections	25	25			50	25			75
Homelessness	40				40			(40)	0
Planning	982			(385)	597			(275)	322
Strategic Initiatives	4,504	2,376		(80)	6,800	564	(3,770)	(450)	3,144
Pension Reserve	0				0		770	(770)	0
Waste Depot Relocation Project	1,488			(1,488)	0		2,000		2,000
Waste Management	131	70			201				201
NHB Ward Members	39				39				39
Voluntary Sector Grants	41			(41)	0				0
Private Finance Initiative	0	85			85				85
	7,444	2,556	0	(1,994)	8,006	589	(1,000)	(1,535)	6,060
TOTAL USABLE RESERVES	9,444	2,556	0	(2,060)	9,940	589	0	(1,635)	8,894
TOTAL RESERVES	11,342	2,640	0	(2,096)	11,886	589	0	(1,648)	10,827

Uttlesford District Council

2017/18 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.

APPENDIX F continued...

FEES AND CHARGES

Building surveying other charges	2016/17 charge £	2017/18 charge £	Does the charge include VAT?	Note
Provision of Energy Performance Certificates	250.00	250.00	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	2016/17 charge £	2017/18 charge £	Does the charge include VAT?
<u>Charge per dwelling/unit</u>			
Name change/renumber	75.00	75.00	No
New dwelling/unit	110.00	110.00	No
2-5 dwellings/units	75.00	75.00	No
6 - 25 dwellings/units	55.00	55.00	No
26 - 75 dwellings/units	45.00	45.00	No
76 plus dwellings/units	35.00	35.00	No
New Street Name	200.00	200.00	No
Name of block or block of flats of industrial estate	175.00	175.00	No
Confirmation of plot or postal address for utility company (charged to utility companies only)	35.00	35.00	No

APPENDIX F continued...

FEES AND CHARGES

STANDARD CHARGES SCHEDULE 1- NEW DWELLINGS Dwelling houses and Flats						
Code	<u>New Build Houses or Bungalows Not Exceeding 250m²</u>		Plan Charge	Inspection Charge*	Building Notice*	Regularisation Charge*
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	
Notifiable Electrical work (in addition to the above, where applicable.)						
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)

APPENDIX F continued...

FEES AND CHARGES

STANDARD CHARGES						
SCHEDULE 2 WORK TO A SINGLE DWELLING						
Limited to work not more than 3 storeys above ground level						
Code	Extension and New Build		Full Plans			Regularisation Charge*
			Plan Charge	Inspection Charge*	Building Notice Charge*	
DX1	Separate single storey extension with floor area not exceeding 40m ²	Fee	£140.00	£295.00	£455.00	£568.75
		VAT	£28.00	£59.00	£91.00	
		Total	£168.00	£354.00	£546.00	
DX2	Separate single storey extension with floor area exceeding 40m ² but not exceeding 100m ²	Fee	£155.00	£365.00	£545.00	£681.25
		VAT	£31.00	£73.00	£109.00	
		Total	£186.00	£438.00	£654.00	
DX3	Separate extension with some part 2 or 3 storeys in height and a total floor area not exceeding 40m ²	Fee	£145.00	£325.00	£495.00	£618.75
		VAT	£29.00	£65.00	£99.00	
		Total	£174.00	£390.00	£594.00	
DX4	Separate extension with some part 2 or 3 storeys in height and a total floor area exceeding 40m ² but not exceeding 100m ²	Fee	£200.00	£380.00	£615.00	£768.75
		VAT	£40.00	£76.00	£123.00	
		Total	£240.00	£456.00	£738.00	
DG0	A building or extension comprising solely of a garage, carport or store not exceeding 100m ²	Fee	£100.00	£220.00	£315.00	£393.75
		VAT	£20.00	£44.00	£63.00	
		Total	£120.00	£264.00	£378.00	
DNH	Detached non-habitable domestic building with total floor area not exceeding 50m ²	Fee	£100.00	£220.00	£315.00	£393.75
		VAT	£20.00	£44.00	£63.00	
		Total	£120.00	£264.00	£378.00	
Conversions						
DLC	First and second floor loft conversions	Fee	£155.00	£350.00	£560.00	£700.00
		VAT	£31.00	£70.00	£112.00	
		Total	£186.00	£420.00	£672.00	
DOC	Other work (e.g. garage conversions)	Fee	£60.00	£130.00	£190.00	£237.50
		VAT	£12.00	£26.00	£38.00	
		Total	£72.00	£156.00	£228.00	
Alterations (inc underpinning)						
DTH	Renovation of a thermal element	Fee	£40.00	£80.00	£115.00	£143.75
		VAT	£8.00	£16.00	£23.00	
		Total	£48.00	£96.00	£138.00	
DRW	Replacement windows, rooflights, roof windows or external glazed doors	Fee	£40.00	£80.00	£115.00	£143.75
		VAT	£8.00	£16.00	£23.00	
		Total	£48.00	£96.00	£138.00	
DA1	Cost of work not exceeding £5000 (inc Renewable Energy Systems)	Fee	£60.00	£110.00	£165.00	£206.25
		VAT	£12.00	£22.00	£33.00	
		Total	£72.00	£132.00	£198.00	
DA2	Cost of work exceeding £5000 but not exceeding £25000	Fee	£115.00	£220.00	£330.00	£412.50
		VAT	£23.00	£44.00	£66.00	
		Total	£138.00	£264.00	£396.00	
DA3	Cost of work exceeding £25000 but not exceeding £100000	Fee	£165.00	£375.00	£590.00	£737.50
		VAT	£33.00	£75.00	£118.00	
		Total	£198.00	£450.00	£708.00	
DA4	Cost of work exceeding £100000 but not exceeding £250000	Fee	£230.00	£530.00	£785.00	£981.25
		VAT	£46.00	£106.00	£157.00	
		Total	£276.00	£636.00	£942.00	
Notifiable Electrical work in addition to the above, where applicable.						
DNE	(Where a satisfactory certificate will not be issued by a Part P registered electrician)	Fee	£220.00			
		VAT	£44.00			
		Total	£264.00			
				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		

