



Uttlesford District Council

Chief Executive: Dawn French

Scrutiny Committee

Date: Tuesday, 6th February, 2018

Time: 7.30 pm

Venue: Committee Room - Council Offices, London Road, Saffron Walden,
Essex CB11 4ER

Chairman: Councillor A Dean

Members: Councillors H Asker, G Barker (Vice-Chair), R Chambers, P Davies,
M Felton, S Harris, G LeCount, M Lemon, B Light and E Oliver

Substitutes: Councillors A Gerard, A Mills, G Sell and L Wells

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 Previous Meeting

5 - 10

To consider the minutes of the previous meeting held on 21 November 2017.

3 Responses of the Executive to reports of the Committee

	To consider any responses of the Executive to reports of the Committee.	
4	Consideration of any matter referred to the Committee in relation to call in of a decision	
	To consider any matter referred for call in.	
5	Invited reports from the Executive	
	To consider any invited reports from the Executive.	
6	Cabinet Forward Plan	11 - 16
	To receive the updated Cabinet Forward Plan.	
7	Scrutiny Work Programme 2017-18	17 - 20
	To receive the Scrutiny Work Programme for 2017-18.	
8	Centre for Public Scrutiny, National Scrutiny Conference	21 - 26
	To receive the Chairman's report summarising the issues and matters discussed at the National Scrutiny Conference.	
9	Budget Covering Report - 2018/19	27 - 38
	To receive the Budget covering report which lists all the budget reports and strategies to be reviewed by Members for 2018/19.	
10	Robustness of Estimates and Adequacy of Reserves	39 - 64
	To review the Robustness of Reserves & Adequacy of Estimates report.	
11	Investment Strategy 2018/19	65 - 72
	To review the Investment Strategy for 2018/19.	
12	Medium Term Financial Strategy 2018/19	73 - 90
	To review the Medium Term Financial Strategy for 2018/19.	
13	Treasury Management Strategy 2018/19	91 - 112
	To review the Treasury Management Strategy for 2018/19.	
14	Capital Programme 2018/19 to 2022/23	113 - 124

To review the Capital Programme for the 5 year period, 2018/19 to 2022/23.

15 General Fund Budget and Council Tax 2018/19 125 - 164

To review the General Fund budget and Council Tax 2018/19 report.

16 Housing Revenue Account Budget 2018/19 165 - 202

To review the Housing Revenue Account Budget for 2018/19 and the accompanying Equality Impact Assessment.

17 Any other items which the Chairman considers to be urgent

To receive any items which the Chairman considers to be urgent.

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**SCRUTINY COMMITTEE held at COUNCIL OFFICES LONDON ROAD
SAFFRON WALDEN at 7.30pm on 21 NOVEMBER 2017**

Present: Councillor A Dean (Chairman)
Councillors H Asker, G Barker, R Chambers, M Felton, B Light
and E Oliver.

Officers in attendance: R Auty (Assistant Director – Corporate Services), A
Bochel (Democratic Services Officer), A Knight (Assistant Director
– Resources), V Taylor (Business Improvement and Performance
Officer) and A Webb (Director - Finance and Corporate Services).

Also present: Councillor S Howell (Portfolio Holder for Finance and
Administration).

SC20 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors Davies, Harris, LeCount
and Lemon.

SC21 CHAIRMAN'S THANKS

The Chairman said the Business Improvement and Performance Officer would
soon be leaving Uttlesford District Council. He thanked her for her years of
service and her work on the committee.

SC22 MINUTES

The minutes of the meeting held on 25 and 26 September 2017 were received
and signed by the Chairman as a correct record, subject to the following
amendments:

Minutes of 25 September, SC11: paragraphs 11 and 12 to be made one
paragraph.

Minutes of the 26 September, SC15: paragraph 4 to read:

In response to a question from Councillor Felton, the Acting Inspector said
Essex Parking Partnership were empowered to take action against pavement
parking and could issue penalties without involving the police, only where there
were parking restrictions in place.

SC23 STATUS REPORT – NOVEMBER 2017

The Chairman said he thought the extraordinary Scrutiny Committee held on 25
September had not been well-structured and he had asked officers to

investigate potential improvements to the call-in procedure and the structure of meetings.

The Chairman said he had been talking to officers about training for Scrutiny Committee members in the New Year from the Centre for Public Scrutiny. He would be attending a training session in a few weeks.

SC24

SCRUTINY WORK PROGRAMME

For further information on the amendment to the minutes of 26 September 2017, the Chairman circulated statements from the police and the North Essex Parking Partnership regarding the power of North Essex Parking Partnership to hand out penalties for pavement parking.

The Chairman said officers would be working to bring forward a report on a potential investment strategy for the Council.

The Chairman said he had been talking to officers about producing the Cabinet Review scoping report on the programme for March. He was concerned that it would take time for a working group to complete work on this review, and so it would be better if work could begin sooner.

The Chairman said the Pride of Place project was aimed at improving the look and feel of Uttlesford. Pavement parking would be a part of this topic.

The Chairman said that with the Local Plan projected to go out to consultation next year, it would be good if the upcoming work on affordable housing could be brought forward. In response to a question from Councillor Barker, he said the topic of affordable housing had been on the work programme for some time and it was necessary for the committee to satisfy itself that the policy did not need amending.

In response to a suggestion from Councillor Light that defining what affordable housing should mean to the Council would be a good place to start, the Chairman said it was too early to be proposing terms of reference for the working group.

SC25

BUDGET REVIEW AND CONSULTATION OUTCOMES 2018-19

The Chairman said the Scrutiny Committee's final input on the budget would be made at the February meeting. The Assistant Director – Resources said a decision by DCLG will have been made about whether the Essex submission to be a pilot for 100% business rates pilot was successful by that time.

Members said that the second bullet point in paragraph 12 of the report should include reference to the opportunities created by the Council budget, as well as its risks.

The Chairman said officers had produced a report to provide members with a detailed overview of council housing. This report would be sent out in the next few days. The Director – Finance and Corporate Services said the Housing Revenue Account cap might be lifted.

The Assistant Director – Resources gave a summary of how the current system of business rates worked. She said she would send a briefing note round to members about this system.

Councillor Chambers entered the meeting.

In response to a question from Councillor Oliver, the Assistant Director – Resources said the Council would not pay a levy on bad debt. If the Council failed to collect enough tax to collect its baseline need, it could potentially receive top-up funding from central government.

The Assistant Director – Corporate Services the response rate to this year's consultation had been very good. The team had made it easier for people to respond by including a pull-out questionnaire and a pre-paid envelope in Uttlesford Life. The Council would likely continue to use this method.

In response to a question from Councillor Dean, the Assistant Director – Corporate Services said the methodology used for presenting the responses to Question 1 was an industry-standard approach and one which was recommended by the providers of the Council's consultation software.

In response to a question from Councillor Light, the Cabinet Member – Finance and Administration said he would go through the results of the consultation to inform himself of residents' views. He needed to be sure he had listened to people living in the district before decisions were taken. However, he would also need to use his own judgement when deciding upon budget allocation.

Members said some statistics included in the report were unhelpful because of their margin for error and the way they had been presented.

Members said it was possible that the public did not see car parks as a particularly big priority because many people did not use them and because they were taken for granted. It was also difficult to tell how many people considered car parks a high priority in comparison to services which were considered to be 'key services'.

The Chairman said he was concerned that responses were skewed because a disproportionate amount of people over 55 had replied. In response, the Cabinet Member – Finance and Administration said he believed a response rate of about 250 people still gave an accurate representation of resident opinion, and that younger people could have participated if they had wanted to.

The Director – Finance and Corporate Services said one questionnaire had been sent to every household, and so it was likely that a greater amount of older people had replied because they were the homeowners.

The Cabinet Member – Finance and Administration said it was easy to try to over-analyse the figures presented.

Councillor Chambers said many of the comments made were simply people presenting a wish list to Uttlesford District Council, and some even referenced issues which the council was not in control of. Councillor Asker said there was a level of ignorance amongst some of the public about the responsibilities of different tiers of government, and education was necessary to resolve this.

The Chairman noted there had been a lower level of responses to the business consultation. Councillor Barker said this could be due to the phrasing of the questions in the consultation.

SC26

2018/19 LOCAL COUNCIL TAX SUPPORT SCHEME AND CONSULTATION RESPONSES

The Chairman said it would be good to simplify the consultation for next year. At present, it appeared to be a lot of effort for little new information. Two points to note were that the number of people benefitting from the system had reduced, and people were now more supportive of protecting grants made to parish councils.

The Chairman said the highest number of comments made in response to the consultation were about social matters.

Members agreed that working age people previously on Council Tax Benefit should not have to pay more than 12.5% of the council tax bill.

The Cabinet Member – Finance and Administration said many members of the public found the questionnaire about the scheme challenging.

Councillor Light said withdrawing discretionary support grants would put some town and parish councils in a difficult situation. She asked if another source of funds for the grants could be found.

The Chairman said town and parish councils benefitted financially from the New Homes Bonus.

Councillor Barker said town and parish councils had known about the plan for the reduction and then abolition of the support grant, and so they should be prepared for the consequences of it.

The Cabinet Member – Finance and Administration said the most obvious source of funds to continue to ensure that money was invested in the community was through the grant. He did not believe the Council should be cutting the budget elsewhere.

The Chairman said the Council Tax base increased each year, and he could not see any benefit in continuing to supply the grant.

The Director – Finance and Corporate Services said the subsidiary grant amount was based on the number of Local Council Tax Scheme claimants in each town and parish.

Members voted against a proposal to recommend maintaining the LCTS grant for parish councils. Members then voted to endorse withdrawing the grant from parish councils.

The meeting finished at 9:20.

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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
(Undated items are at the end of this list)							
Qtr. 3 Budget Monitoring 2017/18	Cabinet	15 Feb 2018		No	No	Cllr Howell	Angela Knight – Assistant Director – Resources
Budget Covering Report 2018/19	Cabinet	15 Feb 2018		No	No	Cllr Howell	Angela Knight – Assistant Director – Resources
Robustness of Estimates and Adequacy of Reserves	Cabinet	15 Feb 2018		No	No	Cllr Howell	Angela Knight – Assistant Director – Resources
Reserves Strategy 2018/19	Cabinet	15 Feb 2018		No	No	Cllr Howell	Angela Knight – Assistant Director – Resources
Medium Term Financial Strategy	Cabinet	15 Feb 2018		No	No	Cllr Howell	Angela Knight – Assistant Director – Resources

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
Treasury Management Strategy	Cabinet	15 Feb 2018		No	No	Cllr Howell	Angela Knight – Assistant Director – Resources
Capital Programme	Cabinet	15 Feb 2018		No	No	Cllr Howell	Angela Knight – Assistant Director – Resources
Housing Revenue Account	Cabinet	15 Feb 2018		No	No	Cllr Howell	Angela Knight – Assistant Director – Resources
General Fund Budget and Council Tax	Cabinet	15 Feb 2018		No	No	Cllr Howell	Angela Knight – Assistant Director – Resources
Procurement Strategy 2018/19	Cabinet	15 Feb 2018		No	No	Cllr Howell	Angela Knight – Assistant Director – Resources
Q3 Progress report on the Corporate Plan Delivery Plan	Cabinet	15 Feb 2018				Cllr Howell	Adrian Webb – Director of Finance and Corporate Services
Corporate Plan review	Cabinet	15 Feb 2018				Cllr Howell	Adrian Webb – Director of Finance and Corporate Services
Assets of Community Value Re-Nominations	Cabinet	15 Feb 2018				Cllr Ranger	Sarah Nicholas – Senior Planning Officer

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
Street Name and Numbering	Cabinet	15 Feb 2018	Report outcome of consultation			Cllr Barker	Ann Howells – Planning Support and Business Manager
Corporate Economic Development Strategy 2018-21	Cabinet	15 Feb 2018	Corporate Strategy to deliver the Corporate Plan objective of supporting sustainable business growth	Yes	No	Cllr Ryles	Roger Harborough – Director of Public Services
The Local Plan Local Development Scheme (LDS)	Cabinet	15 Feb 2018	The timetable for the preparation of the Local Plan, highlighting key consultation events and other key stages	No	No	Cllr Barker	Gordon Glenday Assistant Director - Planning
Corporate Plan Delivery Plan 2018/19	Cabinet	4 April 2018				Cllr Howell	Adrian Webb – Director of Finance and Corporate Services
Final Progress report on the Corporate Plan Delivery Plan	Cabinet	4 April 2018				Cllr Howell	Adrian Webb – Director of Finance and Corporate Services
Report from Voluntary Support Grants Committee	Cabinet	4 April 2018	Annual report from Cabinet Committee, Voluntary Support Grants Committee, on review of how current year's funding has been spent and indication of intention of	N	N	Cllr Ranger	Paula Evans – Leisure and Performance Manager

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
			purpose of next year's spending.				
Local Heritage List	Cabinet	4 April 2018	To agree the Local Heritage List which comprises of buildings considered to be of local historic interest	No	No	Cllr Barker	Gordon Glenday – Assistant Director - Planning
Amendments to Housing Allocations Policy and Homelessness Strategy	Cabinet	4 April 2018	To approve amendments to the allocations policy and homelessness strategy in light of the Homelessness Reduction Act 2017 which comes into force on 1 April 2018.	Yes	No	Cllr Redfern	Judith Snares – Housing Strategy and Operations Manager
HRA Land Asset Management	Cabinet	4 April 2018	In line with the HRA Asset Management and Development Strategy it is recommended that plots of HRA land located at The Elms in Duton Hill and Hilltop Lane in Saffron Walden are sold on the open market subject to Outline Planning Permission being granted for both sites	Yes		Cllr Redfern	Roz Millership – Assistant Director – Housing, Health and Communities
Members New Homes Bonus 2017/18	Cabinet	July 2018	To receive a report detailing the spend for each councillor and the projects supported	No	No	Cllr Ranger	Adrian Webb - Director of Finance and Corporate 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
Local Plan	Cabinet	TBC					Gordon Glenday – Assistant Director - Planning
Day Centres	Cabinet	TBC	To consider a proposal for the future management of the Day Centres within the District.			Cllr Ranger	Paula Evans – Leisure and Performance Manager

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Work Programme 2017/18

Date	20 June	19 Sept	21 Nov	6 Feb	27 Mar	1 May
Standard agenda items	Responses of the Executive to reports of the Committee	Responses of the Executive to reports of the Committee	Responses of the Executive to reports of the Committee	Responses of the Executive to reports of the Committee	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	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	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	Invited reports from the Executive	Invited reports from the Executive	Invited reports from the Executive	Invited reports from the Executive
	Cabinet Forward Plan	Cabinet Forward Plan	Cabinet Forward Plan	Cabinet Forward Plan	Cabinet Forward Plan	Cabinet Forward Plan
	Scrutiny Work Programme	Scrutiny Work Programme	Scrutiny Work Programme	Scrutiny Work Programme	Scrutiny Work Programme	Scrutiny Work Programme
Page 17 Agenda items	Local Council Tax Scheme (LCTS) Proposals 2018/19	Day Centres	Local Council Tax Scheme (LCTS) Proposals 2018/19	2018/19 Budget	Cabinet System Scoping Report	
	Budget and LCTS Consultation	Enforcement Strategy and service plans pre-Cabinet review	Budget Overview 2018/19	CfPS Conference report	Pride of Place project update	
	Local Plan scoping document	Street Naming and Numbering pre-Cabinet review			Affordable Housing	
		Revised MTFS			Scrutiny 2017/18 Review	
		Pavement Parking – invitation to senior police officer to discuss			Sports Strategy progress report	

Potential items to add

- Business continuity/resilience planning
- Evaluation of controls in place regarding information provided by developers
- Planning appeals
- Methods used to assess sustainability in planning applications
- Possibilities around enhancing the council's recycling and waste collection scheme
- The Council tax arrears collection process

Scrutiny Items – February 2018 Status Report

Item	Status with Scrutiny	Latest note	Status
Call-In	Scrutiny Chairman commissioned a review to formalise submission of Call-Ins.	The Chairman has discussed with officers improvements that could be made, both in terms of the call-in procedure and the structure of meetings..	Open
Scrutiny Training	This has arisen from the Scrutiny Review 2016/17	The Chairman has requested scrutiny training for members of the committee; the Centre for Public Scrutiny has been engaged to review current practices and training requirements will follow from this piece of work.	Open

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Agenda Item 8

Committee: Scrutiny

Date:

6 February 2018

Title: Centre for Public Scrutiny, National Scrutiny Conference

Item for decision:

No

Author: Cllr Alan Dean, Chairman, Scrutiny Committee

Summary

1. The Chairman of the Scrutiny Committee attended the Centre for Public Scrutiny's National Scrutiny Conference in December. The following document summarises the issues raised and matters discussed.
2. This document is presented for committee members' consideration but it is intended that a discussion will take place on its contents at a subsequent Scrutiny Committee meeting.

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REPORT ON THE CENTRE FOR PUBLIC SCRUTINY'S NATIONAL SCRUTINY CONFERENCE: THE GOVERNANCE OF COMPLEXITY 6 DECEMBER 2017

Report by Cllr Alan Dean, Chair of Scrutiny

1. Why have a national conference on scrutiny now?

National and local government is becoming more and more complex, meaning decision making is more complicated and uncertain. Decision makers need effective internal challenge to help ensure the best outcomes for the long term, as well as the short term. That was the theme of the national conference organised by the Centre for Public Scrutiny (CfPS) attended by some 130 Members and Officers from across the country. Cllr Alan dean from Uttlesford DC was the only attendee from the whole of Essex.

This report is a summary of many speeches and attendees' comments.

2. What are these changes and why can't they be ignored.

Events like child exploitation in Rotherham and the Grenfell Tower fire disaster were examples of the state failing the people. Government and the state in general is getting smaller. The challenge is to ensure that councils stay ahead of the game and are geared up to anticipate necessary change. Brexit is a major challenge of yet unknown consequences for funding of services and demand for additional services to fill gaps. Avoiding the storing up of problems until it is too late is important.

It was said that the way local government does things is fragmenting, which can result in lots of activity for zero or little outcome. An example was given of support for families in Camden that was ineffective, despite much involvement by several agencies.

What extra challenges and/or responsibilities will Brexit impose? For example, will there be an impact on local employment in Uttlesford if changes to the European aviation regime affects UK airport services?

Public accountability of decision makers really matters. Scrutiny is a fundamental part of democracy and accountability. Whatever changes are introduced, councils must avoid avoiding risk; but must ensure that effective governance mechanisms are in place. Questions were raised about LEP (Local Enterprise Partnership) accountability – where is it? Someone commented “If you don't welcome accountability, how do you know you are doing the right thing”?

The big issue for councils and the public is about information and transparency if they are going to be able to demonstrate that their organisations are trustworthy.

All change involves risk, for which mitigation training is important; so have it! How is risk balanced against doing nothing?

3. The roles of scrutiny

Scrutiny is not just about holding the executive to account; it is also about developing policy ahead of decision-making. Start by asking the questions: Is scrutiny valued throughout the organisation? Is there sufficient senior officer support? Does the Council feel that scrutiny gets in the way of managerial delivery?

Scrutiny is about talking to power; about speaking up for people who would not otherwise be heard. So be prepared to do what is unpopular but right! For example, the need for state intervention on housing provision.

Scrutiny should act in the public interest at all times. This might include reducing the need for some public services by assessing and addressing the local demand. Without such types of change to local services, it will not be possible to continue with Scandinavian service quality at American taxation levels.

4.1. What scrutiny needs to be and to do to ensure effectiveness

There is not enough sharing of best practice amongst councils. (Does the low conference participation from Essex indicate a county-wide issue with scrutiny and local scope for sharing best practice?) Scrutiny must have access to policy officers if it is to influence policy in a timely manner. There will be times when external advisors are needed to help scrutiny work well.

Be ready with a process to deal with things when they go wrong. There is a need for new forms of scrutiny; a theme that will need to be explored.

Leadership through today's climate should follow a VUCA model – volatile, uncertain, complex, ambiguous.

Reports should not come to scrutiny unless there is effective challenge. The notion of challenge has been misunderstood and misinterpreted as “bullish questioning”. When Rotherham went wrong, five commissioners were sent in. There was then an advisory cabinet and pre-decision scrutiny. Consultation was Increased, along with greater public engagement and involvement of Opposition Members. Ward members played a role in neighbourhoods.

Avoid at all cost meetings and action plans that are numerous, but do not result in useful outcomes. A rigorous governance framework must be put in place that includes a member development strategy.

Much was made of the need for scrutiny to be independent from the executive and autonomous. There should be less of “what do you think of this?” and more of “here's a problem/need – what do you think should be done?” Redbridge cabinet members may only attend scrutiny meetings by invitation; they must not just turn up uninvited, as doing so would compromise the independence of the scrutiny process. It is essential to get scrutiny's relationship with cabinet members correct. This can be achieved by establishing a scrutiny protocol.

Committee chairs must be and act independently. Party whipping must play no part in scrutiny. Whipping in Parliament is a standards matter/issue. The question was posed but not answered: “How does one deal with scrutiny of policy already agreed by group meetings of an administration”? Depoliticise how councils make decisions by redesigning the process. Move beyond party politics. It was noted that parliamentary committee chairs are elected by back-benchers without executive/ministerial involvement.