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)

APPENDIX F continued...

FEES AND CHARGES

STANDARD CHARGES					
SCHEDULE 3- ALL OTHER NON-DOMESTIC WORK					
Limited to work not more than 3 storeys above ground level					
Code	<u>Extensions and New Build</u>		Plan Charge £	Inspection Charge £	Regularisation Charge £
NX1	Single storey with floor area not exceeding 40m ²	Fee	£135.00	£320.00	£568.75
		VAT	£27.00	£64.00	
		Total	£162.00	£384.00	
NX2	Single storey with floor area exceeding 40m ² but not exceeding 100m ²	Fee	£155.00	£385.00	£675.00
		VAT	£31.00	£77.00	
		Total	£186.00	£462.00	
NX3	With some part 2 or 3 storey in height and a total floor area not exceeding 40m ²	Fee	£220.00	£445.00	£831.25
		VAT	£44.00	£89.00	
		Total	£264.00	£534.00	
NX4	With some part 2 or 3 storey in height and a total floor area exceeding 40m ² but not exceeding 100m ²	Fee	£260.00	£580.00	£1,050.00
		VAT	£52.00	£116.00	
		Total	£312.00	£696.00	
<u>Alterations</u>					
NO1	Cost of work not exceeding £5000	Fee	£60.00	£130.00	£237.50
		VAT	£12.00	£26.00	
		Total	£72.00	£156.00	
NO2	Replacement windows, rooflights, roof windows or external glazed doors (not exceeding 20 units)	Fee	£60.00	£130.00	£237.50
		VAT	£12.00	£26.00	
		Total	£72.00	£156.00	
NO3	Renewable energy systems (not covered by an appropriate Competent Persons scheme)	Fee	£60.00	£130.00	£237.50
		VAT	£12.00	£26.00	
		Total	£72.00	£156.00	
NO4	Installation of new shop front	Fee	£60.00	£130.00	£237.50
		VAT	£12.00	£26.00	
		Total	£72.00	£156.00	
NO5	Cost of work exceeding £5000 but not exceeding £25000	Fee	£125.00	£245.00	£462.50
		VAT	£25.00	£49.00	
		Total	£150.00	£294.00	
NO6	Replacement windows, rooflights, roof windows or external glazed doors (exceeding 20 units)	Fee	£125.00	£245.00	£462.50
		VAT	£25.00	£49.00	
		Total	£150.00	£294.00	
NO7	Renovation of thermal elements	Fee	£125.00	£245.00	£462.50
		VAT	£25.00	£49.00	
		Total	£150.00	£294.00	
NO8	Installation of Raised Storage Platform within an existing building	Fee	£125.00	£245.00	£462.50
		VAT	£25.00	£49.00	
		Total	£150.00	£294.00	
NO9	Cost of works exceeding £25000 but not exceeding £100000	Fee	£165.00	£400.00	£706.25
		VAT	£33.00	£80.00	
		Total	£198.00	£480.00	
N10	Fit out of building up to 100m ²	Fee	£155.00	£385.00	£675.00
		VAT	£31.00	£77.00	
		Total	£186.00	£462.00	
N11	Cost of works exceeding £100000 but not exceeding £250000	Fee	£230.00	£555.00	£981.25
		VAT	£46.00	£111.00	
		Total	£276.00	£666.00	