The chair of scrutiny should report to Full Council and occasionally to the Cabinet. At Harrogate Full Council has a standing agenda item. Harrogate has a monthly scrutiny meeting, so impromptu action does not take too long to be addressed.

Questions posed: What is the culture of your council? Do the leader and chief executive consider scrutiny to be important? Is scrutiny expected to criticise the leader and to ask difficult questions? Have you got the right people on scrutiny? Balanced teams out-perform those that are not. All non-executive/non-cabinet councillors should be able to be involved in scrutiny. But remember, Member ownership is critical to success and won't be forthcoming unless Members can see outcomes, i.e. value-added results. Focus on what can make a difference. Do not accept onto the agenda tick-box items and reject information only items.

Members should be confident and inquisitorial. Hold pre-meetings to work out what lines of enquiry will be followed. Charnwood Council scrutiny committee holds an informal pre-budget meeting to work out lines of enquiry.

Cabinet agendas should be published two weeks in advance of the cabinet meeting to allow scrutiny members time to digest its content. Kirklees had something called a democracy commission: The Voice of the Councillor. At Redbridge and Westminster there are Scrutiny Commissioners plus 5 committees. Commissioners and chairs can raise things individually with the leader in public and this is encouraged and welcomed.

Councils should address the disparity in resourcing between executive and scrutiny. A CHALLENGE – make scrutiny as important to the public as the cabinet is.

4.2. Financial and commercial scrutiny

A key role of scrutiny is to engage with the council commercialisation agenda, such as property investment. Assume that austerity is here to stay. Beware of budgets and investments made for short-term fixes. Don't forget Nolan Principles at any stage of the process. It may be appropriate for some commercial scrutiny not to take place in public, but the maximum of information should be on public papers.

Remember there is no financial sustainability in local government finance at the present time, so something will have to give. It is scrutiny's role to call for a clear direction of travel, avoiding knee-jerk decisions that have not been tested for long-term sustainability.

Help the council to work out how to handle long-term investments – way beyond the MTFS (medium term financial strategy).

What are the risks from making investments and the role scrutiny plays?

1. National vs local contradictions
2. No financial competence within the scrutiny team
3. Losing sight of service delivery as investing sucks up council capacity
4. Question any dual role of a S.151 officers as a director of an investment company and whether there is a conflict of interest with the statutory role.

Freedom of Information procedures are an unacceptable route for scrutiny to have to call for information. Contractors should be open to scrutiny; the requirement should be written into contracts.

Make use of the Cipfa Good Governance Framework. A DCLG publication that might be useful: "Financial Sustainability" – June 2016.

ENDS

Committee: Scrutiny

Date:

Title: Budget Covering Report – 2018/19

6 February 2018

Report Author: Angela Knight – Assistant Director – Resources
01799 510446

Item for decision:
No

Summary

1. This is a covering report which lists all the budget reports and strategies to be presented to Members for 2018/19, giving an overview of what is included in each report and any recommendations as appropriate.

Recommendations

2. That Scrutiny reviews the budget reports for 2018/19 as detailed in the table and provides comment prior to their submission for approval to Cabinet on the 15 February and Council on 22 February 2018.

Financial Implications

3. All financial implications are included in the individual reports as listed in the table below

Background Papers

4. None

Impact

- 5.

Communication/Consultation	N/A
Community Safety	N/A
Equalities	N/A
Health and Safety	N/A
Human Rights/Legal Implications	N/A
Sustainability	N/A
Ward-specific impacts	N/A
Workforce/Workplace	N/A

Situation

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	<p>A statutory report which sets out the key risks in the General Fund budget, and advice about safe levels of contingency reserves.</p> <p>This is a new report and sets out a new strategy for the reserves and details the purpose and lifespan of these reserves.</p>	<p>That Scrutiny reviews the budget recommendations 2018/19 as detailed in this report and provides comment prior to their submission for approval to Cabinet on the 15 February and Council on 22 February 2018. That the Council takes account of the advice in the report when determining the 2018/19 General Fund budget and Council Tax.</p> <ul style="list-style-type: none"> • That the Council approves the risk assessment relating to the robustness of estimates as detailed in the report • That the Council sets the minimum safe contingency level for 2018/19 at £1.402 million in line with the specified calculation detailed in point 9 and this to be held in the Working Balance Reserve. • That the Council agrees that no transfers to or from the Working Balance should be built into the 2018/19 budget outside of maintaining the minimum safe contingency level. • That the attached Reserves Strategy is adopted

Investment Strategy	This report covers all areas of good practice contained within the DCLG guidance and set outs both previous investments, the way in which the investment income is utilised and the future investment aspirations.	That Scrutiny reviews the Investment Strategy 2018/19 and provides comment prior to its submission for approval to Council on 22 February 2018.
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.	That Scrutiny reviews the MTFS and provides comment prior to their submission for approval to Cabinet on the 15 February and Council on 22 February 2018.
Treasury Management Strategy	Details how cash flow will be managed, and a strategy for prudent borrowing and investment.	That Scrutiny reviews the TM strategy as attached and provides comment prior to their submission for approval to Cabinet on 15 February and Council on 22 February 2018
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	That Scrutiny reviews the Capital Programme 2018/19 – 2022/23 and provides comment prior to its submission for approval to Cabinet on 15 February and Council on 22 February 2018.
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	<p>That Scrutiny reviews and provides comment prior to the submission for approval to Cabinet on 15 February and Council on 22 February 2018;</p> <ul style="list-style-type: none"> • General Fund Council Tax requirement of £5,330,374 summarised in paragraphs 17-24 • That Scrutiny reviews the schedule of fees and charges in Appendix F.
Housing Revenue Account Budget and EqIA	Covers spending plans for council housing in the district from 2018/19 with a 5 year forecast. The report contains proposals for rents and service charges. The proposals have been endorsed by the Tenants Forum and Housing Board. 2018/19 is the seventh year of the self-financing arrangements and the 30 year plan approved by the Council in 2012.	That Scrutiny reviews the HRA Budget 2018/19 and 5 Year Financial Strategy and provides comment prior to its submission for approval to Cabinet on 15 February and Council on 22 February 2018.

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Risk Analysis

6.

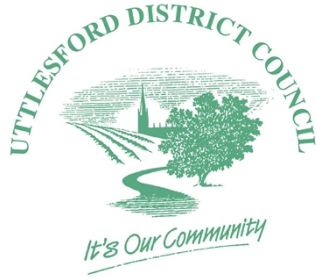
Risk	Likelihood	Impact	Mitigating actions
Included in the individual reports			

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

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.	Budget 2018/19										
2	What is the overall purpose of the strategy, policy, project, contract or decision?	To set The Council's Medium Term Financial Strategy, Council Tax and Annual Budget for 2018/19, in line with the Corporate Priorities and taken into account the budget consultation responses from Local Residents and Businesses										
3	Who may be affected by the strategy, policy, project, contract or decision?	<input checked="" type="checkbox"/> Residents <input checked="" type="checkbox"/> Staff <input type="checkbox"/> A specific client group/s e.g. linked by geographical location, social economic factors, age, disabilities, gender, transgender, race, religion or sexual orientation (please state)										
4	Responsible department and Head of Division.	Adrian Webb, Director of Finance and Corporate Services										
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> ?	<table border="0"> <tbody> <tr> <td><input type="checkbox"/> Age</td> <td><input type="checkbox"/> Disability</td> </tr> <tr> <td><input type="checkbox"/> Sex</td> <td><input type="checkbox"/> Race</td> </tr> <tr> <td><input type="checkbox"/> Gender Reassignment</td> <td><input type="checkbox"/> Sexual Orientation</td> </tr> <tr> <td><input type="checkbox"/> Religion & Belief</td> <td><input type="checkbox"/> Pregnancy and Maternity</td> </tr> <tr> <td><input type="checkbox"/> Marriage and Civil Partnerships</td> <td><input type="checkbox"/> Rural Isolation</td> </tr> </tbody> </table>	<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 and Maternity	<input type="checkbox"/> Marriage and Civil Partnerships	<input type="checkbox"/> Rural Isolation
<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 and 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?	<div> <input checked="checked" type="checkbox"/> Performance indicators or targets </div> <div> <input type="checkbox"/> User satisfaction </div> <div> <input type="checkbox"/> Uptake </div> <div> <input type="checkbox"/> Consultation or involvement </div> <div> <input type="checkbox"/> Workforce monitoring data </div> <div> <input checked="checked" type="checkbox"/> Complaints </div> <div> <input type="checkbox"/> External verification </div> <div> <input type="checkbox"/> Eligibility criteria </div> <div> <input type="checkbox"/> Other (please state): </div> <div> <input type="checkbox"/> None  </div>

Analysing performance data	
8	<p>Consider the impact the strategy, policy, project, contract or decision has already achieved, measured by the monitoring data you collect. Is the same impact being achieved for diverse groups as is being achieved across the population or workforce as a whole?</p> <p> <input type="checkbox"/> Yes * <input type="checkbox"/> No* <input type="checkbox"/> Insufficient  <input checked="" 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 document and none of the information within it will have a differential impact on any group.</p>
9	<p>Is uptake of any services, benefits or opportunities associated with the strategy, policy, project, contract or decision generally representative of <u>diverse groups</u>?</p> <p> <input type="checkbox"/> Yes * <input type="checkbox"/> No* <input type="checkbox"/> Insufficient  <input checked="" 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 document and none of the information within it will have a differential impact on any group.</p>

Checking delivery arrangements

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

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

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

Consultation mechanisms are inclusive of all.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Participation mechanisms are inclusive of all.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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If you answered 'No' to any of the questions above please explain why giving details of any legal justification.

Checking information and communication arrangements

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

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

[Customer contact](#) mechanisms are accessible to all.

Yes	No 	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Electronic, web-based and paper information is accessible to all.

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Publicity campaigns are inclusive of all.

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Images and text in documentation are representative and inclusive of all.

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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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	If your assessment has highlighted any potential issues or red flags, can these be easily addressed?	<input type="checkbox"/> Yes <input type="checkbox"/> No*  <input checked="" type="checkbox"/> Not applicable <i>*If Yes, please describe your proposed action/s, intended impact, monitoring arrangements implementation date and lead officer:</i>
Making a judgement – conclusions and next steps		
14	<p>Following this fast-track assessment, please confirm the following:</p> <div style="display: flex; align-items: center;"> <div style="flex: 1;"> <input checked="" type="checkbox"/> There are no inequalities identified that cannot be easily addressed or legally justified <input type="checkbox"/> There is insufficient evidence to make a robust judgement. <input type="checkbox"/> Inequalities have been identified which cannot be easily addressed. </div> <div style="flex: 1; text-align: center;">    </div> <div style="flex: 2;"> <p>No further action required. Complete this form and implement any actions you identified in Q13 above</p> <p>Additional evidence gathering required (go to Q17 on Page 7 below).</p> <p>Action planning required (go to Q18 on Page 8 below).</p> </div> </div>	
15	If you have any additional comments to make, please include here.	<input type="checkbox"/> None
Completion		
16	Name and job title (Assessment lead officer)	Richard Auty Assistant Director, Corporate Services
	Name/s of any assisting officers and people consulted during assessment: Date: Date of next review: <i>For new strategies, policies, projects, contracts or decisions this should be one year from implementation.</i>	CMT, Cabinet Members, Local residents and Businesses all consulted 23 January 2018 January 2019

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Committee:	Scrutiny	Date:
Title:	Section 25 - Robustness of Reserves & Adequacy of Estimates	6 February 2018
Report Author:	Angela Knight – Assistant Director – Resources 01799 510446	Item for decision:
		No

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 Scrutiny tonight and then by Cabinet on 15 February and by Full Council on 22 February as part of the budget approval process.

Recommendations

3. That Scrutiny reviews the budget recommendations 2018/19 as detailed in this report and provides comment prior to their submission for approval to Cabinet on the 15 February and Council on 22 February 2018.
 - That the Council takes account of the advice in the report when determining the 2018/19 General Fund budget and Council Tax.
 - That the Council approves the risk assessment relating to the robustness of estimates as detailed in the report
 - That the Council sets the minimum safe contingency level for 2018/19 at £1.402 million in line with the specified calculation detailed in point 9 and this to be held in the Working Balance Reserve.
 - That the Council agrees that no transfers to or from the Working Balance should be built into the 2018/19 budget outside of maintaining the minimum safe contingency level.
 - That the attached Reserves Strategy is adopted

Financial Implications

4. Included in the body of the report

Background Papers

5. None
Impact

6.

Communication/Consultation	A comprehensive budget consultation exercise was undertaken with in excess 1,800 responses
Community Safety	No specific implications
Equalities	No specific implications
Health and Safety	No specific implications
Human Rights/Legal Implications	No specific implications
Sustainability	The report is prepared in order to comply with Section 25 Local Government Act 2003
Ward-specific impacts	No specific implications
Workforce/Workplace	No specific implications
	No specific implications

Section 25 report

7. 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.
8. 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 2018/19.
9. 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.
10. The Director of Finance and Corporate Services has assessed that the minimum safe contingency level for the Working Balance is £1.402 million. This sum is calculated using the following formula

$$(\text{Total gross service expenditure} + \text{total gross service income} + \text{capital financing costs} + \text{investment income} + \text{investment cost} + \text{recharge to HRA} + \text{HRA share of corporate costs}) \times 2\%$$

11. 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 fall back in circumstances in which a local authority does not act prudently, disregards the advice of its Section 151 Officer, and where the financial stability of the Council is at risk.

Basis of advice for the Section 25 report

12. In forming the advice for this report, the Director of Finance and Corporate Services has considered the following:
- The requirement that a safe level of contingency is established and maintained in the Council's Medium Term Financial Strategy
 - 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 ringfenced reserves within the General Fund.
 - The degree to which uncertainties exist within the draft 2018/19 budget.

Robustness of Estimates

13. 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.
14. No budget can ever be completely free from risk. Necessarily, assumptions are made which means that the budget will always contain an amount of uncertainty.
15. The MTFS has been prepared based on the following principles and assumptions;
- I. £50k of unavoidable/statutory growth has been built in annually from 2019/20 and there is no capacity for any further growth without the need for compensating savings.
 - II. There are no new capital items in 2019/20 and 2020/21 other than those identified in the current 5 year rolling capital programme, unless supported by associated financing income.

III.Strategic Initiatives Fund should maintain a balance of £1m as earmarked contingency funds for the Local Plan and any funds above this level will be subject to the current SIF spending criteria (as detailed in the reserves strategy).

IV.The surplus identified from the 2018/19 budget setting is allocated to the Garden Communities Reserves

V.Any in year surpluses are allocated to the Development Reserve, which is earmarked for future projects, for example, the new depot at Little Canfield.

VI.The MTFS reserve is used as a contingency for the loan repayment relating to the investment made through Aspire (CRP) Ltd.

16. The analysis below sets out the major risks applicable to 2018/19 and an indication of the possible impact.

17. 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 £20,001 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.</p> <p>China has announced that it will be banning foreign waste; this includes mixed plastics, mixed textiles and mixed paper. It is unclear on what impact this will have on the recyclable market but it will change the way these are disposed of and could incur extra costs being passed to councils. The Council has mitigated this risk by using an MRF contractor that separates out different polymers and sells target materials on to processors for manufacture into new polymer products. It is more exposed to world</p>	Medium	High (adverse or favourable)	Medium

Risk item	Probability	Impact	Overall Risk of budget variance
market conditions for other materials however. The Council maintains a Waste Management reserve to mitigate the risk. The budget is based on current disposal costs			
Local Plan – Additional consultancy spend or resources may be needed in order to maintain the Local Plan process to the current timetable; although a Planning Reserve exists to meet additional costs, there has been significant pressure on this and a balance from the Strategic Initiative Reserve has now been earmarked to support the cost of the Local Plan.	Medium	High (adverse)	Medium
Planning appeals. A risk of costs of defending appeals and the meeting of costs awarded against the planning authority. The current position of the Local Plan process raises the risk levels in this area.	Medium	High (adverse)	Medium
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.	Medium	High (adverse)	Medium
75% 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.	High	High (adverse or favourable)	High
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 2018/19. 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.	Medium	Medium (adverse or favourable)	Medium
Commercialisation. Creation of Council wholly owned subsidiaries and other income generating	Low	High (adverse)	Medium

Risk item	Probability	Impact	Overall Risk of budget variance
projects is providing increased income to support the council with the funding reductions. If the financial return reduces this would have a detrimental effect on the overall financial position of the council.			
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 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 extended, income will reduce.	Medium	Low (adverse or favourable)	Low
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.	Medium	High (adverse)	Medium
Treasury management. Investment risks are spread between various counterparties including UK banks. In the unlikely event of a banking failure, this could have a serious impact on the Council; this is mitigated by specific limits being applied to each counterparty as a percentage of our total investments.	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 contribute to their Council Tax liability.</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
Universal Credit – This has now entered the second stage, where all new claimants (excluding Pensioners) now receive Universal Credit (previously only single working age). It was	Medium	Medium (adverse)	Medium

Risk item	Probability	Impact	Overall Risk of budget variance
<p>anticipated this would reduce the level of support and administration of Housing Benefits required. Implications are primarily around the Working Balance level.</p> <p>The administration of UC, with significant delays in housing payments being issued has led to a rise in both rent arrears and could led to an increase in homelessness.</p>			
<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	Medium (adverse or favourable)	Medium
<p>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 economic sense over the longer term.</p>	Medium	Low (adverse or favourable)	Low

18. 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.

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

Adequacy of reserves

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

21. 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

22.

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.

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

Reserves Strategy



Prepared by:
Angela Knight
Uttlesford District Council
January 2018



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 2018/19 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 quarterly 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 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, need 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 2018/19 Budget identifies a surplus of £105,000 which will be allocated to the Garden Communities Reserve.

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 + investment cost + recharge to HRA + HRA share of corporate costs) x 2%

For the HRA the same principal of 2% of total expenditure and 2% of total income is applied.

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 75% retention 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 and changes to the scheme from 2017/18, with possible further reforms expected in future years.
- Revenue Support Grant has been completely withdrawn in 2018/19.
- 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 Government is continuing experience difficulties with regard to managing the deficit and this increases 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 changes to the way councils are funded beyond 2018/19 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 Usable Reserves as at 31 March 2018 is £8.940 million reducing to £6.744 million by 31 March 2019.

5.2 The table below summarises the General Fund Reserves at the end of the last financial year and the forecast end position for 2018/19.

£' 000	1.4.2017	2017.18			31.3.2018	2018.19			31.3.2019
	Actual	Transfers between reserves	additions	deductions	Forecast	Transfers between reserves	additions	deductions	Forecast
USABLE RESERVES									
<u>Financial management Reserves</u>									
MTFS Reserve	1,000				1,000			(450)	550
Transformation Reserve	766	1,000		(118)	1,648	(550)		(80)	1,018
<u>Contingency Reserves</u>									
Emergency Response	40				40				40
<u>Service Reserves</u>									
New waste depot site	1,488	2,000		(3,000)	488			(488)	0
Planning*	519	691		(650)	560	550		(814)	296
Garden Communities	0				0			105	105
Developments	0				0				0
Waste Management	201				201				201
Homelessness	40		64	(40)	64				64
Economic Development	121			(63)	58				58
Elections	50		25		75		25		100
Strategic Initiatives Fund	7,492	(4,827)	564	(1,310)	1,919				1,919
New Homes Bonus Ward Members	38				38				38
Voluntary Sector Grants	0				0				0
Health and Wellbeing	27			(22)	5			(5)	0
Capital Slippage	0	366	92	(366)	92				92
Private Finance Initiative	87		96		183		80		263
TOTAL USABLE RESERVES	11,869	(770)	841	(5,569)	6,371	0	105	(1,732)	4,744
RING-FENCED RESERVES									
Working Balance	1,268		118		1,386			16	1,402
Pension Reserve	0	770		(770)	0				0
Business Rates Reserve	1,034				1,034			(533)	501
Licensing Reserve	0		78		78		217	(19)	276
DWP Reserve	71				71				71
TOTAL RING-FENCED RESERVES	2,373	770	196	(770)	2,569	0	217	(536)	2,250
TOTAL RESERVES	14,242	0	1,037	(6,339)	8,940	0	322	(2,268)	6,994

*this reserve is the total for Planning, Development Control and Neighbourhood Planning

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	1.4.2017	2017.18	31.3.2018	2018.19	31.3.2019
	Actual	Net Movement	Forecast	Net Movement	Forecast
Working Balance	1,268	118	1,386	16	1,402
Pension Reserve*	0	0	0	0	0
Business Rates Reserve	1,034	0	1,034	(533)	501
Licensing Reserve	0	78	78	198	276
DWP Reserve	71	0	71	0	71
TOTAL RING-FENCED RESERVES	2,373	196	2,569	(319)	2,250

*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 Usable Reserves at the start of the 2017/18 financial year and the forecast end position for the next two years.

£' 000	01.04.2017 Actual	31.03.2018 Forecast	31.03.2019 Forecast
Usable Reserves			
Transformation	180	180	180
Capital Projects	3,809	0	120
Potential Development Projects	2,298	0	0
Revenue Projects	60	60	60
Sheltered Housing Reserve	318	0	0
Total Usable Reserves	6,665	240	360
Major Repairs Reserve	163	325	453

HRA Ring-fenced Reserve

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

£' 000	Purpose	01.04.2017	31.03.2018	31.03.2019
HRA Working Balance	Maintained to protect the Council's budget from unexpected risks (calculation as set out in 4.2)	498	546	454

Capital Receipts

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

£' 000	01.04.2017	31.03.2018	31.03.2019
Housing Revenue	4,148	2,262	2,020
General Fund	382	382	382

- 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.