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

APPENDIX F continued...

FEES AND CHARGES

Car Parking	2016/17 charge £	2017/18 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	N/A	2.00	Yes
4 Hours	N/A	N/A	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 (6 months)	175.00	175.00	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

APPENDIX F continued...

FEES AND CHARGES

Car Parking	2016/17 charge £	2017/18 charge £	Does the charge include VAT?
Great Dunmow			
WhiteStreet			
30 Minutes	0.40	0.40	Yes
1 Hour	0.60	0.60	Yes
3 Hours	1.20	1.20	Yes
4 Hours	2.00	2.00	Yes
5 Hours	2.40	2.40	Yes
10 Hours	3.50	3.50	Yes
Season Ticket (6 months)	175.00	175.00	Yes
Season Ticket (per annum)	300.00	300.00	Yes
New Street/Chequers & Angel Lane			
30 Minutes	0.40	0.40	Yes
1 Hour	0.60	0.60	Yes
3 Hours	1.20	1.20	Yes
Stansted Mountfitchet			
Lower Street			
30 Minutes	0.40	0.40	Yes
1 Hour	0.60	0.60	Yes
2 Hour	1.00	1.00	Yes
3 Hours	1.20	1.20	Yes
4 Hours	2.00	2.00	Yes
6 Hours	2.40	2.40	Yes
10 Hours	4.70	4.70	Yes
Coaches	6.00	6.00	Yes
Season Ticket - Local Business & employee (6 months)	130.00	130.00	Yes
Season Ticket - Local Business & employee (per annum)	250.00	250.00	Yes
Season Ticket - Non business (6 months)	220.00	320.00	Yes
Season Ticket - Non business (per annum)	420.00	620.00	Yes
Crafton Street			
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 (6 months)	130.00	130.00	Yes
Season Ticket - Local Business & employee (per annum)	250.00	250.00	Yes
Season Ticket - Non business (6 months)	220.00	220.00	Yes
Season Ticket - Non business (per annum)	420.00	420.00	Yes

APPENDIX F continued...

FEES AND CHARGES

Environmental Health	2016/17 charge £	2017/18 charge £	Does the charge include VAT?
<u>Food and Water Safety</u>			
Food Safety course - level 2 certificate	80.00	80.00	No
Health Certificate for Export	85.00	85.00	No
Voluntary Surrender Certificate	75.00	75.00	No
Water Samples (Airport)	25.00	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 - per hour	54.00	54.00	No
Investigation (each visit)	54.00	54.00	No
Analysis under reg 10	25.00	25.00	No
EIR information	108.00	108.00	No
Contaminated land	108.00	108.00	No
Officer charges for works in default - per hour	54.00	54.00	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)	70.00	70.00	No
Organic Produce Certificate - outside office hours	250.00	250.00	No
POAO per CVED (Products of animal origin) (per consignment)	175.00	175.00	No
POAO per CVED Out of Hours additional fee (Products of animal origin)	75.00	75.00	No
High Risk NAO per CED (Non animal origin)	55.00	55.00	No
High Risk NAO sampling fee + laboratory charges	60.00	60.00	No
High Risk NAO per CED Out of Hours	65.00	65.00	No
High Risk NAO Out of Hours sampling fee + laboratory charges	95.00	95.00	No
High Risk destruction charge + disposal costs	60.00	60.00	No
IUU Catch Certificate EEA	25.00	25.00	No
IUU Catch Certificate non EEA	50.00	50.00	No
<u>Animals</u>			
Micro chipping - Pets - Microchip event	16.50	16.50	Yes
Stray dog - administrative costs	25.00	25.00	No
Stray dog - statutory fee + kennel charge + vets fees	25.00	25.00	No

APPENDIX F continued...

FEES AND CHARGES

Environmental Health	2016/17 charge £	2017/18 charge £	Does the charge include VAT?
Other charges			
Licensing of Houses of Multiple Occupancy (HMO) std fee for up to 5 bedrooms	355.00	697.00	No
5 letting rooms or more - charge per additional room	41.00	26.50	No
Housing Immigration Inspection	153.00	160.00	No
Copy of Food Register - Whole - (hourly charge or part thereof)	70.00	70.00	No
Copy of Food Register - Single premises	25.00	25.00	No
* New Charging Structure			
Housing improvement notice - per hour	54.00	N/A*	No
Suspended improvement notice - per hour	54.00	N/A*	No
Prohibition order - per hour	54.00	N/A*	No
Suspended prohibition order - per hour	54.00	N/A*	No
Emergency prohibition order - per hour	54.00	N/A*	No
Emergency remedial action notice - per hour	54.00	N/A*	No
Housing improvement notice - fixed price	N/A*	233.75	No
Suspended improvement notice - fixed price	N/A*	233.75	No
Prohibition order - fixed price	N/A*	233.75	No
Suspended prohibition order - fixed price	N/A*	233.75	No
Emergency prohibition order - fixed price	N/A*	233.75	No
Emergency remedial action notice - fixed price	N/A*	233.75	No

Land Charges

For the current schedule of land charges, please visit the Uttlesford District Council website:

<http://www.uttlesford.gov.uk/article/1910/Local-Land-Charges-and-Searches>

Lifeline (Council Tenants and Private Residents)	2016/17 charge £	2017/18 charge £	Does the charge include VAT?
Lifeline units - Level 1 - Weekly charge - including evening and weekend emergency response visits	5.04	5.14	Yes*
Lifeline units - Level 2 - Extra Sensors (up to a maximum of 4, customers requiring more than 4 extra sensors will be charged at the rate of 50p per extra sensor)	6.24	6.36	Yes*

**a zero rating for VAT will apply if the customer can provide evidence that they have a disability*

APPENDIX F continued...

FEES AND CHARGES

Museum	2016/17 charge £	2017/18 charge £	Does the charge include VAT?
Admission Charge adult	2.50	2.50	Yes
Admission Charge discount	1.25	1.25	Yes
Admission Charge children	0.00	0.00	n/a
Season Ticket adult	8.00	8.00	Yes
Season Ticket discount	4.00	4.00	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 (corporate and private)</u>			
Museum - Hire for first hour	75.00	75.00	No
Museum - Hire per hour after first hour	50.00	50.00	No
School Room - Hire for first hour	20.00	20.00	No
School Room - Hire per hour after first hour	10.00	10.00	No
<u>Other Charges</u>			
School Loan and Reminiscence Boxes	12.00	12.00	Yes
Talks for local groups - within district	50.00	50.00	No
Talks for local groups - outside district	60.00	60.00	No
<u>Museum Store visits</u>			
Group bookings per hour (special tours/study sessions/workshops)	12.00	12.00	Yes
Individual visit per hour (weekdays) plus 30mins set-up and clear-up	12.00	12.00	Yes
Individual visit per hour (evenings and weekends)	24.00	24.00	Yes
Individual visit (evenings and weekends) half-day/3hr session	90.00	90.00	Yes
Individual visit (Saturday) whole day	174.00	174.00	Yes

APPENDIX F continued...