£' 000	01.04.2017	31.03.2018	31.03.2019	31.03.2020	31.03.2021	31.03.2022	31.03.2023
General Fund Earmarked	11,869	6,371	4,744	4,823	4,848	4,873	4,898
General Fund Ring-Fenced	2,373	2,569	2,250	2,575	2,250	2,550	2,850
Total General Fund Reserves	14,242	8,940	6,994	7,398	7,098	7,423	7,748
Capital Receipts	4,148	2,262	2,020	1,243	970	697	424
Housing Revenue Usable	6,665	240	360	282	1,480	2,678	3,876
Housing Revenue Ring-Fenced	498	546	454	452	465	477	489
Total Housing Revenue Reserves	11,311	3,048	2,834	1,977	2,915	3,852	4,789
Total Reserves	25,553	11,988	9,828	9,375	10,013	11,275	12,537

7. General Fund Reserves 5 year plan

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

£' 000	1.4.2017	2017.18	31.3.2018	2018.19	31.3.2019	2019/20	31.3.2020	2020/21	31.3.2021	2021/22	31.3.2022	2022/23	31.3.2023
	Actual	Net Movement	Forecast	Net Movement	Forecast	Net Movement	Forecast	Net Movement	Forecast	Net Movement	Forecast	Net Movement	Forecast
USABLE RESERVES													
<u>Financial management Reserves</u>													
MTFS Reserve	1,000	0	1,000	(450)	550	450	1,000	0	1,000	0	1,000	0	1,000
Transformation Reserve	766	882	1,648	(630)	1,018	0	1,018	0	1,018	0	1,018	0	1,018
<u>Contingency Reserves</u>													
Emergency Response	40	0	40	0	40	0	40	0	40	0	40	0	40
<u>Service Reserves</u>													
New waste depot site	1,488	(1,000)	488	(488)	0	0	0	0	0	0	0	0	0
Planning*	519	41	560	(264)	296	(296)	0	0	0	0	0	0	0
Garden Communities	0	0	0	105	105	0	105	0	105	0	105	0	105
Developments	0	0	0	0	0	0	0	0	0	0	0	0	0
Waste Management	201	0	201	0	201	0	201	0	201	0	201	0	201
Homelessness	40	24	64	0	64	0	64	0	64	0	64	0	64
Economic Development	121	(63)	58	0	58	0	58	0	58	0	58	0	58
Elections	50	25	75	25	100	(75)	25	25	50	25	75	25	100
Strategic Initiatives Fund	7,492	(5,573)	1,919	0	1,919	0	1,919	0	1,919	0	1,919	0	1,919
New Homes Bonus Ward Members	38	0	38	0	38	0	38	0	38	0	38	0	38
Voluntary Sector Grants	0	0	0	0	0	0	0	0	0	0	0	0	0
Health and Wellbeing	27	(22)	5	(5)	0	0	0	0	0	0	0	0	0
Capital Slippage	0	92	92	0	92	0	92	0	92	0	92	0	92
Private Finance Initiative	87	96	183	80	263	0	263	0	263	0	263	0	263
TOTAL USABLE RESERVES	11,869	(5,498)	6,371	(1,627)	4,744	79	4,823	25	4,848	25	4,873	25	4,898
RING-FENCED RESERVES													
Working Balance	1,268	118	1,386	16	1,402	0	1,402	0	1,402	0	1,402	0	1,402
Pension Reserve	0	0	0	0	0	325	325	(325)	0	300	300	300	600
Business Rates Reserve	1,034	0	1,034	(533)	501	0	501	0	501	0	501	0	501
Licensing Reserve	0	78	78	198	276	0	276	0	276	0	276	0	276
DWP Reserve	71	0	71	0	71	0	71	0	71	0	71	0	71
TOTAL RING-FENCED RESERVES	2,373	196	2,569	(319)	2,250	325	2,575	(325)	2,250	300	2,550	300	2,850
TOTAL RESERVES	14,242	(5,302)	8,940	(1,946)	6,994	404	7,398	(300)	7,098	325	7,423	325	7,748

The surplus of £105,000 for 2018.19 is included in the Garden Communities Reserve; however the identified surplus/deficits for future years are not included in the 5 year reserves plan

8. HRA Reserves 5 year plan

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

£' 000	Balance 01.04.2017	Balance 31.03.2018	Balance 31.03.2019	Balance 31.03.2020	Balance 31.03.2021	Balance 31.03.2022	Balance 31.03.2023
<u>RINGFENCED RESERVES</u>							
Working Balance	498	546	454	452	465	477	489
	498	546	454	452	465	477	489
<u>USABLE RESERVES</u>							
<u>Revenue Reserves</u>							
Revenue Projects	60	60	60	60	60	60	60
Transformation Reserve	180	180	180	180	180	180	180
	240	240	240	240	240	240	240
<u>Capital Reserves</u>							
Capital Projects	3,809	0	120	42	394	746	2,501
Potential Projects Reserve	2,298	0	0	0	0	0	0
Sheltered Housing Projects Reserve	318	0	0	0	0	0	0
	6,425	0	120	42	394	746	2,501
TOTAL USABLE RESERVES	6,665	240	360	282	634	986	2,741
TOTAL RESERVES	7,163	786	814	734	1,099	1,463	3,230

Appendix One

Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
MTFS Reserve	To help support any shortfall in budgets and to provide a contingency fund to support one year's repayment of the borrowing related to investments in the Council's wholly owned Company Aspire (CRP) Ltd	<p>1. Reduction and/or scheme changes in allocation of New Homes Bonus and changes to the level of retention and additional responsibilities arising whilst adjusting the budget to match the income/funding</p> <p>2. That income received from Aspire (CRP) Ltd does not meet the required loan repayments</p>	<p>Any shortfall in funding or business rates income, would in the medium to long term be met by 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>Contingency of one full year loan repayment</p>
Transformation Reserve	To enable the council to change the way it operates in order to meet the financial challenges ahead	<p>1. Universal Credit – The Department for Work and Pensions have announced that TUPE does not apply to those staff working in the Benefits Section. 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 may lead to statutory redundancy being paid</p>	This is to support and enable customer service improvements to enhance customer interactions with the council

Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
Emergency Response	To support any resource requirement to a Local emergency	The emergency exceeds the scale anticipated and funds are inadequate	<p>Any large scale emergency would involve other agencies and Essex County</p> <p>The council learnt a lot from the Lebanese emergency and now has a policy to assist any such evacuees on their onward journey and not to provide on-going support therefore the reserve should be sufficient</p> <p>In case of larger emergencies it is likely that Central Government will reimburse the council</p>
New depot site	It is proposed to purchase land and provide the necessary buildings and utilities in the south of the district	<p>1. No piece of land is identified</p> <p>2. The reserve is insufficient to meet the total costs</p>	<p>1. The process has advanced and there is now a preferred option and a reserved site</p> <p>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 was increased in 2017/18 to enable a single depot site to be established</p>
Garden Communities	To support consultancy resource for the delivery project	Consultants and work required to produce a delivery plan exceeds the level of funds available	High level management team working on the project and the cost of consultancy to be assessed regularly against the delivery timescales
Developments	To provide funds for future developments and income generating projects	This reserve to be funded from in year budget revenue surpluses, if the council has no surplus funds the projects will not go ahead	<p>Initial project identified as the New Depot Site, this is a phased project and will be completed in stages</p> <p>No further projects proposed unless income generating or spend to save initiatives</p>

Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
Planning Page 58	For four primary purposes 1. Stansted Airport studies 2. Planning Appeals 3. Local Plan 4. Neighbourhood Plans	The reserve is insufficient to meet the total costs specifically that all monies have been allocated to the Local Plan. There are no funds remaining for any appeals or to support actions relating to Stansted Airport	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 Current indications are that the amount allocated in the reserve for Planning will be significantly depleted by the end of the financial year 2018/19, leaving a shortfall in estimated requirement of £254,000. The majority of the reserve will be used to support consultancy relating to the Local Plan In the event of a shortfall any Local Plan work will be funded from the SIF and this reserve will be redirected to appeals and/or Stansted Airport
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 2. A change in the recyclable market due to China banning the import of foreign waste which includes plastics and textiles	The 2018/19 budget is based on current cost with any increase in disposal costs being met from this reserve

Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
Homelessness	To assist with the fluctuating demand for homelessness support. To be reviewed in March 2017	New legislation has increased the requirement on Local Authorities to provide housing to homeless people	Extra funding has been received from Central Government and the Homelessness Strategy has been updated to account for the new requirements
Economic Development	To assist with the promotion of economic development	The reserve is inadequate to fund the projects identified in the strategy	Specific projects identified in the strategy and ongoing monitoring of each one against funds available
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

Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
<p>Strategic Initiatives Fund (SIF)</p> <p>Page 60</p>	<p>£1m is retained to support in the delivery of the Local Plan</p> <p>Any funds over and above this are then allocated on the following basis;</p> <ul style="list-style-type: none"> a. Support for the local economy b. Partnership working with voluntary sector organisations c. Community initiatives and services in rural locations d. “Spend to save” projects to make the Council more efficient and more resilient to funding changes in future years e. Putting some Council services onto a more commercial footing. 	<p>The Local Plan exceeds the current allocations set aside</p> <p>Insufficient projects that meet the criteria are identified</p>	<p>The Planning reserve is the first call on funds to support the Local Plan</p> <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> <ol 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
New Homes Bonus (Ward Members)	An annual allocation of £2k is provided to each ward member, any unspent monies are c/fwd. into future years subject to meeting the criteria approved at 17 March 2016 Cabinet	<p>That monies held are not spent within the timescales</p> <p>a) It has to be spent in the Member's Ward b) Any unspent allocation can be carried forward to the following year, providing the amount is less than 50% of the allocation for that year. If it exceeds 50% of the in-year allocation only 50% shall be carried forward c) It has to be for the good of the community d) It must not commit the Council to expenditure in future years e) The Member should be mindful of the financial status of the recipients f) The Member should have no personal interest in the organisation receiving the award g) In election year the money only becomes available from 1 June (i.e. to the newly elected Member)</p>	Members are provided with an annual report of remaining funds
Voluntary Sector Grants	Contingency grants for one off support to voluntary organisations	That no organisations apply for a grant and the money remains unspent	Advertising and raising awareness of the funds available. If these funds are not allocated in 2018/19 they will be released back into the revenue budget in 2019/20
Health and Wellbeing	To support the Health and Wellbeing Strategy	Specific funding provided for the Health and Wellbeing agenda	Only £5,000 remaining and this will be drawn down in the financial year 2018/19

Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
Capital Slippage	Financing budget from reserves and revenue contributions c/fwd. in line with associated projects in the capital programme slipping to future financial years	None, any unspent financing will be released back to either the original reserve or the revenue budget	Financing is aligned with the associated project within the capital programme and monitored on a regular basis
Private Finance Initiative	This reserve has been set up as part of the 2015/16 external audit process	The external audit indicated that there would be a possible shortfall in repayments by 2020	All extra income received from the PFI income share is allocated to the reserve. Further analysis of the PFI model shows that the current reserve will cover any shortfalls
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 This reserve has a zero balance so is not included in the main reserves table.
Working Balance	Maintained to protect the Council's budget from unexpected risks	Calculation as set out in 4.2	MTFS and Transformation reserves are available to support the council in absorbing any significant reductions in funding and/or income

Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
Pension Reserve	This reserve is used to pay the Pension Fund Deficit. A reduction is given by actuary for a 3 year advance payment and this reserve is used to smooth the revenue cost over the applicable years	That the cost of the 3 year payment is higher than expected or the option for this is withdrawn	Regular updates from the actuary provides assurance on the option and the potential level of cost
Business Rates Retention	To manage any Collection Fund deficit, this is mainly due to any large appeals both lodged and anticipated	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	The new fee schedule of licence renewal on either a 3 or 5 year basis, means that income and resource fluctuates annually	An excess income is held in the reserve to support service provision in the intermediate years
DWP	Amount of benefit subsidy currently being reviewed in light of the External Audit grant claim process	DWP seek to recover more money than in the reserve	This is the amount identified by the auditors and we are aware of this in the year prior to repayment if required In 2018/19 no repayment to the DWP is required

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Committee: Scrutiny

Date:

Title: Investment Strategy

6 February 2018

Report Author: Adrian Webb – Director of Finance and Corporate Services 01799 510421

Item for decision:
No

Summary

- 1) On 10 November 2017 the Department for Communities and Local Government (now the Ministry of Housing, Communities & Local Government) issued a consultation on revised guidance on local government investments.
- 2) The requirement will be that each local authority should prepare at least one strategy each financial year.
- 3) This Council recognises that it is good practice to have an investment strategy and this report seeks Council approval to adopt the attached strategy for 2018/19. The strategy mirrors the requirements of the consultation guidance.

Recommendation

- 4) That Scrutiny reviews the Investment Strategy 2018/19 and provides comment prior to its submission for approval to Council on 22 February 2018.

Financial Implications

- 5) None directly arising from the adoption of this strategy.

Background Papers

- 6) The [DCLG guidance can be viewed via this link](#)

Impact

Communication/Consultation	No specific implications
Community Safety	No specific implications
Equalities	None
Health and Safety	No specific implications
Human Rights/Legal Implications	No specific implications
Sustainability	No specific implications
Ward-specific impacts	No specific implications
Workforce/Workplace	None

Background

- 7) On 10 November 2017 the Department for Communities and Local Government (now the Ministry of Housing, Communities & Local Government) issued a consultation on revised guidance on local government investments.
- 8) Attached at Appendix One is the draft Investment Strategy for the Council. This draft covers all areas of good practice contained within the guidance and set outs both previous investments, the way in which the investment income is utilised and the future investment aspirations.
- 9) The strategy is not required to cover the process for authorising large scale investments however this would always be a Council decision.
- 10) The guidance sets out that the Strategy must be approved annually by Full Council and this should be done before the start of the financial year.

Risk Analysis

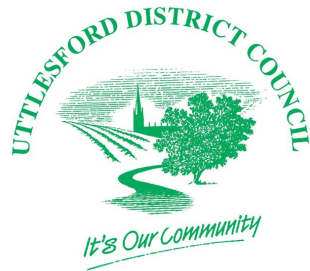
Risk	Likelihood	Impact	Mitigating actions
The Strategy is not approved by Council	1 – the Strategy sets out the current position and likely future investment types	1 – The requirement to have a Strategy is not yet confirmed	None

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

General Fund Investment Strategy 2018/19



Prepared by:
Adrian Webb
Uttlesford District Council
January 2018

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Introduction

The Council recognises that as a consequence of reducing government funding there is an increased requirement to generate additional income to underpin the core services provided by the Council to its residents. By way of illustration, a 1% rise in Council Tax is equivalent to about £50,000 in additional income. An emerging funding gap means that other solutions need to be identified.

In 2016 the Council took the decision to make strategic investments. At present only strategic investments that are within the district boundary are being considered. There are four main types of investment that the Council could make:

- Commercial Property - acquisition or purchase of land on which to build

This is the preferred investment route for the Council. In May 2017 the Council, through its wholly owned subsidiary Aspire (CRP) Ltd, acquired a 50% share in Chesterford Research Park. As part of the Cambridge Life Science cluster the Park is world renowned, having been in existence for 18 years, with available space to significantly increase the commercial floorspace, plus expand the Park into other areas of research to diversify and reduce the investment risk.

In March 2017 the Council agreed to purchase 5 acres of land, subject to planning permission being granted, in Little Canfield. Whilst the primary purpose of the site is to co-locate the existing three Council depots there will be sufficient space for the building of two commercial units to rent.

During 2018/19 the Council will be taking on a 10 year lease of four office units at the new housing development at Walpole Farm, Stansted.

- Commercial Property - build on land owned by the Council

The Council has no land suitable for commercial development

- Residential Property - build on land owned by the Council

The Council has a limited amount of General Fund land on which houses could potentially be built. The Council has taken the view that developing land, other than for HRA use, should be left to developers and therefore suitable land will be sold with outline planning permission. Capital receipts received will be used to finance other investment opportunities.

- Residential Property - acquisition or purchase of land on which to build

This would be non-HRA properties let at market rents. Property prices in the District are higher than the UK average and as such the yield arising on pre-built properties to rent at market value, is uneconomic. The option to purchase land for development may arise in the medium-term as the Council develops the Garden Community model of housing delivery.

Contribution

It is expected that for 2017/18 (part year) the net contribution to the Council budget from these investments will be circa £1,500,000

The Council recognises that, to support the budget ongoing and to ensure the continued delivery of services at the level currently provided, further investment in the expansion of Chesterford Research Park and potentially an additional large scale investment will be necessary.

Indicators

Chesterford Research Park (£47.25m) debt funded by

Financial Institutions - £37m for 40 years on a repayment basis @ 2.86% fixed. The drawdown of this funding is as follows

1 July 2017 - £10m
1 July 2021 - £12m
1 July 2022 - £15m

Whilst this loan is being drawn down the balance will be funded by a mix of local authority and internal borrowing – The amount of each varies during the year dependant on the level of UDC balances available. Average interest rate, interest only, is 0.45%

Loans to Aspire are made at an interest only basis @ 4%. For Chesterford Research Park, in addition to loan income received there is also repayment of staff time and potential for dividends.

For 2017/18 (part year) the income from Chesterford Research Park is £1,800,000 with the cost of borrowing being £300,000.

Security, Liquidity and Yield

As the Council only has a small amount of money of its own to invest, any further expansion of the investment strategy will necessarily be funded from a mix of external borrowing, from financial institutions, Public Works Loan Board (PWLB) and other local authorities. The Council will not invest in high yield, high risk opportunities. This will be reflected in yield expectations which are currently 4 – 7%.

Asset investments will, where possible, be based on a 40 year life span which is in accordance with current DCLG guidance. Financial models, both income and expenditure will be prepared based on this time period. If the business case does not work on a 40 year financial basis, the investment will not be recommended to Council for approval.

Should the Council require the funds (either the reserves invested or to repay the loans taken out) to be available for other uses there are options depending upon the purchase route. For Aspire (CRP) Ltd the request goes to the Board who will decide whether to seek external funding or to invoke the sale of the Park.

Where the investment vehicle is Council only, for example at the new depot site, the options to liquidate funds are either by selling the investment (or part thereof) or by refinancing the debt.

Loans to wholly owned subsidiaries

In May 2017 the Council loaned to its wholly owned subsidiary Aspire (CRP) Ltd the sum of £47.25m to purchase a 50% share in Chesterford Research Park. The loan is at a commercial rate of 4% interest only basis for 50 years. The Council funded this through a mix of reserves and a £37m loan from Phoenix Life on a full repayment basis over 40 years.

The Council will continue to assist Aspire (CRP) Ltd with additional loans as new buildings are required or existing ones refurbished. In July 2017 the Council authorised a loan of up to £2.7m on the same terms for the refurbishment of Building 60. This loan will be funded from a mix of local authority borrowing and funds from the PWLB or commercial lenders.

It is the Council's expectation that over the next 15 years the Council will invest a further £50m in building out the rest of Chesterford Research Park with most of the funding required being obtained through borrowing from PWLB or commercial lenders.

Risks

Each investment must be considered independently and only those viewed as having a positive expected yield and an acceptable risk profile will be taken forward for consideration by the Council.

The Council takes advice from its professional advisers at all times. For example, with the purchase of the 50% share at Chesterford Research Park the Council engaged

- Arlingclose as its financial advisers who project managed the funding tender
- Cushman and Wakefield who undertook all of the purchase negotiations and due diligence
- Hogan Lovells for Legal due diligence

For Aspire (CRP) Ltd the Council has appointed two non-executive directors to serve on the Board and bring independent challenge and support.

Use of specialists will vary between investments which will ensure the continued professionalism and sector knowledge.

Proportionality

The aim of the Investment Strategy is to generate income to underpin the Council's core budget. The Medium Term Financial Strategy Reserve will be maintained at a level that as a minimum covers the cumulative annual interest amount for the General Fund investment loans. This ensures that if there is a material downturn or variance against budget in one or more investment the Council has sufficient reserves to cover the cost of the loan.

The Council's main investment at Chesterford Research Park comprises eleven core buildings and circa twenty tenants. For the income to be below the interest repayment amount three of the seven largest tenants would be required to default on their tenancy agreement at the same time. Even with this relatively low risk it is important to attract different types of research business to the Park.

The Council's MTFs currently identifies that the income received from the investments will be used to underpin the core services, to invest in other income generating opportunities and also good causes for the district.

Capacity, skills and culture

Each investment opportunity is fully evaluated prior to presentation to Full Council for a decision. Large scale investments, such as Chesterford Research Park, would include several Member briefings prior to the Full Council decision. Where appropriate, delegation is given to the Leader, Finance Portfolio Holder and S151 Officer (or Assistant Director of Resources for Aspire investments) to conclude investments and loans that have been approved by Full Council.

The Council employs experts in the fields of funding, negotiations, property due diligence and legal due diligence to support the councillors and statutory officers in their decision.

The Treasury Management Strategy sets out the Council's borrowing limits and these are reported as part of investment opportunity evaluations.

The wholly owned subsidiaries (the Aspire companies) all have the Cabinet as the shareholder board with funding requests being approved by Full Council. From 2018/19 the Aspire companies will use the Council's external auditors as their audit advisors. The companies also use one of the other major audit firms as tax advisors.

Committee:	Scrutiny	Date:	6 February 2018
Title:	Medium Term Financial Strategy 2018/19 Covering Report		
Report Author:	Angela Knight – Assistant Director – Resources 01799 510446	Item for decision:	No

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 key items announced in the 2018/19 Finance Settlement are
 - Council tax referendum base has been increased to 3% for 2 years (Police can increase by maximum of £12)
 - No change to the New Homes Bonus (deadweight remains at 0.4% and there were no adjustments for housing approved on appeal). Last year's settlement changed NHB from a 6 year to a 4 year scheme (2017/18 transitional year at 5 years)
 - The Essex Bid to become a pilot for 100% Business Rates was unsuccessful, but it is expected that further pilots will be accepted in 2019/20.
 - Business Rates Retention (non-pilot authorities) will move to 75% retention from 2020/21

Recommendations

3. That Scrutiny reviews the MTFS and provides comment prior to their submission for approval to Cabinet on the 15 February and Council on 22 February 2018.

Financial Implications

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

Background Papers

5. Central Government 2018/19 Provisional Financial Settlement.

Impact

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

Forecasting the Council's Budget Requirement

- 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.
- 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

8. 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.
9. 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.

MTFS: Guiding principles

10. 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.
11. 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 unless there is no alternative.
12. 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.
13. 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.
14. 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.
15. Subject to the above, unavoidable and essential growth items will be funded by making 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.

16. 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.
17. 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.
18. The Council will ensure that all reserves are held for clearly defined purposes and the amounts kept under review as per the Reserves Strategy.
19. 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

20.

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 2018



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Financial Outlook

The provisional settlement was announced on the 19 December 2017. The basis of local government funding has radically altered such that Councils' funding depends directly on growth and prosperity in their local economies.

The Council is facing ever decreasing funding allocations, the withdrawal of Revenue Support Grant and Rural Services Transition grant in 2018/19 and significant reductions in New Homes Bonus.

The government recognises that Local Authorities need to understand the level of revenue available for a period of more than one year and as such have provided a settlement that covers both 2018/19 and 2019/20.

A consultation on the method of distributing funding is currently being undertaken, the Fair Funding Review, this relates to how the centrally collected revenue (excluding Council Tax) and any other government grants/funding is allocated to councils across the country. This is calculated on a formula of needs basis. The new methodology will be implemented alongside the 75% Business Rates Retention scheme in 2020/21.

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 along with 97% of other Local Authorities and 2018/19 will be the third year of the agreement. Although it should be noted that the grants included in the settlement have little impact on the council's overall funding, as it does not include New Homes Bonus.

The key items announced in the 2018/19 settlement were;

- Council Tax - core increase in Band D from 2% to 3%, for 2018/19 and 2019/20
- Rural Services Delivery Grant - retained at the same level as 2017/18. Last year's settlement proposed a reduction in the 'pot' of £15.5m, but this has now been reversed and allocations will remain at the same level as previous years.
- New Homes Bonus – no changes, 4 year legacy payments and baseline maintained at 0.4%.
- Business Rates Retention – local share to increase from 50% to 75% from 2020/21, and will include transfer of public health and other grants.

Revenue Support Grant has now been completely withdrawn and Uttlesford are now reliant on the following sources of income and funding;

- New Homes Bonus
- Business Rates Retention Income
- Council Tax
- Rural Services Delivery Grant (indications are that this will reduce in future years)
- Fees and charges
- Investment income mainly from wholly owned subsidiaries

New Home Bonus (NHB)

The Government's target 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 were moved forward with a planned reduction of £250m in 2017/18 to create the new adult social care fund. The 2018/19

Medium Term Financial Strategy

settlement made no amendments to the NHB scheme as announced in the previous year's settlement and the funding allocations are based on;

- Legacy payments reducing to 4 years in 2018/19 (6 years to 5 years in 2017/18)
- A 'deadweight' factor or notional baseline was 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 properties above the notional baseline (average national growth). For Uttlesford, this equates to approximately 144 properties for 2018/19.

Business Rates Retention

An Essex wide bid to become a pilot area for 100% Business Rates Retention was unsuccessful for 2018/19, it is expected that further pilot areas will be considered in 2019/20.

The original proposal for the roll out of 100% Business Rates Retention for all local authorities has been replaced with a revised scheme for 75% retention from 2020/21 for all non-pilot authorities.

The MTFS assumes a consistent level of Business Rates income for the 5 years as Government have said that any changes to the level of income retention will be fiscally neutral, whether it is 75% or 100%. The key questions that need to be confirmed are;

- Will there be extra responsibilities that local authorities will be required to take on?
- Will the appeals risk continue to be managed locally or will there be a central pot?

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', and they must be submitted within 3 months of the billing period and the back dating period being limited to April 2017.

Funding Reductions

The table below shows how government funding for Uttlesford has reduced over the last 3 years. This emphasises the need for new, more efficient ways of working and to look for innovative income generating opportunities.

	2016/17	2017/18	2018/19
	£'000	£'000	£'000
Business Rates Retention*	2,689	2,568	2,042
New Homes Bonus	4,279	3,772	2,864
Rural Services Grant	285	225	225
Revenue Support Grant	684	255	0
Total Funding	7,652	6,820	5,131

* this does not include any surplus/deficits from the collection fund which can affect the overall financial position

Medium Term Financial Strategy

Investment Income

In 2016/17 the Council set up a number of arm's-length wholly owned companies, under the Aspire brand name, which are run on a commercial basis separate from the Council's normal business. The Council set up the companies to support the Council with new income streams; this is a direct result of the reducing Government funding and the need for all Councils to move towards a self-financing position.

Aspire has two arms

- Aspire Holdings (UDC) Ltd
- Aspire (CRP) Ltd

Aspire Holdings (UDC) Ltd has three subsidiaries of which two are dormant whilst the Property and Maintenance Company started trading, on a very small scale, as from 1 April 2017. The three companies are:

- Aspire Property and Maintenance Ltd
- Aspire Rentals Ltd
- Aspire Land Development Ltd

On 15 May 2017, Aspire (CRP) Ltd purchased a 50% share in Chesterford Research Park (which is part of the South Cambridgeshire Biotech Cluster) in a joint venture with Aviva Life and Pensions. The cost of the purchase of the 50% share was £47.25 million. Aspire (CRP) Ltd is borrowing the funds from the Council at a fixed interest rate of 4%.

The interest return on the loan to Aspire (CRP) Ltd generates, in a full year, an income in excess of £2m; this income stream now supports the budget shortfall from the government funding cuts as detailed in the section above.

Universal Credit

The transfer of all working age claimants from Housing Benefit to Universal Credit is now expected to be April 2022. If there are any delays in the rollout timetable this will have an impact on the Council's budget. 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 significantly lower than that forecast by the Department for Work and Pensions, 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 has been prepared, the table below shows the direct service income and expenditure budgets.

	2018/19 £ '000	2019/20 £ '000	2020/21 £ '000	2021/22 £ '000	2022/23 £ '000
Gross Service Expenditure	37,573	34,488	31,833	29,685	27,853
Gross Service Income	(24,591)	(21,744)	(19,436)	(17,372)	(15,466)
Savings		(150)	(300)	(300)	(300)
Demand Growth		50	100	450	500
Service Expenditure	12,982	12,644	12,197	12,463	12,586

The following key inflationary assumptions are used in the model.

- Gross service expenditure and income:** Takes the 2017/18 base budget as a starting point and one-off items have been removed. Inflation has been included for salaries at 2%, utilities in line with the current market forecasts and 3% for fees and charges except where special arrangements apply e.g. car park charges and taxi licences.
- Universal Credit** – Assumed that Housing Benefits expenditure and subsidy will continue to phase out of the UDC budget in 2018/19 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.
- 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 2019/20.
- Specific grants:** Housing Benefits subsidy at 98% of expenditure. Benefits admin subsidy being reduced to reflect rollout of Universal Credit.

	2018/19 £ '000	2019/20 £ '000	2020/21 £ '000	2021/22 £ '000	2022/23 £ '000
Capital Financing Costs	3,072	1,233	1,340	1,695	1,994
Pension Fund - Deficit			980		
Pension Fund - Added Years	85	85	85	85	85
Recharge to HRA/Corporate Core	(2,073)	(2,150)	(2,074)	(2,119)	(2,140)
Investment Income	(2,100)	(2,100)	(2,200)	(2,200)	(2,400)
Investment Cost	456	616	897	1,243	1,525
Corporate Costs	(560)	(2,315)	(971)	(1,295)	(935)

Medium Term Financial Strategy

e) Corporate items:

- Capital Financing Costs – are in line with the projected capital programme's financing requirements.
- Pension Fund deficit payment – 2020/21 shows a 3 year upfront payment is made to the Essex pension fund; a discount is received for the advanced payment.
- Recharges to HRA – based on the apportionment of actual costs of central services and corporate core applied to the Housing Revenue Account.
- Investment Income and cost – this is the estimated income generated from the investment in Chesterford Research Park and the subsequent cost of borrowing to fund the purchase. This model assumes no additional development at the Park.

	2018/19 £ '000	2019/20 £ '000	2020/21 £ '000	2021/22 £ '000	2022/23 £ '000
Business Rates Retention	(2,576)	(2,000)	(2,000)	(2,000)	(2,000)
Business Rates prior year Balance	534				
New Homes Bonus	(2,864)	(2,939)	(3,102)	(3,240)	(3,415)
Rural Services Grant	(225)	(225)	(225)	(225)	(225)
Council Tax prior year Balance	(14)				
Funding	(5,145)	(5,164)	(5,327)	(5,465)	(5,640)

f) **Business Rates Retention:** The Council currently retains 40% of business rates income collected, from 2020/21 government has announced that this will increase to 75% income retention, until we know how this will work; a prudent forecast has been included for future years.

g) **New Homes Bonus:** The model shows the announced figure for 2018/19. Future year's allocations are based on the latest funding analysis, using average growth in the area.

Council Tax

The MTFS has been prepared on the assumption that Council Tax will be increased annually by 2.99% in 2018/19 and 2019/20, the years beyond that are based on an increase of 1.99%. The Administration will be looking carefully at the Council's finances during the life of the MTFS and will take appropriate 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 in the following table.

	2018/19	2019/20	2020/21	2021/22	2022/23
Tax base	38,159	38,883	39,622	40,375	41,144
LCTS Discounts	(1,948)	(1,948)	(1,948)	(1,948)	(1,948)
Net Tax Base	36,211	36,935	37,674	38,427	39,196
Band D equivalent	147.21	151.60	154.62	157.70	160.84
Percentage Increase	2.99%	2.99%	1.99%	1.99%	1.99%
Council Tax income	(5,330,374)	(5,599,547)	(5,825,197)	(6,059,941)	(6,304,145)

General Fund – 5 year summary

	2018/19 £ '000	2019/20 £ '000	2020/21 £ '000	2021/22 £ '000	2022/23 £ '000
Gross Service Expenditure	37,573	34,488	31,833	29,685	27,853
Gross Service Income	(24,591)	(21,744)	(19,436)	(17,372)	(15,466)
Savings		(150)	(300)	(300)	(300)
Demand Growth		50	100	450	500
Service Expenditure	12,982	12,644	12,197	12,463	12,586
Capital Financing Costs	3,072	1,233	1,340	1,695	1,994
Pension Fund - Deficit			980		
Pension Fund - Added Years	85	85	85	85	85
Recharge to HRA/Corporate Core	(2,073)	(2,150)	(2,074)	(2,119)	(2,140)
Investment Income	(2,100)	(2,100)	(2,200)	(2,200)	(2,400)
Investment Cost	456	616	897	1,243	1,525
Corporate Costs	(560)	(2,315)	(971)	(1,295)	(935)
Total Net Expenditure	12,421	10,329	11,226	11,168	11,651
Business Rates Retention	(2,576)	(2,000)	(2,000)	(2,000)	(2,000)
Business Rates prior year Balance	534				
New Homes Bonus	(2,864)	(2,939)	(3,102)	(3,240)	(3,415)
Rural Services Grant	(225)	(225)	(225)	(225)	(225)
Council Tax prior year Balance	(14)				
Funding	(5,145)	(5,164)	(5,327)	(5,465)	(5,640)
Total Net Operating Costs	7,276	5,165	5,899	5,703	6,011
Movement in Reserves	(1,495)	(46)	(300)	325	325
MTFS Reserve	(450)	450			
Council Tax Requirement	5,331	5,569	5,599	6,028	6,336
Council Tax Income	(5,331)	(5,600)	(5,825)	(6,060)	(6,304)
(Surplus) / Deficit	0	(30)	(226)	(32)	32

Medium Term Financial Strategy

Sufficient reserves should be maintained to cover the eventualities that may arise from 2019/20 if the savings 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 £8.940 million to £7.748 million, a reduction of £1.192 million.

This includes the addition of the surplus for 2018/19 which has been allocated to the Garden Communities Reserve, but excludes any in-year surpluses or deficits for future years.

To support future projects a new Developments Reserve has been created and it is planned that any in year surpluses will be allocated to this reserve.

A schedule of forecasted reserves balances is set out on the following page.

General Fund Reserves – 5 year summary

£' 000	1.4.2017	2017.18	31.3.2018	2018.19	31.3.2019	2019/20	31.3.2020	2020/21	31.3.2021	2021/22	31.3.2022	2022/23	31.3.2023
	Actual	Net Movement	Forecast	Net Movement	Forecast	Net Movement	Forecast	Net Movement	Forecast	Net Movement	Forecast	Net Movement	Forecast
USABLE RESERVES													
<u>Financial management Reserves</u>													
MTFS Reserve	1,000	0	1,000	(450)	550	450	1,000	0	1,000	0	1,000	0	1,000
Transformation Reserve	766	882	1,648	(630)	1,018	0	1,018	0	1,018	0	1,018	0	1,018
<u>Contingency Reserves</u>		0		0		0		0		0		0	0
Emergency Response	40	0	40	0	40	0	40	0	40	0	40	0	40
<u>Service Reserves</u>		0		0		0		0		0		0	0
New waste depot site	1,488	(1,000)	488	(488)	0	0	0	0	0	0	0	0	0
Planning*	519	41	560	(264)	296	(296)	0	0	0	0	0	0	0
Garden Communities	0	0	0	105	105	0	105	0	105	0	105	0	105
Developments	0	0	0	0	0	0	0	0	0	0	0	0	0
Waste Management	201	0	201	0	201	0	201	0	201	0	201	0	201
Homelessness	40	24	64	0	64	0	64	0	64	0	64	0	64
Economic Development	121	(63)	58	0	58	0	58	0	58	0	58	0	58
Elections	50	25	75	25	100	(75)	25	25	50	25	75	25	100
Strategic Initiatives Fund	7,492	(5,573)	1,919	0	1,919	0	1,919	0	1,919	0	1,919	0	1,919
New Homes Bonus Ward Members	38	0	38	0	38	0	38	0	38	0	38	0	38
Voluntary Sector Grants	0	0	0	0	0	0	0	0	0	0	0	0	0
Health and Wellbeing	27	(22)	5	(5)	0	0	0	0	0	0	0	0	0
Capital Slippage	0	92	92	0	92	0	92	0	92	0	92	0	92
Private Finance Initiative	87	96	183	80	263	0	263	0	263	0	263	0	263
TOTAL USABLE RESERVES	11,869	(5,498)	6,371	(1,627)	4,744	79	4,823	25	4,848	25	4,873	25	4,898
RING-FENCED RESERVES		0		0	0	0	0	0	0	0	0	0	0
Working Balance	1,268	118	1,386	16	1,402	0	1,402	0	1,402	0	1,402	0	1,402
Pension Reserve	0	0	0	0	0	325	325	(325)	0	300	300	300	600
Business Rates Reserve	1,034	0	1,034	(533)	501	0	501	0	501	0	501	0	501
Licensing Reserve	0	78	78	198	276	0	276	0	276	0	276	0	276
DWP Reserve	71	0	71	0	71	0	71	0	71	0	71	0	71
TOTAL RING-FENCED RESERVES	2,373	196	2,569	(319)	2,250	325	2,575	(325)	2,250	300	2,550	300	2,850
TOTAL RESERVES	14,242	(5,302)	8,940	(1,946)	6,994	404	7,398	(300)	7,098	325	7,423	325	7,748

*includes Planning, Development Control and Neighbourhood Planning

The forecast underspend for 2017/18 is not shown in the 5 year Reserves Strategy above nor however are the identified shortfalls in the years from 2019/20.

Housing Revenue Account (HRA)

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.

2018/19 will be the seventh year of self-financing and the second year of the principal repayment of the loan.

The HRA has completed an extensive programme of new builds and redevelopments of both social housing and sheltered housing units. The repayment of the loan principal has impacted significantly on the business plan, HRA reserves and future year's capital programme.

A review of the HRA Business Plan and the financing of the loans were undertaken in 2017/18, by Arlingclose Ltd (Treasury Management advisors) to ensure that 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 review showed that complete refinancing of the loan would incur high penalty fees, the option that offered best value and allowed the business plan to continue to deliver a programme of development would be to re-borrow the amounts repaid in previous years as required.

The HRA is restricted with its borrowing due to the government imposed debt cap. Announcements in the Draft Finance Settlement stated that in 2019/20 Local Authorities would be able to apply to have their debt cap raised subject to certain criteria and we await further information regarding this.

A number of financial assumptions, including interest rates, rent setting, void rates, bad debt levels and repair costs have been used in the HRA Business Plan and revenue budget setting. These and other assumptions will be kept under review and monitored in 2018/19.

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

	2018/19 Original Budget	2019/20 Original Budget	2020/21 Original Budget	2021/22 Original Budget	2022/23 Original Budget
£ '000					
Dwelling Rents	(14,333)	(14,027)	(14,705)	(15,283)	(15,885)
Garage Rents	(214)	(216)	(218)	(220)	(222)
Other Rents etc	(3)	(3)	(3)	(4)	(4)
Charges for Services & Facilities	(851)	(860)	(868)	(877)	(886)
Contribution towards expenditure	0	0	0	0	0
Total Income	(15,402)	(15,106)	(15,795)	(16,384)	(16,997)
Housing Finance & Business Management					
Business & Performance Management	0	0	0	0	0
Rents, Rates & Other Property Charges	75	75	75	75	75
	75	75	75	75	75
Housing Maintenance & Repairs Service					
Common Service Flats	201	201	201	201	201
Estate Maintenance	148	148	148	148	148
Housing Repairs	2,379	2,379	2,379	2,379	2,379
Housing Sewerage	54	54	54	54	54
Newport Depot	19	19	19	19	19
Property Services	316	316	316	316	316
	3,117	3,117	3,117	3,117	3,117
Housing Management & Homelessness					
Housing Services	413	413	413	413	413
Sheltered Housing Services	583	583	583	583	583
	996	996	996	996	996
Other Costs					
Bad Debt Provision	100	100	100	100	100
Depreciation - Dwellings (to MRR)	3,567	3,295	3,435	3,435	3,435
Depreciation - Non- Dwellings (to MRR)	202	102	102	102	102
Interest/Costs re HRA Loan	2,615	2,604	2,613	2,601	2,570
Repayment of HRA Loan	2,000	2,000	2,000	2,000	2,000
Investment Income	(15)	(15)	(15)	(15)	(15)
Pension Costs - Added Years	19	19	19	19	19
Pension Deficit - Triennial payment	0	0	158	0	0
Recharge from General Fund	1,675	1,675	1,675	1,675	1,675
HRA Share of Corporate Core	398	381	381	381	381
Right to Buy Admin Allowance	(10)	(10)	(10)	(10)	(10)
Total Non-Service Expenditure	10,551	10,151	10,458	10,288	10,257
Total Expenditure	14,739	14,338	14,645	14,475	14,444
OPERATING (SURPLUS)/DEFICIT	(663)	(768)	(1,150)	(1,909)	(2,553)
Transfer to/(from) Capital Receipts	(413)	(400)	(400)	(400)	(400)
Revenue balance available for capital financing	(1,076)	(1,168)	(1,550)	(2,309)	(2,953)
Capital Schemes Funded from Revenue	1,047	1,246	1,198	1,198	1,198
Transfers to/(from) Reserves					
Capital Projects	120	(78)	352	1,111	1,755
Change Management Reserve	0	0	0	0	0
Potential Developments	0	0	0	0	0
Sheltered Housing Reserve	0	0	0	0	0
Transformation Reserve	0	0	0	0	0
Working Balance	(92)	0	0	0	0
	28	(78)	352	1,111	1,755
(SURPLUS)/DEFICIT	(0)	0	0	0	0

Housing Revenue Reserves – 5 year Summary

Reserve £'000	2017/2018			2018/2019			2019/2020			2020/2021			2021/2022			2022/2023		
	Balance 01-Apr-17	Net Movement	Balance 31-Mar-18	Balance 01-Apr-18	Net Movement	Balance 31-Mar-19	Balance 01-Apr-19	Net Movement	Balance 31-Mar-20	Balance 01-Apr-20	Net Movement	Balance 31-Mar-21	Balance 01-Apr-21	Net Movement	Balance 31-Mar-22	Balance 01-Apr-22	Net Movement	Balance 31-Mar-23
<u>RINGFENCED RESERVES</u>																		
Working Balance	498	48	546	546	(92)	454	454	(2)	452	452	13	465	465	12	477	477	12	489
	498	48	546	546	(92)	454	454	(2)	452	452	13	465	465	12	477	477	12	489
<u>USABLE RESERVES</u>																		
<u>Revenue Reserves</u>																		
Revenue Projects	60	0	60	60	0	60	60	0	60	60	0	60	60	0	60	60	0	60
Transformation Reserve	180	0	180	180	0	180	180	0	180	180	0	180	180	0	180	180	0	180
	240	0	240	240	0	240	240	0	240	240	0	240	240	0	240	240	0	240
<u>Capital Reserves</u>																		
Capital Projects	3,809	(3,809)	0	0	120	120	120	(78)	42	42	352	394	394	352	746	746	1,755	2,501
Potential Projects Reserve	2,298	(2,298)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sheltered Housing Projects Reserve	318	(318)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	6,425	(6,425)	0	0	120	120	120	(78)	42	42	352	394	394	352	746	746	1,755	2,501
TOTAL USABLE RESERVES	6,665	(6,425)	240	240	120	360	360	(78)	282	282	352	634	634	352	986	986	1,755	2,741
TOTAL RESERVES	7,163	(6,377)	786	786	28	814	814	(80)	734	734	365	1,099	1,099	364	1,463	1,463	1,767	3,230

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Committee:	Scrutiny	Date:
Title:	Treasury Management 2018/19 Covering Report	6 February 2018
Report Author:	Angela Knight – Assistant Director – Resources 01799 510446	Item for decision:
		No

Summary

1. The Council's cash-flow management, use of banks, investments and borrowing is governed by the Treasury Management Strategy (TM strategy).
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 2018/19 and the following two years.
3. The Local Government Act 2003 also requires Local Authorities to adopt Prudential Indicators as detailed Appendix B in the main TM Strategy.
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.
5. The strategy assumes no new external borrowing. Investments will continue to be prudent and diversify Council surplus cash within the parameters permitted.