FEES AND CHARGES

Licensing	2016/17 charge £	2017/18 charge £	Does the charge include VAT?
Drivers (licence valid for 3 years)			
- New Application	140.00	140.00	No
- Renewal	129.00	129.00	No
Operators (licence valid for 5 years)			
- New Application	350.00	350.00	No
- Renewal	346.00	346.00	No
Vehicles (licence valid for 1 year)			
- New Application	50.00	50.00	No
- Renewal	42.00	42.00	No
Vehicle Licence Transfer Fee	23.00	23.00	No
CRB checks	Charged at cost	Charged at cost	No
<u>Caravan Site Licence Fees</u>			
<u>New Applications</u>			
1-5 pitches	405.00	405.00	No
6-10 pitches	405.00	405.00	No
11-20 pitches	486.00	486.00	No
21-50 pitches	569.00	569.00	No
51-100 pitches	747.00	747.00	No
>100 pitches	810.00	810.00	No
<u>Annual Fee/Admin and Monitoring of site licenses</u>			
1-5 pitches	-		No
6-10 pitches	220.00	220.00	No
11-20 pitches	220.00	220.00	No
21-50 pitches	301.00	301.00	No
51-100 pitches	382.00	382.00	No
>100 pitches	544.00	544.00	No
Variation/Transfer	100.00	100.00	No
Laying of site rules	25.00	25.00	No

APPENDIX F continued...

FEES AND CHARGES

Licensing	2016/17 charge £	2017/18 charge £	Does the charge include VAT?
<u>Licences</u>			
Animal boarding establishment	169.00	169.00	No
Home boarding	137.00	137.00	No
Dog breeding establishment	137.00	137.00	No
Riding establishment	238.00	238.00	No
Pet shop	137.00	137.00	No
Dangerous wild animals	268.00	268.00	No
Zoo licence (5 years)	690.00	690.00	No
Skin piercing premises & 1 person	180.00	180.00	No
Skin piercing additional person	10.00	10.00	No
Additional operator added at a later date	40.00	40.00	No
Additional treatment added at a later date	70.00	70.00	No
<u>Scrap Metal</u>			
Grant of a site or collectors licence	365.00	367.00	No
- each additional site after first site	79.00	192.00	No
Renewal of a site or collectors licence	276.00	322.00	No
- each additional site after first site	79.00	192.00	No
Variation of a site or collectors licence	157.00	130.00	No
- each additional site being added to the licence	79.00	322.00	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 fees, please visit the Uttlesford District Council website:			
http://www.uttlesford.gov.uk/article/2292/Gambling-Act-2005			

APPENDIX F continued...

FEES AND CHARGES

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	2016/17 charge £	2017/18 charge £	Does the charge include VAT?
<u>Householder</u>			
Written Advice	60.00	60.00	Yes
Meeting 1/2 hr and written advice	150.00	150.00	Yes
Listed Building written advice	175.00	175.00	Yes
Listed Building meeting 1 hr and written advice	300.00	300.00	Yes
<u>Non-Residential inc. change of use</u>			
less than 1000 sq. m. written	150.00	150.00	Yes
less than 1000 sq. m. meeting	300.00	300.00	Yes
1000-1999 sq.m. written	300.00	300.00	Yes
1000-1999 sq.m. meeting	750.00	750.00	Yes
2000 - 4999 sq. m. meeting	1250.00	1250.00	Yes
Over 5000 sq. m.	POA	POA	Yes
<u>Residential</u>			
1 dwelling	250.00	250.00	Yes
1 Listed dwelling	400.00	400.00	Yes
2-9 dwellings	500.00	500.00	Yes
10-30 dwellings	1000.00	1000.00	Yes
31-100 dwellings	1650.00	1650.00	Yes
101-300 dwellings	2400.00	2400.00	Yes

APPENDIX F continued...

FEES AND CHARGES

Other Planning fees and charges	2016/17 charge £	2017/18 charge £	Does the charge include VAT?
Documents provided under Local Government Access to Information Act 1985	10p a sheet plus £25 per	10p a sheet plus £25 per	Yes
Documents - TPO, BPN, LB	hour if job	hour if job	
Planning & Building Regulation Decision Notices	exceeds 1 hour	exceeds 1 hour	
Uttlesford Local Plan Adopted 2005	25.00	25.00	Yes
Weekly list of Planning Application Submissions	N/A	N/A	

Print Room	2016/17 charge £	2017/18 charge £	Does the charge include VAT?
Printing services for town & parish councils, voluntary organisations, clubs & societies. Hourly charge. Materials charged on top. * Addition of VAT varies depending on what is being printed.	38.00	40.00	No*

APPENDIX F continued...