Recommendations

6. That Scrutiny reviews the TM strategy as attached and provides comment prior to their submission for approval to Cabinet on 15 February and Council on 22 February 2018.

Financial Implications

7. Included the TM Strategy.

Background Papers

8. None

Impact

9.

Communication/Consultation	No specific implications
Community Safety	No specific implications
Equalities	No specific implications
Health and Safety	No specific implications
Human Rights/Legal Implications	No specific implications
Sustainability	No specific implications
Ward-specific impacts	The strategy fulfils requirements of the LGA 2003
Workforce/Workplace	No specific implications

Situation

10. The Treasury Management counterparty list is included within the Strategy; there is one recommended change for 2018/19, an unlimited level of investment is maintained for Local Authorities collectively as per the 2017/18 Strategy, but a maximum of £6m is implemented per individual Local Authority for 2018/19.
11. 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.
12. 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.
13. 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.

Risk Analysis

14.

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	<p>Council compliance with the legal framework as set out in the local Government Act 2003, associated regulations and professional Codes of Practice/guidance.</p> <p>Compliance monitored regularly through: adoption of TM Policy and Strategy Mid-year TM progress report to Cabinet Annual TM outturn Report to Cabinet. TM procedures</p>

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.

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Uttlesford District Council

Treasury Management Strategy



Prepared by:
Angela Knight
Uttlesford District Council
January 2018



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Treasury Management Strategy

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. CIPFA consulted on changes to the Code in 2017, but has yet to publish a revised Code.

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.

The Authority 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 Authority's treasury management strategy.

Revised strategy: In accordance with the CLG Guidance, the Authority will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, in the Authority's capital programme or in the level of its investment balance.

External Context

Economic background: The major external influence on the Authority's treasury management strategy for 2018/19 will be the UK's progress in negotiating its exit from the European Union and agreeing future trading arrangements. The domestic economy has remained relatively robust since the surprise outcome of the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. Transitional arrangements may prevent a cliff-edge, but will also extend the period of uncertainty for several years. Economic growth is therefore forecast to remain sluggish throughout 2018/19.

Consumer price inflation reached 3.0% in September 2017 as the post-referendum devaluation of sterling continued to feed through to imports. Unemployment continued to fall and the Bank of England's Monetary Policy Committee judged that the extent of spare capacity in the economy seemed limited and the pace at which the economy can grow without generating inflationary pressure had fallen over recent years. With its inflation-control mandate in mind, the Bank of England's Monetary Policy Committee raised official interest rates to 0.5% in November 2017.

In contrast, the US economy is performing well and the Federal Reserve is raising interest rates in regular steps to remove some of the emergency monetary stimulus it has provided for the past decade. The European Central Bank is yet to raise rates, but has started to taper its quantitative easing programme, signalling some confidence in the Eurozone economy.

Credit outlook: High profile bank failures in Italy and Portugal have reinforced concerns over the health of the European banking sector. Sluggish economies and fines for pre-crisis behaviour continue to weigh on bank profits, and any future economic 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. In addition, the largest UK banks will ringfence their retail banking functions into separate legal entities during 2018. There remains some uncertainty over how these changes will impact upon the credit strength of the residual legal entities.

Treasury Management Strategy

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 remain very low.

Interest rate forecast: The Authority's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.50% during 2018/19, following the rise from the historic low of 0.25%. The Monetary Policy Committee re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.

Future expectations for higher short term interest rates are subdued and on-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions. The risks to Arlingclose's forecast are broadly balanced on both sides. The Arlingclose central case is for gilt yields to remain broadly stable across the medium term. Upward movement will be limited, although the UK government's seemingly deteriorating fiscal stance is an upside risk.

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

Local Context

On 31st December 2017, the Authority held £108m of borrowing and £12.5m of investments. This is set out in further detail at **Appendix B**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.17	31.3.18	31.3.19	31.3.20	31.3.21
	Actual	Estimate	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m
General Fund CFR	8	60	61	61	61
HRA CFR	88	88	87	88	88
Total CFR	96	149	147	149	149
Less: Other debt liabilities *	-5	-5	-4	-4	-4
Borrowing CFR	91	144	143	145	145
Less: External borrowing **	-88	-96	-94	-92	-102
Internal borrowing	3	48	49	53	43
Less: Usable reserves	-27	-12	-10	-10	-9
Less: Working capital	-4.4	-4.4	-4.4	-4.4	-4.4
Investments / New Borrowing	28	-31	-35	-38	-29

* finance leases, PFI liabilities and transferred debt that form part of the Authority's total debt

** shows only loans to which the Authority is committed and excludes optional refinancing

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment.

The Authority has an increasing CFR due to the capital programme, but minimal investments and will therefore be required to borrow up to £102m over the forecast period.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2018/19.

Treasury Management Strategy

Borrowing Strategy

The Authority currently holds £108 million of loans, an increase of £20 million on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Authority expects to incur new borrowing of £35m in 2018/19 based on current projected cashflows. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £250 million.

Objectives: 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.

Strategy: The council has arranged forward starting loans as part of the funding package which totals £45.25m for the council's wholly owned separate arm company, Aspire (CRP) Ltd relating to the 50% purchase of Chesterford Research Park.

The loan will be drawn in 3 stages, with £10m already advanced and further two tranches to be drawn as follows:

£12m 5 January 2021

£15m 5 January 2022

The rate has been fixed at 2.86% with repayments made on an annuity basis, maturing in 2057. This allows the Council to use existing cash resources in lieu of borrowing, but also provides certainty of fixed rate funding, mitigating future refinancing and interest rate risk.

Given the significant cuts to public expenditure and in particular to local government funding, the Authority'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 Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2018/19 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Authority may arrange forward starting loans during 2018/19, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Authority may borrow further short-term loans to cover unplanned cash flow shortages.

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

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except Essex Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Treasury Management Strategy

Other sources of debt finance: 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 Authority has previously raised the majority 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.

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a joint and several guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Full Council.

Short-term and variable rate loans: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Treasury Management Strategy

Investment Strategy

The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £3 and £31 million. Going forward levels are not expected to be below £10m.

Objectives: Both the CIPFA Code and the CLG Guidance require the Authority 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 Authority'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 of 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.

Negative interest rates: If the UK enters into a recession in 2018/19, 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.

Strategy: Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to diversify into more secure and/or higher yielding asset classes during 2018/19. All of the Authority's surplus cash is currently invested in short-term unsecured bank deposits, other local authorities and money market funds.

Approved counterparties: The Authority may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 2: Approved investment counterparties and limits

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	£1m	365 days
	AA+	£1m	365 days
	AA-	£1m	365 days
	A+	£1m	365 days
	A	£1m	365 days
	A-	£1m	182 days
	BBB+	£1m	100 days
Councils General Bank Account if it fails to meet the above criteria, excluding fixed term deposits accounts		£2m	Next Day
UK Central Government (irrespective of credit rating)	n/a	Unlimited	50 years
UK Local Authorities including Police and Fire (irrespective of credit rating) per authority	n/a	£6m	730 days
UK Building Societies without credit ratings	n/a	£1m	100 days
Saffron Building Society	n/a	£0.5m	100 days
Money Market Funds, per fund	AAA	£1m	Next Day

Treasury Management Strategy

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

For practicality the 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.

Credit rating: 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: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. 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. See below for arrangements relating to operational bank accounts.

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

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

Pooled funds: Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

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

Operational bank accounts: The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £1 million per bank with the exception of the council's own general account which is set at £3 million. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

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

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and

Treasury Management Strategy

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

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

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

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

Specified investments: The CLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of “high credit quality”.

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

Non-specified investments: Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 3 below.

Table 3: Non-specified investment limits

	Cash limit
Total long-term investments	£10m

Treasury Management Strategy

Investment limits: The Authority's revenue reserves available to cover investment losses are forecast to be £9.289 million on 31st March 2018. In order that no more than 10% or £1 million, which is the greater, 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 or local authorities) will be £1 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£1m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£1m per group
Any group of pooled funds under the same management	£1m per manager
Negotiable instruments held in a broker's nominee account	£1m per broker
Unsecured investments with building societies	£1m in total
Money Market Funds	£3m in total

Liquidity management: The Authority 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 to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium term financial plan and cash flow forecast.

Non-Treasury Investments

Although not classed as treasury management activities and therefore not covered by the CIPFA Code or the CLG Guidance, the Authority may also purchase property for investment purposes and may also make loans and investments for service purposes, for example in shared ownership housing, as loans to local businesses and landlords, or as equity investments and loans to the Authority's subsidiaries.

Such loans and investments will be subject to the Authority's normal approval processes for revenue and capital expenditure and need not comply with this treasury management strategy.

The Authority's existing non-treasury investments are listed in Appendix B.

Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

Treasury Management Strategy

Interest rate exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the amount of net principal borrowed will be:

	2018/19 £'000	2019/20 £'000	2020/21 £'000
Upper limit on fixed interest rate exposure	2856	2856	3109
Upper limit on variable interest rate exposure	80	75	60

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

Maturity structure of borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper
Under 12 months	20%
12 months and within 24 months	20%
24 months and within 5 years	60%
5 years and within 10 years	100%
10 years and within 20 years	100%
20 Years and above	100%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal sums invested for periods longer than 364 days: The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

	2018/19	2019/20	2020/21
Limit on principal invested beyond year end	£10m	£10m	£10m

Other Items

There are a number of additional items that the Authority is obliged by CIPFA or CLG to include in its Treasury Management Strategy.

Policy on the use of financial derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded

Treasury Management Strategy

derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

Policy on apportioning interest to the HRA: On 1st April 2012, the Authority notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each year end and interest transferred between the General Fund and HRA at the Authority's average interest rate on investments, adjusted for credit risk.

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

Staff regularly attend training courses, 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: The Authority has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is controlled by regular benchmarking and client meetings.

Investment of money borrowed in advance of need: The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long-term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £250 million. The maximum period between borrowing and expenditure is expected to be two years, although the Authority is not required to link particular loans with particular items of expenditure.

Treasury Management Strategy

Financial Implications

The budget for General Fund short term investment income in 2018/19 is minimal, due to a small amount of new short term investments. The budget for General Fund loan income is £2.10 million at an interest rate of 4% from the loan to Aspire. The budget for General Fund debt interest paid in 2018/19 is £0.46 million, based on an average short term debt portfolio of £34 million at an average interest rate of 0.49% plus long term debt of £10 million at 2.86%.

The budget for HRA investment income in 2018/19 is £55,000, based on an average investment portfolio of £8 million at an interest rate of 0.7%. The budget for debt interest paid in 2018/19 is £2.6 million, based on an average debt portfolio of £86.4 million at an average interest rate of 2.79%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

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, having consulted the Cabinet Member for Finance and Administration, 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

Appendix A – Arlingclose Economic & Interest Rate Forecast November 2017

Underlying assumptions:

- In a 7-2 vote, the MPC increased Bank Rate in line with market expectations to 0.5%. Dovish accompanying rhetoric prompted investors to lower the expected future path for interest rates. The minutes re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.
- Further potential movement in Bank Rate is reliant on economic data and the likely outcome of the EU negotiations. Policymakers have downwardly assessed the supply capacity of the UK economy, suggesting inflationary growth is more likely. However, the MPC will be wary of raising rates much further amid low business and household confidence.
- The UK economy faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. While recent economic data has improved, it has done so from a low base: UK Q3 2017 GDP growth was 0.4%, after a 0.3% expansion in Q2.
- Household consumption growth, the driver of recent UK GDP growth, has softened following a contraction in real wages, despite both saving rates and consumer credit volumes indicating that some households continue to spend in the absence of wage growth. Policymakers have expressed concern about the continued expansion of consumer credit; any action taken will further dampen household spending.
- Some data has held up better than expected, with unemployment continuing to decline and house prices remaining relatively resilient. However, both of these factors can also be seen in a negative light, displaying the structural lack of investment in the UK economy post financial crisis. Weaker long term growth may prompt deterioration in the UK's fiscal position.
- The depreciation in sterling may assist the economy to rebalance away from spending. Export volumes will increase, helped by a stronger Eurozone economic expansion.
- Near-term global growth prospects have continued to improve and broaden, and expectations of inflation are subdued. Central banks are moving to reduce the level of monetary stimulus.
- Geo-political risks remains elevated and helps to anchor safe-haven flows into the UK government bond (gilt) market.

Forecast:

- The MPC has increased Bank Rate, largely to meet expectations they themselves created. Future expectations for higher short term interest rates are subdued. On-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions.
- Our central case for Bank Rate is 0.5% over the medium term. The risks to the forecast are broadly balanced on both sides.
- The Arlingclose central case is for gilt yields to remain broadly stable across the medium term. Upward movement will be limited, although the UK government's seemingly deteriorating fiscal stance is an upside risk.

Treasury Management Strategy

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.19
Arlingclose Central Case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	0.00	0.00	0.00	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.15
3-month LIBID rate														
Upside risk	0.10	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.22
Arlingclose Central Case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	-0.10	-0.10	-0.15	-0.15	-0.15	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.20
1-yr LIBID rate														
Upside risk	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.27
Arlingclose Central Case	0.70	0.70	0.70	0.70	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.77
Downside risk	-0.15	-0.20	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.15	-0.15	-0.26
5-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
Arlingclose Central Case	0.75	0.75	0.80	0.80	0.80	0.85	0.90	0.90	0.95	0.95	1.00	1.05	1.10	0.89
Downside risk	-0.20	-0.20	-0.25	-0.25	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.33
10-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
Arlingclose Central Case	1.25	1.25	1.25	1.25	1.25	1.30	1.30	1.35	1.40	1.45	1.50	1.55	1.55	1.36
Downside risk	-0.20	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.33
20-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
Arlingclose Central Case	1.85	1.85	1.85	1.85	1.85	1.90	1.90	1.95	1.95	2.00	2.05	2.05	2.05	1.93
Downside risk	-0.20	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.38
50-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
Arlingclose Central Case	1.70	1.70	1.70	1.70	1.70	1.75	1.80	1.85	1.90	1.95	1.95	1.95	1.95	1.82
Downside risk	-0.30	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.39

Appendix B – Existing Investment & Debt Portfolio Position

	31/12/17 Actual Portfolio £m	31/12/17 Average Rate %
External borrowing:		
Public Works Loan Board	88	2.70
Local authorities	10	0.45
Phoenix Life Ltd	10	2.86
Total external borrowing	108	
Other long-term liabilities:		
Private Finance Initiative	5	8.29
Total other long-term liabilities	5	
Total gross external debt	113	
Treasury investments:		
Banks & building societies (unsecured)	2	0.34
	9.5	0.37
Government (incl. local authorities)	1	0.29
Money Market Funds		
Total treasury investments	12.5	
Net debt	100.5	

Non-treasury investments:		
Loans to subsidiaries	47.25	4
Total non-treasury investments	47.25	

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Committee: Scrutiny

Date:

Title: Capital Programme 2018/19 – 2022/23

6 February 2018

Report Author: Angela Knight – Assistant Director –
Resources 01799 510446

Item for decision:
No

Summary

1. The Capital programme is for the 5 year period, 2018/19 to 2022/23.
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.

Recommendation

1. That Scrutiny reviews the Capital Programme 2018/19 – 2022/23 and provides comment prior to its submission for approval to Cabinet on 15 February and Council on 22 February 2018.

Financial Implications

2. 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

3. 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 2018/19 – 2022/23

4. Appendix A shows a summary table of all the capital projects and their costs for each year.
5. 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.
6. The Capital Programme is an evolving and rolling programme year on year.
7. Appendix C details the financing of the Capital Programme.
8. 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
9. No external borrowing is required to finance the 5 year Capital Programme for General Fund projects detailed in this report.
10. The HRA shows a shortfall in funds to support the capital programme in 2019/20, this will be reviewed throughout the year and if required short term external financing will be considered. Full details are included in the Housing Revenue Budget 2018/19 presented earlier in tonight's agenda.
11. 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.
12. A regular update on the capital programme and associated financing is included in the Budget Monitoring reports presented to Cabinet throughout the year.
13. 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.

14. The total predicted cost of the capital programme for the 2018/19 5 year programme including the predicted outturn for 2017/18 is £68.871m. The breakdown of the total cost is;

- General Fund - £22.594m
- Housing Revenue - £46.277m

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

	2017-18 Current Budget £	2017-18 Forecast Spend P6 £	2018-19 Forecast including slippage from 2017-18 £	2019-20 Forecast £	2020-21 Forecast £	2021-22 Forecast £	2022-23 Forecast £	Total £
Total Community and Partnerships	178,000	233,000	110,000	110,000	110,000	110,000	110,000	893,000
Total Environmental Services	2,237,000	2,125,000	875,180	877,320	990,090	155,070	724,680	6,622,520
Total Finance Administration	3,520,000	3,532,000	2,450,580	300,000	245,000	245,000	195,000	9,418,160
Housing and Economic Development	825,000	740,000	1,180,000	640,000	640,000	640,000	640,000	5,660,000
General Fund	6,760,000	6,630,000	4,615,760	1,927,320	1,985,090	1,150,070	1,669,680	22,593,680
Housing Revenue Account	13,385,000	10,101,000	8,790,000	7,226,000	5,685,000	5,685,000	5,685,000	46,277,000
Total Capital Programme	20,145,000	16,731,000	13,405,760	9,153,320	7,670,090	6,835,070	7,354,680	68,870,680

The 2018/19 forecast includes the predicted slippage as at period 6 (September) from 2017/18

APPENDIX B – 5 YEAR CAPITAL PROGRAMME BY PORTFOLIO

COMMUNITY AND PARTNERSHIPS								
	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
	Current	Forecast Spend	Forecast	Forecast	Forecast	Forecast	Forecast	Total
	Budget	P6	including					
			slippage from					
			2017-18					
	£	£	£	£	£	£	£	£
S/W Castle - Motte & Bailey	0	50,000	0	0	0	0	0	50,000
Community Projects Grants	148,000	148,000	110,000	110,000	110,000	110,000	110,000	808,000
CCTV Thaxted	30,000	35,000	0	0	0	0	0	35,000
Total Community and Partnerships	178,000	233,000	110,000	110,000	110,000	110,000	110,000	893,000

APPENDIX B – 5 YEAR CAPITAL PROGRAMME BY PORTFOLIO

ENVIRONMENTAL SERVICES								
	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
	Current	Forecast Spend	Forecast	Forecast	Forecast	Forecast	Forecast	Total
	Budget	P6	including					
			slippage from					
			2017-18					
	£	£	£	£	£	£	£	£
Vehicle Replacement Programme	1,933,000	1,913,000	603,180	767,320	880,090	45,070	614,680	5,426,520
Additional Street Cleansing Vehicles	0	0	30,000	0	0	0	0	60,000
Household Bins	70,000	70,000	70,000	70,000	70,000	70,000	70,000	490,000
Kitchen Caddies	10,000	10,000	10,000	10,000	10,000	10,000	10,000	70,000
Garden Waste Bins	20,000	20,000	20,000	20,000	20,000	20,000	20,000	140,000
Trade Waste Bins	10,000	10,000	10,000	10,000	10,000	10,000	10,000	70,000
Lower St Car Park Extension	102,000	102,000	0	0	0	0	0	102,000
Car Parking Machine Replacement	92,000	0	92,000	0	0	0	0	184,000
<u>New Bids</u>								
Electric Car Charges	0	0	15,000	0	0	0	0	30,000
White Street Car Park	0	0	25,000	0	0	0	0	50,000
Total Environmental Services	2,237,000	2,125,000	875,180	877,320	990,090	155,070	724,680	6,622,520

APPENDIX B – 5 YEAR CAPITAL PROGRAMME BY PORTFOLIO

FINANCE AND ADMINISTRATION								
	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
	Current	Forecast Spend	Forecast	Forecast	Forecast	Forecast	Forecast	Total
	Budget	P6	including					
			slippage from					
			2017-18					
	£	£	£	£	£	£	£	£
ICT Schemes								
Members - New IT Equipment	0	0	0	18,000	0	0	0	18,000
Minor Items IT	20,000	20,000	20,000	20,000	20,000	20,000	20,000	140,000
PSN CoCo	50,000	62,000	30,000	30,000	30,000	30,000	30,000	242,000
PCI Compliance - cash receipting	29,000	29,000	0	0	0	0	0	29,000
PCI Compliance - Direct debit	18,000	18,000	0	0	0	0	0	18,000
Committee Management System	20,000	20,000	0	0	0	0	0	20,000
Laptops and Tablets	13,000	13,000	0	0	0	0	0	13,000
Unidentified IT projects	0	0	0	32,000	50,000	50,000	0	132,000
Core switches - replacement	40,000	40,000	40,000	0	0	0	0	120,000
Replacement Electoral System	30,000	30,000	30,000	0	0	0	0	90,000
Hot Desking/Mobile working	45,000	45,000	45,000	45,000	0	0	0	180,000
New Bids			0					
Asset Management System	0	0	30,000	0	0	0	0	60,000
Cyber Security	0	0	20,000	20,000	20,000	20,000	20,000	120,000
Grounds Maintenance & Vehicle Systems	0	0	100,000	0	0	0	0	200,000
Iclipse to Information at Work	0	0	50,000	0	0	0	0	100,000
Idox Additional Modules	0	0	32,080	0	0	0	0	64,160
Licensing – Lalpac to Idox Uniform	0	0	30,000	0	0	0	0	60,000
PCI	0	0	20,000	20,000	20,000	20,000	20,000	120,000
ArcGIS Upgrade	0	0	21,000	0	0	0	0	42,000
UDC Asset work								
Council Offices Improvements (General)	0	0	0	80,000	80,000	80,000	80,000	320,000
- London Road Building works	58,000	58,000	53,850	0	0	0	0	165,700
-London Rd Electrical	54,000	54,000	35,400	0	0	0	0	124,800
- London Rd Heating	36,000	36,000	0	0	0	0	0	36,000
Museum Buildings work	20,000	20,000	10,750	0	0	0	0	41,500
Guildhall Building Works	0	0	40,000	0	0	0	0	80,000
Castle Building Works	0	0	30,000	0	0	0	0	60,000
Stansted Conveniences - Grant	30,000	30,000	0	0	0	0	0	30,000
New Single Depot	3,000,000	3,000,000	1,737,500	0	0	0	0	6,475,000
Cash Deposit Machine	13,000	13,000	0	0	0	0	0	13,000
Day Centres Cyclical Improvements	44,000	44,000	35,000	35,000	25,000	25,000	25,000	224,000
New Bids								
Museum Lift Replacement	0	0	30,000	0	0	0	0	60,000
Election Equipment	0	0	10,000	0	0	0	0	20,000
Total Finance Administration	3,520,000	3,532,000	2,450,580	300,000	245,000	245,000	195,000	9,418,160

APPENDIX B – 5 YEAR CAPITAL PROGRAMME BY PORTFOLIO

HOUSING AND ECONOMIC DEVELOPMENT								
	2017-18 Current Budget £	2017-18 Forecast Spend P6 £	2018-19 Forecast including slippage from 2017-18 £	2019-20 Forecast £	2020-21 Forecast £	2021-22 Forecast £	2022-23 Forecast £	Total £
Disabled Facilities Grants	260,000	260,000	260,000	260,000	260,000	260,000	260,000	1,820,000
Empty Dwellings	50,000	10,000	50,000	10,000	10,000	10,000	10,000	150,000
Private Sector Renewal Grants	115,000	70,000	70,000	70,000	70,000	70,000	70,000	490,000
Compulsory purchase order	300,000	300,000	300,000	300,000	300,000	300,000	300,000	2,100,000
Superfast Broadband	100,000	100,000	500,000	0	0	0	0	1,100,000
Housing and Economic Development	825,000	740,000	1,180,000	640,000	640,000	640,000	640,000	5,660,000

APPENDIX B – 5 YEAR CAPITAL PROGRAMME BY PORTFOLIO

HOUSING								
	2017-18 Current Budget £	2017-18 Forecast Spend P6 £	2018-19 Forecast including slippage from 2017-18 £	2019-20 Forecast £	2020-21 Forecast £	2021-22 Forecast £	2022-23 Forecast £	Total £
<u>HRA Fund</u>								
HRA Capital Repairs	3,255,000	3,255,000	3,345,000	3,295,000	3,435,000	3,435,000	3,435,000	23,545,000
UPVC Fascia's and Guttering	147,000	147,000	100,000	100,000	100,000	100,000	100,000	747,000
Cash Incentive Scheme Grants	55,000	55,000	50,000	50,000	50,000	50,000	50,000	355,000
Light Vans Replacement programme	87,000	87,000	96,000	0	0	0	0	279,000
<u>New Bids</u>								
Sewerage Plant	0	0	100,000	100,000	100,000	100,000	100,000	600,000
<u>HRA Business Plan</u>								
<u>New builds (1-4-1 RTBs)</u>								
Unidentified Sites	1,366,000	34,000	0	3,681,000	2,000,000	2,000,000	2,000,000	9,715,000
Catons Lane	104,000	23,000	0	0	0	0	0	23,000
Sheds Lane	577,000	280,000	320,000	0	0	0	0	920,000
Radwinter Road (CHP)	0	1,022,000	0	0	0	0	0	1,022,000
Newton Grove	0	310,000	315,000	0	0	0	0	940,000
Frambury Lane	0	0	771,000	0	0	0	0	1,542,000
The Moors	0	0	787,000	0	0	0	0	1,574,000
<u>Sheltered Redevelopments</u>								
Reynolds Court	5,021,000	3,550,000	1,471,000	0	0	0	0	6,492,000
Hatherley Court	1,660,000	975,000	685,000	0	0	0	0	2,345,000
Walden Place	810,000	60,000	750,000	0	0	0	0	1,560,000
<u>Other Schemes</u>								
Energy Efficiency improvement schemes	59,000	59,000	0	0	0	0	0	59,000
Resurfacing access roads	150,000	150,000	0	0	0	0	0	150,000
<u>ICT</u>								
Housing Mobile devices IT	65,000	65,000	0	0	0	0	0	65,000
Housing contractors portal & SAM	29,000	29,000	0	0	0	0	0	29,000
HRA Housing Total	13,385,000	10,101,000	8,790,000	7,226,000	5,685,000	5,685,000	5,685,000	46,277,000

APPENDIX C – GENERAL FUND 5 YEAR CAPITAL FINANCING

Financing - General Fund	2017-18 Current Budget £	2017-18 Forecast Spend £	2017-18 Slippage - to Reserve £	2018-19 Budget £	2019-20 Budget £	2020-2021 Budget £	2021-22 Budget £	2022-23 Budget £
Disabled Facilities Grant	(166,000)	(166,000)	0	(166,000)	(166,000)	(166,000)	(166,000)	(166,000)
PLACE scheme funding	(300,000)	(300,000)	0	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
General Fund Capital Receipts	0	(34,000)	0	(1,031,000)	0	0	0	0
Third Party Contributions	0	0	0	(600)	0	0	0	0
<u>Direct Revenue Contributions (including reserves)</u>								
Revenue Contributions to Capital - Community Partnerships	(178,000)	(233,000)	0	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)
Revenue Contributions to Capital - Environmental	(304,000)	(178,000)	(92,000)	(149,400)	(110,000)	(110,000)	(110,000)	(110,000)
Revenue Contributions to Capital - Finance & Admin	(3,255,000)	(3,255,000)	0	(1,082,500)	(115,000)	(105,000)	(105,000)	(105,000)
Revenue Contribution - Housing and Economic Development	(359,000)	(274,000)	0	(583,000)	(174,000)	(174,000)	(174,000)	(174,000)
Internal Borrowing	(2,198,000)	(2,190,000)	0	(1,101,260)	(952,320)	(1,020,090)	(185,070)	(704,680)
Total Financing	(6,760,000)	(6,630,000)	(92,000)	(4,523,760)	(1,927,320)	(1,985,090)	(1,150,070)	(1,669,680)
Funding from External Sources	0	0	0	0	0	0	0	0

APPENDIX C – HOUSING REVENUE ACCOUNT 5 YEAR CAPITAL FINANCING

	2017-18 Current Budget £	2017-18 Forecast Spend £	2017-18 Slippage - to Reserve £	2018-19 Budget £	2019-20 Budget £	2020-2021 Budget £	2021-22 Budget £	2022-23 Budget £
<u>Financing - Housing Revenue Account</u>								
<u>Business Plan Schemes</u>								
Funded from reserves	(8,283,000)	(5,152,000)	(3,089,600)	0	0	0	0	0
HRA Revenue Funding - RCCO	(642,000)	(678,300)	0	(1,047,100)	(1,246,000)	(1,198,000)	(1,198,000)	(1,198,000)
HCA grant funding	(226,000)	(226,000)	0	0	0	0	0	0
Capital Receipts - RTB	(614,100)	(500,700)	(113,400)	(568,800)	(1,104,300)	(600,000)	(600,000)	(600,000)
Capital Receipts - Other	0	0	0	(400,000)	(150,000)	(150,000)	(150,000)	(150,000)
	(9,765,100)	(6,557,000)	(3,203,000)	(2,015,900)	(2,500,300)	(1,948,000)	(1,948,000)	(1,948,000)
<u>Other Schemes</u>								
Major Repairs Reserve Contribution	(3,255,000)	(3,255,000)	0	(3,445,000)	(3,395,000)	(3,535,000)	(3,535,000)	(3,535,000)
Other MRR reserve cont	(222,900)	(147,000)	0	(126,100)	(202,000)	(202,000)	(202,000)	(202,000)
HRA Revenue Funding	(142,000)	(142,000)	0	0	0	0	0	0
Sub total	(3,619,900)	(3,544,000)	0	(3,571,100)	(3,597,000)	(3,737,000)	(3,737,000)	(3,737,000)
TOTAL FINANCING	(13,385,000)	(10,101,000)	(3,203,000)	(5,587,000)	(6,097,300)	(5,685,000)	(5,685,000)	(5,685,000)
Funding deficit (Borrowing outside of HRA required internal from cash or external)	0	0	0	0	1,128,700	0	0	0

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Committee: Scrutiny

Date:

Title: General Fund and Council Tax 2018/19

6 February 2018

Report Author: Angela Knight – Assistant Director – Resources
01799 510446

Item for decision:
No

Summary

1. This report presents the 2018/19 General Fund budget for consideration by the Cabinet on 15 February ahead of final determination by Full Council on 22 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.

Recommendations

3. That Scrutiny reviews and provides comment prior to the submission for approval to Cabinet on 15 February and Council on 22 February 2018;
 - i. General Fund Council Tax requirement of £5,330,374 summarised in paragraphs 17-24
 - ii. That Scrutiny reviews the schedule of fees and charges in Appendix F.

Background Papers

4. None.

Financial Implications

5. 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

6. This report provides detailed revenue estimates for the General Fund and Council Tax for 2018/19.
7. The estimates, as summarised in Appendix A, show a Council Tax Requirement of £5,330,374 which balances to the level of Council Tax yield, assuming an increase of 2.99% in Council Tax.
8. The Cabinet is required to determine a recommended budget for consideration by the Council on 22 February.
9. The estimates in this report are based on the recommended Capital Programme, Treasury Management Strategy and Housing Revenue Account budget for 2018/19 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.

2018/19 Budget Strategy

10. On 30 November 2017, the Cabinet were presented with the outcomes of the residents and local businesses 2018/19 budget consultation.
11. The table in point 15 summarises the priorities from the Residents and Local Businesses Consultations, the draft 2018/19 budget has been prepared where possible in line with the consultation responses.

Residents and Local Business Consultations

12. During the summer 2017, 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 2017/18.

The residents' consultation comprised of;

- Telephone survey (503 responses) undertaken by a professional market research company, NWA Social and Market Research Ltd on behalf of Uttlesford District Council
- Open public consultation. (1,145 responses)
 - The survey was distributed to every household in the district as an insert into the Council's magazine *Uttlesford Life*. A small number of additional copies of *Uttlesford Life* were distributed to libraries and the council's CIC points across the district
 - The survey was also promoted on the council's website from 4 to 25 September via an interactive form
- The budget questions were also included as part of Uttlesford Voices 15 (151 responses), the half yearly consultation questionnaire sent out to 500 members of the Uttlesford Citizens Panel.

The Local Businesses consultation comprised of;

- Open public consultation. The survey was promoted by email to all enterprises registered on the Uttlesford Business Directory and was available from the Uttlesford District Council website
- The survey was also publicised to all businesses registered to receive the council's dedicated business e-newsletter

- The budget questions were also made available as a printed survey if requested. However, no paper questionnaires were requested.

13. The table below shows both the residents and local businesses top priorities and their lowest priority.

Key Services Priorities		
	Residents	Businesses
Emptying your bins and running the recycling service	1 st Priority	1 st Priority
Emptying bins for some businesses (paid for service)	N/A	2 nd Priority
Sweeping the streets, litter picking, clearing up fly-tipping and emptying public litter and dog bins (it was indicated that Town/Parishes are responsible for public litter bins)	2 nd Priority	= 3 rd Priority
Planning how the district will develop in the coming decades, including where new housing and businesses will be located	3 rd Priority	
Deciding planning applications and making sure new buildings and extensions are built according to approved plans and following building regulations	N/A	
Giving advice on work to listed buildings and work to protected trees	Lowest Priority	Lowest Priority
Other Services Priorities		
	Residents	Businesses
Working with the police and other organisations to keep Uttlesford safe	1 st Priority	1 st Priority
Enforcement work including prosecuting people for not paying Council Tax or council house rent, benefit fraud, fly-tipping	2 nd Priority	N/A
Promoting and supporting businesses in the area	N/A	= 2 nd Priority
Collecting Council Tax for Essex County Council, Uttlesford District Council, the police, the fire service, town or parish councils and collecting business rates	3 rd Priority	= 2 nd Priority
Collecting stray animals, microchipping dogs and cats and dealing with complaints from the public about pet and animal-related issues	Lowest Priority	Lowest Priority

14. When setting the budget for 2018/19 consideration was given to both the residents and businesses responses on service priorities. The table below details how these priorities have been addressed within the budget.

Respondents Priorities	Consistency with Budget
Emptying Bins, including litter picking and dog bins	Additional resources and capital investment in Street Services, plus new litter picking team
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 Investment in Garden Communities delivery plan
Deciding planning applications and making sure new buildings and extensions are built according to approved plans and following building regulations	A new schedule of fees has been introduced and this new income will be completely reinvested into the service
Working with the police and other organisations to keep Uttlesford Safe	PCSO budget increased by 50%. Police sited on the Council site and visitors access in the reception area
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	Continued investment in the Economic Development strategy
Collecting Council Tax for Essex County Council, Uttlesford District Council, the police, the fire service, town or parish councils and collecting business rates	This is already a high priority on the council's agenda, this is evidenced by Uttlesford achieving the highest collection rates for Business Rates and the second highest for Council Tax in Essex for 2016/17

2018/19 resources available

15. By law the budget (Council Tax Requirement) has to balance to the expected Council Tax income receivable.
16. The Director of Finance and Corporate Services (s151 Officer), under delegated authority, has approved the Council Taxbase to be used when setting the 2018/19 draft Council Tax.
17. The Taxbase, expressed in Band D equivalents, is 38,159.09, an increase of 2.48% on the 2017/18 figure of 37,234.37. Deducted from the 38,159.09 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 1,948.20. This produces a Taxbase for budget setting purposes of 36,210.89.

18. The 2017/18 UDC Band D Council Tax was £142.93. In accordance with the Cabinet's guidance, an increase of 2.99% has been assumed for the purpose of preparing this report, this give a Band D figure for 2018/19 of **£147.21**. Multiplied by the taxbase, this would produce a Council Tax yield of **£5,330,374**.
19. The Council is therefore required to balance its net budget to a **Council Tax Requirement of £5,330,374**

	2017/18	2018/19	% Change
Taxbase (gross)	37,234.37	38,159.09	2.48%
LCTS Discounts	(2,010.63)	(1,948.20)	-3.10%
Taxbase (net)	35,223.74	36,210.89	2.80%
Band D	£142.93	£147.21	2.99%
Council Tax Yield	£5,034,621	£5,330,374	5.80%

20. The Council Tax Yield is higher than the equivalent sum for 2017/18, this is explained below:

2017/18 Council Tax Requirement	5,034,621
Additional income arising from Taxbase increases	154,888
Additional income arising from UDC 2.99% increase	140,865
2018/19 Council Tax Requirement	5,330,374

21. The £5,330,374 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 2018/19

22. Assuming an increase of 2.99% 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	2017/18 UDC Council Tax £	2018/19 UDC Council Tax £	Increase 2.99% £/year
	No.	%				
A	1,014	3.01%	6/9ths	95.29	98.14	2.85
B	3,165	9.39%	7/9ths	111.17	114.50	3.33
C	7,556	22.43%	8/9ths	127.05	130.85	3.80
D	6,587	19.55%	9/9ths	142.93	147.21	4.28
E	6,330	18.79%	11/9ths	174.69	179.92	5.23
F	4,440	13.18%	13/9ths	206.45	212.64	6.18
G	4,198	12.46%	15/9ths	238.22	245.35	7.13
H	401	1.19%	18/9ths	285.86	294.42	8.56
Total	33,691	100%				

General Fund Budget

23. The 2018/19 budget has a surplus of £105,000 which has been allocated to the Garden Communities Reserve subject to the approval of the reserves strategy earlier in the agenda.
24. Details of the settlement funding are discussed in the Medium Term Financial Strategy earlier in the agenda.
25. A summary of the 2018/19 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.

£'000	2017-18	2017-18	2018-19	Increase / (Decrease)
	Original Budget	Current Budget	Original Budget	
Portfolio Budgets				
Net service expenditure	11,448	12,058	12,982	924
Corporate Items				
Capital Financing	1,861	5,227	3,072	(2,155)
Recharge to HRA	(1,800)	(1,800)	(2,073)	(273)
Other Corporate Items	648	597	(1,559)	(2,156)
Net Expenditure	12,158	16,082	12,421	(3,661)
Funding				
New Homes Bonus Grant	(3,772)	(3,772)	(2,864)	908
Business Rates Retention	(1,559)	(1,559)	(2,042)	(483)
Revenue Support Grant	(255)	(255)	0	255
Rural Services Grant	(285)	(285)	(225)	60
Council Tax - Collection Fund Balance	(193)	(193)	(14)	179
	(6,064)	(6,064)	(5,145)	919
Net Operating Expenditure	6,094	10,018	7,276	(2,742)
Strategic Initiatives Reserve	114	(445)	0	445
Net transfers to/(from) other earmarked reserves	(1,173)	(4,539)	(1,946)	2,593
	(1,059)	(4,984)	(1,946)	3,038
Council Tax Requirement	5,035	5,035	5,330	296
Council Tax (precept levied on Collection Fund)	(5,035)	(5,035)	(5,330)	(296)
	0	0	0	0

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

£'000	2017-18	2017-18	2018-19	Increase / (Decrease)
	Original Budget	Current Budget	Original Budget	
Employees	10,855	10,864	11,845	982
Premises	713	713	765	52
Transport	605	605	654	48
Supplies & Services	6,084	6,649	7,398	749
Third Party Payments	231	216	218	2
Transfer Payments	17,033	17,084	16,694	(391)
Expenditure	35,521	36,131	37,573	1,442
External Funding	(1,619)	(1,619)	(1,586)	33
Fees & Charges	(4,572)	(4,572)	(5,398)	(826)
Specific Government Grants	(17,250)	(17,250)	(16,855)	395
Other Income	(632)	(632)	(752)	(120)
Income	(24,073)	(24,073)	(24,591)	(518)
Net portfolio expenditure	11,448	12,058	12,982	924

27. The reduction in central government funding over the last three years has meant the council has needed to find savings. During 2017/18 a detailed analysis of individual budgets was carried out and this exercise was duplicated in the budget setting process for 2018/19.
28. This identified savings of £396,000 from expenditure budgets and increased income of £339,000 giving a total net budget requirement reduction of £734,000.
29. The following table is a reconciliation of the movement from the 2017/18 budget to the 2018/19 estimates. Details of all budget changes, savings, growth and adjustments are given in Appendix C.