FEES AND CHARGES

Saffron Walden Offices	2016/17 charge £	2017/18 charge £	Does the charge include VAT?
<u>Room charges - non wedding - minimum 2 hour charge applies</u>			
Room hire - Flitch (Chairman's room) (per hour)	N/A	30.00	Yes
Room hire - Flitch (Chairman's room) (per hour) Charity Rate	24.00	24.00	Yes
Room hire - Cutlers (Committee room) (per hour)	57.00	60.00	Yes
Room hire - Cutlers (Committee room) (per hour) Charity Rate	24.00	24.00	Yes
Room hire - Gibson (Council Chamber) (per hour)	75.60	78.00	Yes
Room hire - Gibson (Council Chamber) (per hour) Charity Rate	24.00	48.00	Yes
Refreshments - per 10 people	12.60	13.20	Yes
<u>Room charges - wedding</u>			
Chairman's Room Mon-Thur	74.00	74.00	Yes
Chairman's Room Friday	114.00	114.00	Yes
Chairman's Room Saturday a.m.	149.00	149.00	Yes
Chairman's Room Saturday p.m.	175.00	175.00	Yes
Chairman's Room Sunday/B.Holiday	250.00	250.00	Yes
Committee Room Mon-Thur	100.00	100.00	Yes
Committee Room Friday	140.00	140.00	Yes
Committee Room Saturday a.m.	175.00	175.00	Yes
Committee Room Saturday p.m.	200.00	200.00	Yes
Committee Room Sunday/B.Holiday	275.00	275.00	Yes
Council Chamber Mon-Thur	150.00	150.00	Yes
Council Chamber Friday	190.00	190.00	Yes
Council Chamber Saturday a.m.	225.00	225.00	Yes
Council Chamber Saturday p.m.	250.00	250.00	Yes
Council Chamber Sunday/B.Holiday	300.00	300.00	Yes
Chamber + Chairman's Mon-Thur	175.00	175.00	Yes
Chamber + Chairman's Friday	265.00	265.00	Yes
Chamber + Chairman's Saturday a.m.	325.00	325.00	Yes
Chamber + Chairman's Saturday p.m.	375.00	375.00	Yes
Chamber + Chairman's Sunday/B.Holiday	500.00	500.00	Yes
Chamber + Committee Mon-Thur	200.00	200.00	Yes
Chamber + Committee Friday	280.00	280.00	Yes
Chamber + Committee Saturday a.m.	350.00	350.00	Yes
Chamber + Committee Saturday p.m.	400.00	400.00	Yes
Chamber + Committee Sunday/B.Holiday	550.00	550.00	Yes

APPENDIX F continued...

FEES AND CHARGES

Health Improvement	2016/17 charge £	2017/18 charge £	Does the charge include VAT?
Nordic Walking Evening	3.00	N/A	No
Nordic Walking drop in weekly	4.00	N/A	No
Nordic Walking 4 week courses	39.00	N/A	No
Nordic Walking Card 5 walks	20.00	N/A	No
Nordic Walking Card 3 months	40.00	N/A	No

Refuse Collection & Recycling	2016/17 charge £	2017/18 charge £	Does the charge include VAT?
Bulky waste	16.50	17.00	No
Kerbside Garden Collection	40.00	40.00	No
Town/Parish Council Garden Waste weekend collection (per hour)	66.00	66.00	No
<u>Trade Waste</u>			
Trade sacks (3 cubic feet)	1.92	1.96	No
Bins 240 litres	5.29	5.38	No
Bins 660 litres	12.28	12.47	No
Eurobins 1100 litres	18.96	19.23	No
6 cu yd	115.27	117.51	No
8 cu yd	135.94	138.40	No
Light Containers - 12 cubic yard	135.94	138.40	No
Heavy Containers - 12 cubic yard	212.93	216.88	No

Draft Action Plan

PAS proposed action/UDC response

Introduction

It is clear from the PAS report that the decision to pause the Local Plan was the correct one.

It is also important to note that the report acknowledges that any perceived gaps in the evidence base are being addressed and so this will generate more confidence in UDC moving forward with an evidence base led, sound Plan.

As a result an action plan has been produced to capture this on-going work.