	£'000	£'000
Council Tax Requirement - 2017-18		5,035
<u>Portfolio Budget Changes</u>		
Budget movements to restated base 17-18	(1,128)	
Inescapable growth	885	
Service growth	2,362	
Efficiency savings	(396)	
Changes to Income	(339)	
Other adjustments	(460)	
<u>Corporate Items</u>		
Capital financing costs decrease	(2,155)	
Increase in HRA share of costs	(273)	
One off Triennial pension payment in 17-18	(777)	
Decrease in efficiencies required	200	
Net treasury investment increase	(1,579)	
<u>Funding Items</u>		
Reduction in settlement funding	255	
Reduction in New Homes Bonus	908	
Net impact of Collection Fund	(304)	
Net change in draw on reserves	3,038	
Other net adjustments	60	
Total net changes to base budget		296
Council Tax Requirement - 2018-19		5,330

Risks and Assumptions

30. The key areas of risk both adverse and favourable are detailed in the Section 25 report, Robustness of Estimates and Adequacy of Reserves presented earlier in the agenda, a full analysis of all risks and assumptions have been included in Appendix D.

Local Government Finance Settlement

31. On the 19 December the Council received the provisional notification of the settlement for 2018/19. Final figures are expected to be confirmed sometime early February.
32. The Settlement comprises of the following:
- Localised Business Rates Retention (BRR)
 - New Homes Bonus (NHB)
 - Rural Services Delivery Grant (RSDG)
33. There is continued 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 scheme has now moved to 4 year legacy payments and the deadweight factor remains at 0.4%, this equates to approximately 144 properties in 2018/19.
35. Business Rates has not seen any significant changes in 2018/19, it was announced that all Local Authorities would move from a 50% to a 75% retention scheme in 2020/21 rather than the previously announced 100% retention.

General Fund Reserves

36. The forecast on the Working Balance as at 31 March 2018 is set to ensure that we meet the minimum contingency requirement.
37. 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 £1.402m, this is included in the 2018/19 Budget.
38. 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 Reserves Strategy.
39. The table below shows how the reserves have been used in the 2018/19 budget.

£ '000 Reason for transfer		
Reserves Balance- 31 March 2018	8,940	
MTFS (450)		To support 2 year savings plan (repaid from revenue in 2019/20)
Transformation (80)		Citizen Access project
Waste Depot (488)		Initial stages of New depot site
Planning (814)		Local Plan and Development Control
Business Rates (533)		Prior year surplus/deficit allocation to revenue (cannot be recognised in year of collection)
Licensing (19)		1 year 50% support for Safeguarding Post
Health & Wellbeing (5)		
Transfers from Reserves	(2,389)	
Licensing 217		Income deferred for future years due to new schedule of fees
PFI 80		Future years contingency
Garden Communities 105		To support the delivery of the garden communities project
Elections 25		Annual contribution (withdrawn every fourth year)
Working Balance 16		Statutory requirement to maintain at level in line with Net revenue expenditure
Transfers to Reserves	443	
Reserves Balance- 31 March 2019	6,994	

Fees and Charges review

40. 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.
41. 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

42. 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 2018/19
 - Final notifications of the formal precept figures from Essex County Council, Essex Police and Essex Fire.

Risk Analysis

43. 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 2018/19

£000	2017-18 Original Budget	2017-18 Current Budget	2018-19 Original Budget	Increase/ (Decrease)
Portfolio Budgets				
Communities & Partnerships	1,012	1,555	863	(692)
Environmental Services	3,111	3,111	3,878	767
Finance & Administration	5,720	5,829	6,609	780
Housing & Economic Development	1,606	1,563	1,632	69
Subtotal - Portfolio Budgets	11,448	12,058	12,982	924
Corporate Items				
Capital Financing Costs	1,861	5,227	3,072	(2,155)
Interest charge	0	0	456	456
Investment Income	(65)	(65)	(2,100)	(2,035)
Apprenticeship Levy	51	0	0	0
Efficiency & Income Opportunities	(200)	(200)	0	200
Pension Fund - Added years	92	92	85	(7)
Pension Triennial Payment	770	770	0	(770)
Recharge to HRA	(1,507)	(1,507)	(1,675)	(168)
HRA share of Corporate Core	(293)	(293)	(398)	(105)
Subtotal - Corporate Items	709	4,024	(560)	(4,585)
Subtotal Budget	12,158	16,082	12,421	(3,661)
Funding				
Council Tax Collection Fund Balance	(193)	(193)	(14)	179
Business Rates - UDC Share (net of tariff)	(2,238)	(2,238)	(2,263)	(25)
Business Rates - Levy Payment (safety net reimbursement)	529	529	492	(37)
Business Rates - Section 31 Funding	(722)	(722)	(663)	59
Business Rates - Collection Fund Balance	1,009	1,009	534	(475)
Business Rates - Renewable Energy Scheme	(136)	(136)	(141)	(4)
Rural Services Grant	(285)	(285)	(225)	60
Settlement Funding	(255)	(255)	0	255
New Homes Bonus	(3,772)	(3,772)	(2,864)	908
Subtotal - Funding	(6,064)	(6,064)	(5,145)	919
Subtotal - Net Operating Expenditure	6,094	10,018	7,276	(2,742)
Net Transfers to/(from) Reserves				
Business Rates	0	0	(534)	(534)
Department for Work and Pensions	0	0	0	0
Licensing	0	0	198	198
Working balance	(13)	(13)	16	29
Medium term Financial Strategy	0	0	(450)	(450)
Transformation	(100)	(100)	(80)	20
Emergency Response	0	0	0	0
Economic Development	0	0	0	0
Elections	25	25	25	0
Homelessness	(40)	(40)	0	40
Health & Wellbeing	0	0	(5)	(5)
Neighbourhood Planning	(15)	(15)	0	15
Planning	(260)	(260)	(814)	(554)
Housing Strategy	0	0	0	0
Development Control	0	0	0	0
Strategic Initiatives	114	(445)	0	445
Capital Slippage	0	(366)	0	366
Garden Communities	0	0	0	0
Developments	0	0	105	105
Pension	(770)	(770)	0	770
New Homes Bonus Ward Members	0	0	0	0
Voluntary Sector	0	0	0	0
Waste Depot Relocation Project	0	(3,000)	(488)	2,512
Waste Management	0	0	0	0
Private Finance Initiative	0	0	80	80
Subtotal - Movement in Earmarked Reserves	(1,059)	(4,984)	(1,946)	3,038
Council Tax Requirement	5,035	5,035	5,330	296
Council Tax (Precept levied on Collection Fund)	(5,035)	(5,035)	(5,330)	(296)

APPENDIX B

COMMUNITY & PARTNERSHIPS PORTFOLIO

£000	2016-17 Outturn	2017-18 Original Budget	2017-18 Current Budget	2018-19 Original Budget	Increase / (Decrease)
Community Information	48	49	49	51	2
Day Centres	22	46	46	80	33
Emergency Planning	45	47	47	48	1
Grants & Contributions	386	376	876	335	(541)
Leisure & Performance	73	163	163	146	(17)
Saffron Walden Museum	163	202	202	205	2
New Homes Bonus	99	78	78	78	0
Private Finance Init	(57)	50	50	(80)	(130)
Communities Partnership	0	0	43	0	(43)
Portfolio Total	779	1,012	1,555	863	(692)

APPENDIX B continued..

ENVIRONMENTAL SERVICES

£000	2016-17	2017-18	2017-18	2018-19	Increase /
	Outturn	Original Budget	Current Budget	Original Budget	(Decrease)
Animal Warden	32	32	32	35	3
Grounds Maintenance	255	289	289	314	25
Car Park	(643)	(592)	(592)	(624)	(32)
Development Control	(352)	(231)	(231)	(206)	24
Depots	55	58	58	47	(11)
Env Management & Admin	44	0	0	0	0
Street Cleansing	296	302	302	384	82
Housing Strategy	45	112	47	47	0
Highways	(11)	(3)	(3)	(1)	2
Local Amenities	23	8	8	8	0
Licensing	(208)	(55)	(55)	(272)	(217)
Vehicle Management	373	380	380	461	81
Public Health	565	682	682	700	18
Planning Management	402	421	421	344	(77)
Planning Policy	789	571	636	1,372	736
Planning Specialists	164	198	198	197	(1)
Waste Management	239	487	487	509	23
Community Safety	153	154	154	269	115
Street Services	271	297	297	293	(4)
Portfolio Total	2,492	3,111	3,111	3,878	767

APPENDIX B continued..

FINANCE AND ADMINISTRATION

£000	2016-17 Outturn	2017-18 Original Budget	2017-18 Current Budget	2018-19 Original Budget	Increase / (Decrease)
Enforcement	72	0	0	0	0
Benefits Admin	156	234	234	303	68
Business Improvement	47	0	0	0	0
Corporate Management	673	761	819	1,319	499
Conveniences	21	20	20	20	0
Central Services	382	396	396	441	44
Corporate Team	257	615	615	643	27
Conducting Elections	(32)	1	1	1	0
Electoral Registration	45	59	59	58	(1)
Financial Services	1,076	1,136	1,136	1,075	(61)
Housing Benefits	104	247	247	238	(9)
Human Resources	306	246	297	295	(1)
Internal Audit	113	129	129	131	2
Information Technology	1,151	1,233	1,233	1,381	148
Land Charges	(110)	(73)	(73)	(88)	(15)
Legal Services	221	97	97	122	25
Local Taxation	(61)	(110)	(110)	(90)	20
Non Domestic Rates	(146)	(145)	(145)	(146)	(1)
Office Cleaning	147	181	181	183	2
Offices	472	282	282	354	72
Revenues Admin	491	527	527	563	36
Council Tax Discounts	(218)	(117)	(117)	(192)	(74)
Portfolio Total	5,164	5,720	5,829	6,609	780

APPENDIX B continued..

HOUSING AND ECONOMIC DEVELOPMENT – GENERAL FUND

£000	2016-17 Outturn	2017-18 Original Budget	2017-18 Current Budget	2018-19 Original Budget	Increase / (Decrease)
Building Surveying	(127)	(107)	(107)	(112)	(6)
Committee Admin	205	238	195	241	45
Customer Services Centre	367	419	419	405	(15)
Democratic Represent	316	324	324	327	3
Economic Development	189	181	181	268	87
Energy Efficiency	34	44	44	35	(9)
Housing Grants	10	3	3	0	(3)
Health Improvement	105	126	126	143	17
Homelessness	175	212	212	177	(35)
Lifeline	(186)	(139)	(139)	(158)	(19)
Communications	264	304	304	306	3
Portfolio Total	1,353	1,606	1,563	1,632	69

APPENDIX C – BUDGET ADJUSTMENTS

CURRENT BUDGET 2017-18 to RESTATED BASE 2018/19

Portfolio	Service	Description	£'000
Communities & Partnerships	Grants & Contributions	Carver Barracks running track one of budget adjustment	(500)
Finance & Administration	Corporate Team	One-off budget for consultants for Aspire	(450)
Finance & Administration	Corporate Management	Enabling customer service enhancements	(100)
Environmental Services	Planning Policy	Agency and consultants 1 year budget requirement	(75)
Finance & Administration	Corporate Management	Highways contribution	(50)
Housing & Economic Development	Economic Development	Fixed term contract for Car Park Officer	(29)
Communities & Partnerships	Day Centres	One-off budget for Day Centre liaison officer	(10)
Finance & Administration	Corporate Management	Fixed term GDPR compliance Officer (part year 17-18)	(8)
Environmental Services	Planning Specialist	Training costs	(7)
Environmental Services	Public Health	Food inspection income	20
Finance & Administration	Corporate Management	Assistant Director costs from Housing	82
			<u>(1,128)</u>

INESCAPABLE GROWTH (£10K MINIMUM)

Portfolio	Service	Description	£'000	
All portfolios	Various services	Inflationary and incremental increases in salaries	678	on-going
Housing & Economic Development	Economic Development	Costs relating to the on-going joint initiative with West Essex and LSCC	10	on-going
Environmental Services	Grounds Maintenance	Various contractual and inflationary costs including fuel and equipment	13	on-going
Environmental Services	Car Park	Utility costs inflationary increase over all car parks	28	on-going
Environmental Services	Vehicle Management	Increase in spend on vehicle parts for maintenance of aging fleet	18	on-going
Finance & Administration	Benefits Administration	Temporary welfare liaison officer post	11	Fixed term
Finance & Administration	Corporate Management	GDPR compliance officer temporary post	26	One-off
Finance & Administration	Central Services	Contractual inflationary on equipment rental and printing cost increases	11	on-going
Finance & Administration	Financial Services	Uncontrollable increases in insurance premiums	20	on-going
Finance & Administration	Information Technology	Contractual inflationary increases	12	on-going
Finance & Administration	Offices	Utility costs inflationary increase	26	on-going
	Various	Other immaterial adjustments	33	
			<u>885</u>	

APPENDIX C – BUDGET ADJUSTMENTS

EFFICIENCY SAVINGS (£10K MINIMUM)				
Portfolio	Service	Description	£'000	
Relating to Growth Bids				
Housing & Economic Development	Building Surveying	Income from airport work associated with additional post	(65)	
Finance & Administration	Financial Services	Reduction in staffing hours for creditors team	(14)	
			(79)	
Other efficiency savings				
Environmental Services	Public Health	Creation of reimbursements of in-house work and additional border inspection fees	(82)	On-going
Communities & Partnerships	Grants & Contributions	Saving made on grants contingency budget	(41)	On-going
Communities & Partnerships	Leisure & Performance	Reduction in FTE's for Business Improvement Team	(23)	On-going
Housing & Economic Development	Customer Service Centre	Various savings including cessation of a payment processing contract	(22)	On-going
Environmental Services	Street Services	Removal of overstated staffing costs	(17)	On-going
Finance & Administration	Financial Services	No predicted use of agency staff for the finance function	(15)	On-going
Environmental Services	Development Control	Reduction in use of external consultants, travel and training costs	(13)	On-going
Finance & Administration	Information Technology	Reduction in costs of various new contracts	(12)	On-going
Finance & Administration	Office Cleaning	Reduction in costs of contracted out cleaning jobs	(11)	On-going
Environmental Services	Depots	Purchase of porta cabins has removed the need for on-going rental costs	(11)	On-going
Environmental Services	Planning Specialists	Reduction in use of consultancy	(10)	On-going
Finance & Administration	Human Resources	Apprenticeship levy actual levy to be applied	(17)	On-going
	Various	Other immaterial items	(43)	
			(316)	
		Net total	(396)	

APPENDIX C – BUDGET ADJUSTMENTS

CHANGES TO INCOME (£10K MINIMUM)				
Portfolio	Service	Description	£'000	
Increases				
Environmental Services	Licensing	Increase in license applications and fees	(239)	On-going
Environmental Services	Development Control	Income from increased planning fees	(180)	On-going
Communities & Partnerships	Private Finance Initiative	New PFI agreement has created additional income	(76)	On-going
Environmental Services	Waste Management	Increase in trade waste income and green waste sales due to growth in district	(62)	On-going
Environmental Services	Car Parks	Increase in use of car parks leading to additional income from marketing campaign	(59)	On-going
Environmental Services	Development Control	Increase in applications submitted	(50)	On-going
Finance & Administration	Corporate Management	Adjustment of understated budget for Aspire recharge for officer time	(42)	On-going
Housing & Economic Development	Health Improvement	Additional income for public health projects and reimbursement of associated costs	(27)	On-going
Environmental Services	Development Control	S106 monitoring income increase	(25)	On-going
Finance & Administration	Land Charges	Overall increase in search applications	(20)	On-going
Environmental Services	Public Health	Further border inspection fees	(20)	On-going
Environmental Services	Lifeline	Redeployment of carecall units creating an additional income stream	(19)	On-going
			(819)	
Decreases				
Finance & Administration	Conducting Elections	No elections expected therefore a reduction in reimbursements	60	On-going
Finance & Administration	Offices	Commercial services income reduced	43	On-going
Finance & Administration	Local Taxation	Reduction in reimbursement of court costs	20	On-going
Finance & Administration	Legal Services	Reduction in charges for S106 legal work	15	On-going
	Various	Other immaterial items	5	
			143	
Uncontrollable changes				
Finance & Administration	Housing Benefits	Funding from DWP based on estimated claimants	307	
Finance & Administration	Benefits Admin	Reduction in grants and 10% reduction in administrative subsidy	30	
			337	
		Net total	(339)	

APPENDIX C – BUDGET ADJUSTMENTS

SERVICE GROWTH (£10K MINIMUM)				
Portfolio	Service	Description	£'000	
Finance & Administration	Corporate Team	Enabling work for Garden Communities and the West Braintree joining agreement	400	On-going
Finance & Administration	Information Technology	Various upgrades in security software and cloud based modules previously capitalised. Bids approved Website, grounds Maintenance System and ICT Cloud Software	129	On-going
Housing & Economic Development	Economic Development	To enable 5 year economic development strategy for district including a car park strategy	100	Fixed term
Environmental Services	Development Control	Additional posts for planning enforcement officer	30	On-going
Finance & Administration	Corporate Management	For costs associated with GDPR compliance	72	One-off
Environmental Services	Vehicle Management	Additional post for a senior workshop fitter and associated costs	53	On-going
Environmental Services	Street Cleansing	Additional post for a fly tipping work/litter pickers and associated costs	53	On-going
Housing & Economic Development	Building Surveying	Temporary contract to fulfil additional airport work	47	Fixed term
Communities & Partnerships	Day centres	Service costs for Thaxted Day Centre and permanent day centre management post	39	On-going
Environmental Services	Community Safety	New Safeguarding Liaison Officer post p/t	39	On-going
Environmental Services	Waste Management	Service realignment for bin storage and delivery	30	On-going
Finance & Administration	Central Services	Additional scanning resource to fulfil GDPR compliance	23	On-going
Finance & Administration	Financial Services	Changes to treasury arrangements leading to additional broker fees	17	On-going
Environmental Services	Development Control	Temporary posts for IDOX support officer	15	Fixed term
Environmental Services	Planning Policy	Additional consultants - funded from the Planning Reserve	783	One-off
Environmental Services	Development Control	Investment in planning processes matched by additional income	180	On-going
Finance & Administration	Corporate Team	Enabling work for Garden Communities and the West Braintree joining agreement	150	On-going
Housing & Economic Development	Communications	Enabling self-service functionality for customers, funded from reserve	80	On-going
Environmental Services	Public Health	Graduate career grade post and associated costs	42	On-going
Environmental Services	Community Safety	For additional PCSO's	37	On-going
Housing & Economic Development	Committee Administration	Additional resource for electoral services	35	On-going
	Various	Other immaterial items	10	
		Net total	2,362	

APPENDIX C – BUDGET ADJUSTMENTS

OTHER ADJUSTMENTS (£10K MINIMUM)				
Portfolio	Service	Description	£'000	
Housing & Economic Development	Health Improvement	Costs for public health projects related to additional income received - now net nil effect on budget	43	On-going
Environmental Services	Waste management	Net effect of reduction in bulky waste costs and related funding estimates	33	On-going
Housing & Economic Development	Homelessness	Removal of agency staff costs within budget	(10)	On-going
Finance & Administration	Financial Services	Changes to insurance category resulting in a decrease in premium for miscellaneous items	(15)	On-going
Housing & Economic Development	Homelessness	Adjustment of previously understated budget for reimbursements of B&B costs	(20)	On-going
Communities & Partnerships	Private Finance Initiative	Annual unitary cost budget aligned with previous years	(54)	On-going
Finance & Administration	Conducting Elections	Movement of budget to reflect no predicted elections in year	(60)	On-going
Finance & Administration	Council Tax Discounts	LCTS funding for parishes discontinued	(75)	On-going
Finance & Administration	Housing Benefits	Budgets for rent allowances aligned with historic data	(316)	On-going
	Various	Other immaterial items	14	
			(460)	

APPENDIX D
RISKS AND ASSUMPTIONS

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)
DCLG LCTS Admin Grant	It is assumed that the LCTS Admin Grant will be paid at similar or slightly reduced levels to 2017/18. The notification of grant amounts are unlikely to be made available until early 2018. There is therefore a risk that the amount budgeted may change with a more likely adverse rather than favourable impact.	M	L	L
Housing Benefits Expenditure	It is assumed that Rent Rebate Expenditure will remain stable. There are no current plans to significantly increase the level of HRA stock, there is a risk that cost of private sector rents could increase. The implementation of Universal Credit is anticipated to gradually reduce the numbers of new claims during the 2018/19 financial year however the current caseload level is not expected to significantly decrease.	L	L	H
Housing Benefits Subsidy	It is assumed that Rent Rebate Subsidy can continue to be claimed in line with levels reflected in previous years. There is however a continued risk that an increase in new burdens and DWP incentives, 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 overpayments exceed the DWP stated upper threshold, no subsidy could be claimed for these amounts	M	L	H
DWP Discretionary Funding	It is assumed the governments Discretionary Housing Payment Funding will remain stable, if not slightly increase for the 2018/19 financial year. There is a risk however that the amount granted will not meet local requirements following the implementation of Universal Credit 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.	H	L	L