The plan below reflects the recommendations of the 17th January 2017 Scrutiny Committee. **Requested updates to the Action Plan are indicated in capitals and bold typeface.**

Number	Report finding/action	Proposed response by UDC
1	An additional Preferred Options (Draft Plan) stage and supporting evidence for consultation would reduce risk/inform plan.	The Council will give consideration to a Preferred Options (Regulation 18) document as part of programme for consultation. Updated Local Plan project plan for the above to Feb PPWG. A formal revised LDS for March PPWG/Cabinet. UPDATE: A CLEAR NARRATIVE NOTING THE REGULATION 18 CONSULTATIONS WILL FORM PART OF THE FINAL UPDATED LDS. PRIOR TO THE LDS BEING FORMALISED, HOWEVER, PPWG ON 22 FEB WILL CONSIDER A PROPOSED TIMETABLE FOR LOCAL PLAN INCORPORATING ADDITIONAL REG 18 CONSULTATION STAGE
2	The Sustainability Appraisal (SA) needs to include preferred scenarios or weighting process.	A further scoping exercise to be completed mid January on reasonable scenarios. Member workshop to consider outcome of draft scoping work on SA 1 February. Apply a weighting system to SA (assuming preferred options) to PPWG Summer

		2017.
3	Uncertainty exists regards the scale of housing and consequently its location, timing, viability, transport, and infrastructure impacts. Staying with 12500 homes is a serious risk to soundness. It is suggested that UDC use 14100 homes from latest government projections as a starting point. Method of apportionment in the SHMA that results in UDC provision needs to be clearly explained.	Accept that limiting provision to 12,500 homes is a serious risk to soundness therefore we need to consider proceeding on the basis of testing 14,100 homes. Updated topic papers to be put to PPWG/Cabinet on location, timing, viability, transport, and infrastructure impacts by first quarter 2017. UPDATE: HMA CONSULTANTS TO PRODUCE A CLEAR EXPLANATION FOR SCALE OF HOUSING APPORTIONMENT – WITH CLEAR AND LOGICAL EXPLANATION OF THE CALCULATIONS ON THE HOUSING REQUIREMENT SHOWING WORKINGS BEHIND THE HEADLINE FIGURES. DUE IN MARCH.
Number	Report finding/action	Proposed response by UDC
4	Further government announcement on changes to planning policy in the Housing White Paper expected although outcome unknown. The Council needs to reflect on this when moving forward with the Plan.	To be closely monitored and reviewed as soon as available. UPDATE: OFFICERS WILL PROVIDE A TOPIC PAPER AS SOON AS POSSIBLE AFTER THE RECEIPT OF THE WHITE PAPER LIKELY TO BE PUBLISHED IN FEBRUARY.
5	2014 IDP out of date/requires more recent information. Transport study including Saffron Walden needs to be completed.	While the published Local Plan Viability Study October 2016 included infrastructure requirements of new settlements, the 2014 IDP needs to be updated with timeframe as above e.g. to reflect new evidence and planning considerations coming from the White Paper. Transport study reports will need to be published once complete as above. Both studies will be tested at Examination. UPDATE: OFFICERS WILL PROVIDE A DETAILED EXPLANATION OF THE IDP's CONTENTS WITH TIMETABLE SHOWING INDICATIVE DELIVERY OF THE INFRASTRUCTURE ONCE COMPLETED IN MAY.
6	Updates of the Habitats Regulation Assessment, housing viability and employment studies to be done	The housing viability and employment study updates are underway. The target for completion will be dependent on a revised LDS. The HRA will be completed at draft plan stage.
7	Suggests that a topic approach to duty to co-operate would be more helpful than chronology.	To be collated by Troy Planning by March 2017.

8	Desirable to have specific section on Braintree duty-to-co-operate.	<p>Memorandum of Understanding needs to be in place by Submission stage</p> <p>UPDATE: TECHNICALLY, THE MOU ISN'T REQUIRED UNTIL THE LOCAL PLAN SUBMISSION DATE. HOWEVER, WE WILL WORK WITH BRAINTREE DC TO AGREE A SIGNED MOU AS SOON AS PRACTICALLY POSSIBLE. AS BRAINTREE IS SCHEDULED TO SUBMIT ITS PLAN IN JULY, THE MOU WOULD NEED TO BE AGREED BEFORE THEN.</p>
9	Will need further criterion policy on traveller provision for those considered travellers who do not meet the government definition.	This is currently being considered.