APPENDIX D

RISKS AND ASSUMPTIONS

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 Control Income	Staff vacancies are anticipated to arise in 2018-19 but the recruitment market is under supplied, 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.	M		M
Inspection Fees	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. However, MAG has stated that Main Board approval for investment in the new arrivals hall permission and remodelling of the existing terminal has not yet been secured.	M	M	
Asset Management Consultants	Further projects relating to new assets could incur higher than budgeted consultant fees, but may also generate income either in current or future years.	M	L	M
Planning and Pre-Application Fees	It is estimated that planning applications increase in 2018-19, as this is an estimate there is a risk the activity will not continue at its current rate.	L		M
Section 106 Monitoring	Assumption of Section 106 Monitoring income continuing to be received at its current rate has been made in building the budget, there is a risk this changing.	L		L
Turpins Bowls	The lease was due to be reviewed in September 17, this is currently ongoing due to valuation issues. Once complete this may impact on the amount of rental being received.	M	M	L
Grants (Voluntary Sector)	Revised process for grants introduced in 2016/17 however there still may be a possibility that budgeted amounts are not realised due to lack of applications.	L	M	L
PFI	If the PFI leisure contract does not provide value for money due to ineffective contract management then there may be a negative impact on the investment made by the council	L	M	H
Treasury - Broker Fees	Due to unforeseen fluctuations in cashflows during the year this could affect the level of broker fees incurred.	M	L	L
Fuel supplies	Fuel costs are subject to the economic fluctuations in the price of oil and inflation	H	M	M

APPENDIX D

RISKS AND ASSUMPTIONS

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)
Training Budget	Spending on the training budget is mainly a result of CMT and SMT corporate priorities. Although budgetary provision is sufficient to deliver the main identified staff training for the year, there is a risk of overspending this budget in 2018/19 if unidentified additional training needs become apparent during the year.	L	L	L
Internal Audit	Audit Manager secondment to GDPR until 31 July 2018, continuing management responsibility for the GDPR Compliance Officer until end of his 12 month contract. There may also be additional GDPR responsibilities from 01 August 2018. Additional resource may need to be bought in to cover any unplanned absence with the audit team to ensure the delivery of the audit programme and provide assurance and opinion on the Council's management of operational risk, control and governance	M		L
Information Technology	There has been a number of ransomware attacks in the UK and worldwide in the last year. Ransomware is a type of malicious software that blocks access to data unless a ransom is paid. If we were hit by one of these attacks we would have to employ contract staff to aid with the recovery and potentially new software.	L		H
Office Repairs	Budget is insufficient to meet unplanned and emergency repairs required to the building, especially due to age and being grade 2 listed, any works are potentially specialist in nature	M	L	M
ECC Better Care Fund allocation for Disabled Facilities Grants	It is predicted that the 160K BCF allocation will remain the same as 17/18 but there is a risk this could be reallocated either favourable or adversely	M	L	L

APPENDIX D

RISKS AND ASSUMPTIONS

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)
Mandatory HMO licensing	Following a consultation exercise, the government is likely to change the definition of mandatory HMOs. It is likely that more HMOs will need to be licensed by the council in 18/19.	M	L	L
Environmental Protection/ Enforcement - Works in default	No provision for made for works in default to abate nuisance and harm but which may be necessary	L	L	L
Contaminated Land	The Council has a statutory duty to identify contaminated land. This can be a complex exercise and involve specialist consultants to test and provide advice	L	L	L
Border inspection and Food Inspection	Unpredictability of the numbers and types of consignments coming into Stansted or control any changes to work governed by legislative requirements, what needs to be sampled, quantity and frequency of sampling	M	M	M
Street Name and Numbering fees	It is assumed that Street Name and Numbering applications will continue to come in at the current rate. There is a risk that activity will slow down depending on the amount of planning and building control applications.	M		M
Software costs	Additional software costs in order for Northgate system to comply with GDPR regulations coming into force in May 2018 and other adhoc modules such as SMS module	M		M
Legal Costs	These may increase dependant on the recovery action required on Business Rate Accounts	L		L
Sharing Agreement	Funding is dependant on all participants included in the sharing agreement and the outcome of Council Tax reviews and this will have a direct impact on the level of income generated	L		H

Impact levels

Low = £5,000 to £20,000

Medium = £20,001 - £50,000

High = over £50,000

APPENDIX E

GENERAL FUND RESERVES 2018/19

Reserve £000	Actual Balance 1st April 2017	Forecast Transfer from General Fund	Forecast Transfer between Reserves	Forecast Transfer To General Fund	Estimated Balance 1st April 2018	Forecast Transfer from General Fund	Forecast Transfer between Reserves	Forecast Transfer To General Fund	Estimated Balance 1st April 2018
RINGFENCED RESERVES									
Business Rates	1,035				1,035			(534)	501
Department for Work and Pensions	71				71				71
Licensing	0	78			78	217		(20)	275
Working balance	1,268	118			1,386	16			1,402
TOTAL RINGFENCED RESERVES	2,374	196	0	0	2,570	233	0	(553)	2,250
USABLE RESERVES									
<u>Financial Management Reserves</u>									
Medium term Financial Strategy	1,000				1,000			(450)	550
Transformation	766		1,000	(118)	1,648		(550)	(80)	1,018
	1,766	0	1,000	(118)	2,648	0	(550)	(530)	1,568
<u>Contingency Reserves</u>									
Emergency Response	40				40				40
	40	0	0	0	40	0	0	0	40
<u>Service Reserves</u>									
Economic Development	121			(63)	58				58
Elections	50	25			75	25			100
Homelessness	40	64		(40)	64				64
Health & Wellbeing	27			(22)	5			(5)	0
Neighbourhood Planning	110			(15)	95				95
Planning	348		691	(635)	404		550	(814)	140
Housing Strategy	34				34				34
Development Control	27				27				27
Strategic Initiatives	7,492	564	(4,827)	(1,310)	1,919				1,919
Capital Slippage	0	92	366	(366)	92				92
Garden Communities	0				0				0
Developments	0				0	105			105
Pension	0		770	(770)	0				0
New Homes Bonus Ward Members	38				38				38
Voluntary Sector	0				0				0
Waste Depot Relocation Project	1,488		2,000	(3,000)	488			(488)	0
Waste Management	201				201				201
Private Finance Initiative	87	96			182	80			262
	10,061	841	(1,000)	(6,221)	3,680	210	550	(1,306)	3,135
TOTAL USABLE RESERVES	11,867	841	0	(6,339)	6,369	210	0	(1,836)	4,743
TOTAL RESERVES	14,241	1,037	0	(6,339)	8,940	443	0	(2,389)	6,994

APPENDIX F

FEES AND CHARGES

Building surveying other charges	2017/18 charge £	2018/19 charge £	Does the charge include VAT?	Note
Provision of Energy Performance Certificates	Depends on size of property	Depends on size of property	Yes	
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	2017/18 charge £	2018/19 charge £	Does the charge include VAT?	Note
<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	New Build Houses or Bungalows Not Exceeding 250m ²		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						
		Full Plans				
Code	Extension and New Build		Plan Charge	Inspection Charge*	Building Notice Charge*	Regularisation 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	
<u>Conversions</u>						
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	
<u>Alterations (inc underpinning)</u>						
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	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 3- ALL OTHER NON-DOMESTIC WORK					
Limited to work not more than 3 storeys above ground level					
Code	Extensions and New Build		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	
Alterations					
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

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	2017/18 charge £	2018/19 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
Planning Performance Agreements (PPAS)	N/A	POA	Yes
Other Planning fees and charges	2017/18 charge £	2018/19 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
Confirmation regarding Agricultural Ties	24.00	24.00	Yes

APPENDIX F continued...

FEES AND CHARGES

Car Parking	2017/18 charge £	2018/19 charge £	Does the charge include VAT?
<u>Saffron Walden</u>			
<i>Fairycroft</i>			
30 Minutes	0.50	0.50	Yes
1 Hour	0.70	0.70	Yes
2 Hours	1.20	1.20	Yes
3 Hours	2.00	2.00	Yes
<i>Common</i>			
30 Minutes	0.50	0.50	Yes
1 Hour	0.70	0.70	Yes
2 Hours	1.20	1.20	Yes
3 Hours	2.00	2.00	Yes
<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
9 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
9 Hours	6.00	6.00	Yes

APPENDIX F continued...

FEES AND CHARGES

Car Parking	2017/18 charge £	2018/19 charge £	Does the charge include VAT?
<u>Great Dunmow</u>			
<i>White Street</i>			
30 Minutes	0.40	0.40	Yes
1 Hour	0.60	0.60	Yes
3 Hours	1.20	1.20	Yes
4 Hours	2.00	2.00	Yes
5 Hours	2.40	2.40	Yes
9 Hours	3.50	3.50	Yes
Season Ticket (6 months)	175.00	175.00	Yes
Season Ticket (per annum)	300.00	300.00	Yes
<i>New Street/Chequers & Angel Lane</i>			
30 Minutes	0.40	0.40	Yes
1 Hour	0.60	0.60	Yes
3 Hours	1.20	1.20	Yes
<i>Chequers</i>			
Season Ticket (6 months)	175.00	175.00	Yes
Season Ticket (per annum)	300.00	300.00	Yes
<u>Stansted Mountfitchet</u>			
<i>Lower Street</i>			
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
9 Hours	4.70	4.70	Yes
Coaches	6.00	6.00	Yes
Season Ticket - Commuter employed locally (6 months)	130.00	130.00	Yes
Season Ticket - Commuter employed locally (per annum)	250.00	250.00	Yes
Season Ticket - Commuter employed elsewhere (6 months)	220.00	320.00	Yes
Season Ticket - Commuter employed elsewhere (per annum)	420.00	620.00	Yes
<i>Crafton Street</i>			
30 Minutes	0.40	0.40	Yes
1 Hour	0.60	0.60	Yes
3 Hours	1.20	1.20	Yes
9 Hours	3.00	3.00	Yes
Season Ticket - Commuter employed locally (6 months)	130.00	130.00	Yes
Season Ticket - Commuter employed locally (per annum)	250.00	250.00	Yes
Season Ticket - Commuter employed elsewhere (6 months)	220.00	220.00	Yes
Season Ticket - Commuter employed elsewhere (per annum)	420.00	420.00	Yes

APPENDIX F continued...

FEES AND CHARGES

Environmental Health	2017/18 charge £	2018/19 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	90.00	No
Voluntary Surrender Certificate	75.00	80.00	No
Water Samples (Airport)	25.00	25.00	Yes
Private water supply sample collection fee (plus laboratory charges)	25.00	43.00	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	111.00	No
Contaminated land	108.00	111.00	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>			
POAO per CVED (Products of animal origin) (per consignment)	175.00	180.00	No
POAO per additional CVED on same AWB	50.00	50.00	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	65.00	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
CED rejection fee	50.00	75.00	No
Consignment abandon fee	60.00	60.00	No
<u>New Charge</u>			
ID check - Weekdays	N/A	50.00	No
ID check - Weekends	N/A	85.00	No
Organics check - Weekdays	N/A	40.00	No
Organics check - Weekends	N/A	60.00	No
Melamine check	N/A	75.00	No
Destruction Supervision	N/A	55.00	No

APPENDIX F continued...

FEES AND CHARGES

Environmental Health	2017/18 charge £	2018/19 charge £	Does the charge include VAT?
<u>Animals</u>			
Micro chipping - Pets - Microchip event	16.50	18.00	Yes
Stray dog - administrative costs (plus kennel and vet fees if applicable)	25.00	50.00	No
Stray dog - statutory fee	25.00	25.00	No
<u>Other charges</u>			
Licensing of Houses of Multiple Occupancy (HMO) std fee for up to 5 bedrooms	697.00	717.00	No
5 letting rooms or more - charge per additional room	26.50	27.50	No
Housing Immigration Inspection	160.00	165.00	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
Housing improvement notice - fixed price	233.75	241.00	No
Suspended improvement notice - fixed price	233.75	241.00	No
Prohibition order - fixed price	233.75	241.00	No
Suspended prohibition order - fixed price	233.75	241.00	No
Emergency prohibition order - fixed price	233.75	241.00	No
Emergency remedial action notice - fixed price	233.75	241.00	No

APPENDIX F continued...

FEES AND CHARGES

Museum	2017/18 charge £	2018/19 charge £	Does the charge include VAT?
<u>Museum Admission Charges</u>			
Admission Charge adult (over 18)	2.50	2.50	Yes
Admission Charge discount adult	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
<u>Museum Learning Services</u>			
Taught session for schools per pupil	3.00	3.00	Yes
Taught session for schools min group charge	48.00	48.00	Yes
Taught session in schools half-day (from September 2017)	120.00	120.00	Yes
Taught session schools whole day (from September 2017)	210.00	210.00	Yes
School and Reminiscence Loan Boxes per half term	12.00	18.00	Yes
School Loan, Reminiscence and Reference Boxes for max. of 1 week	N/A	12.00	Yes
Charge for craft activities per child	N/A	1.50	Yes
<u>Reproduction Charges</u>			
<u>Fee for providing images of collections for commercial publications</u>			
* New Charging Structure			
One country / language	108.00	N/A*	Yes
Two or more countries	134.40	N/A*	Yes
Regional publication	54.00	N/A*	Yes
Local publication	14.40	N/A*	Yes
Still image for regional TV	134.40	N/A*	Yes
Still image for national TV	270.00	N/A*	Yes
Film and video, regional TV	96.00	N/A*	Yes
Film and video, national TV	192.00	N/A*	Yes
Facility fee for use as "set"	162.00	N/A*	Yes
Printed image (books etc) on cover, East of England region	N/A*	96.00	Yes
Printed image (books etc) inside, East of England region	N/A*	45.00	Yes
Printed image (books etc) on cover, UK and international	N/A*	126.00	Yes
Printed image (books etc) inside, UK and International	N/A*	64.80	Yes
Website image, corporate / commercial use	N/A*	72.00	Yes
Television, East of England region	N/A*	60.00	Yes
Television, UK	N/A*	78.00	Yes
Television, International	N/A*	120.00	Yes
Supply of new image (in-house photography)	N/A*	5.00	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
<u>Museum Evening Group Visits with talk or activity</u>			
Evening talk/ activity and viewing of galleries	50.00	N/A	No
Evening talk/ activity and viewing of galleries (VAT has to be charged from 01/04/2018)	N/A	78.00	Yes

APPENDIX F continued...

FEES AND CHARGES

Museum	2017/18 charge £	2018/19 charge £	Does the charge include VAT?
<u>Museum Shirehill Store Group Visits and Workshops</u>			
Weekday daytime min charge (1 hr session + set-up/clear-up)	18.00	24.00	Yes
Weekday daytime charge per additional hour	12.00	18.00	Yes
Evening visit (per hour for 2017-18)	24.00	78.00	Yes
Saturday half-day	90.00	90.00	Yes
Saturday whole day	174.00	174.00	Yes
<u>Museum Staff lectures and talks at other venues</u>			
Talks for local groups, in Uttlesford or 20-mile radius of Saffron Walden	50.00	N/A	No
Talks for local groups, outside Uttlesford or 20 mile radius of Saffron Walden	60.00	N/A	No
Talks for local groups, in Uttlesford or 20-mile radius of Saffron Walden (VAT has to be charged from 01/04/2018)	N/A	72.00	Yes
Talks for local groups, outside Uttlesford or 20 mile radius of Saffron Walden (VAT has to be charged from 01/04/2018)	N/A	84.00	Yes

Land Charges
<p>For the current schedule of land charges, please visit the Uttlesford District Council website:</p> <p>http://www.uttlesford.gov.uk/article/1910/Local-Land-Charges-and-Searches</p>

Lifeline (Council Tenants and Private Residents)	2017/18 charge £	2018/19 charge £	Does the charge include VAT?
Lifeline units - Level 1 - Weekly charge - including evening and weekend emergency response visits	5.14	5.34	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)	6.36	6.61	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

Licensing	2017/18 charge £	2018/19 charge £	Does the charge include VAT?
<u>Taxi Licensing</u>			
Drivers (licence valid for 3 years)			
- New Application	140.00	173.00	No
- Renewal	129.00	160.00	No
Operators (licence valid for 5 years)			
- New Application	350.00	427.00	No
- Renewal	346.00	420.00	No
Vehicles (licence valid for 1 year)			
- New Application	50.00	58.00	No
- Renewal	42.00	47.00	No
Vehicle Licence Transfer Fee	23.00	40.00	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>Licences</u>			
Animal boarding establishment	169.00	174.00	No
Home boarding	137.00	141.00	No
Dog breeding establishment	137.00	141.00	No
Riding establishment	238.00	245.00	No
Pet shop	137.00	141.00	No
Dangerous wild animals	268.00	276.00	No
Zoo licence (5 years)	690.00	717.00	No
Skin piercing premises & 1 person	180.00	180.00	No
Skin piercing additional person	10.00	10.00	No
Additional ear piercing operator added at a later date	40.00	40.00	No
Additional operator added at a later date (other)	N/A	60.00	No
Additional treatment added at a later date	70.00	70.00	No
<u>Scrap Metal</u>			
Grant of a site or collectors licence	367.00	367.00	No
- each additional site after first site	192.00	192.00	No
Renewal of a site or collectors licence	322.00	322.00	No
- each additional site after first site	192.00	192.00	No
Variation of a site or collectors licence	130.00	130.00	No
- each additional site being added to the licence	322.00	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

Saffron Walden Offices	2017/18 charge £	2018/19 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)	30.00	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)	60.00	60.00	Yes
Room hire - Cutlers (Committee room) (per hour) Charity Rate	24.00	24.00	Yes
Room hire - Gibson (Council Chamber) (per hour)	78.00	78.00	Yes
Room hire - Gibson (Council Chamber) (per hour) Charity Rate	48.00	48.00	Yes
Refreshments - per 10 people	13.20	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

Print Room	2017/18 charge £	2018/19 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.	40.00	41.50	No*

Refuse Collection & Recycling	2017/18 charge £	2018/19 charge £	Does the charge include VAT?
Bulky waste	17.00	17.50	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)	1.96	2.07	No
Bins 180 litres	N/A	3.22	No
Bins 240 litres	5.38	5.71	No
Bins 660 litres	12.47	13.22	No
Eurobins 1100 litres	19.23	20.39	No
6 cu yd	117.51	124.56	No
8 cu yd	138.40	146.70	No
Light Containers - 12 cubic yard	138.40	146.70	No
Heavy Containers - 12 cubic yard	216.88	229.90	No

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Committee:	Scrutiny	Date:
Title:	Housing Revenue Account 2018/19 Budget and 5 year Business Plan Strategy	6 February 2018
Report Author:	Angela Knight – Assistant Director – Resources 01799 510446 Roz Millership – Assistant Director – Housing and Environment 01799 510516	Item for decision: No

Summary

1. This report sets out the following:
 - A proposed Housing Revenue Account (HRA) budget and reserves position for 2018/19.
 - A proposed 5 year financial forecast for the period from 2018/19 to 2022/23.
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 third year of rent decrease to general needs properties and the second year for supported accommodation.
 - HRA rents for general needs properties are decreased by 1% in line with new government guidance.
 - HRA rents for supported accommodation are decreased by 1% in line with government guidance.
 - All dwelling rents to be revised to the formula rent level when the property is re-let.
3. Other income and service charges for 2018/19 are as follows;
 - Garage rents are increased by RPI of 3.9%
 - Housing related support charges are increased in line with actual costs
 - Intensive housing management charges are increased in line with actual costs
 - Lifeline charges are increased by RPI of 3.9%
 - Heating, Service and Sewerage charges are increased in line with actual costs
4. The Housing Board and the Tenants Forum 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.

Recommendations

6. That Scrutiny reviews the HRA Budget 2018/19 and 5 Year Financial Strategy and provides comment prior to its submission for approval to Cabinet on 15 February and Council on 22 February 2018.

Financial Implications

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

Background Papers

8. None

Impact

Communication/Consultation	Tenants Forum and Housing Board reviewed the rent, 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

9. The HRA budget for 2018/19 reflects the service arrangements and investments in relation to the council's housing services for the seventh year under 'Self Financing'.
10. The new financial arrangements enable the service to stand alone financially and take 'local' decisions for housing services.
11. 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, fully updated and approved at Cabinet in January 2016.
12. The Business Plan, which is reviewed annually, sets the financial strategy and the budget proposals are reflected in this report.
13. 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

14. 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.
15. This change, alongside other national changes in housing policy, significantly reduces the council's flexibility over longer-term decision making.
16. 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 2018/19

17. The budget identifies a net operating surplus of £663,000 made up of total income of £15,402,000 and total expenditure of £14,739,000. The surplus has been allocated to fund agreed projects as detailed in the Business Plan.
18. This is the second year of the principal repayment of the Self Financing loan, a sum of £2m is payable annually. This was funded completely in 2017/18 from the Capital receipts reserve, this year we do not have the same projects and only a £413,000 contribution is eligible from the capital receipts reserve. The remainder of the loan repayment, £1,587,000 will be funded from the revenue budget.
19. The table below summarises the HRA budget for 2018/19, a more detailed breakdown is shown in Appendix A.

	2017/18 Original Budget £'000	2017/18 Restated Budget £'000	2018/19 Original Budget £'000	Increase / (Decrease) £'000
Dwelling Rents	(14,160)	(14,160)	(14,333)	(173)
Rents and Charges (other)	(1,062)	(1,062)	(1,068)	(6)
Service Income	(15,222)	(15,222)	(15,402)	(179)
Housing Finance & Business Management	197	197	75	(123)
Housing Maintenance and Repairs Service	3,030	3,030	3,117	87
Housing Management and Homlessness	1,024	1,024	996	(28)
Service Expenditure	4,251	4,251	4,188	(64)
Recharge from General Fund	1,800	1,800	2,073	273
Depreciation and Impairment	3,564	3,564	3,769	205
Interest/Costs re HRA Loan	4,625	4,625	4,615	(10)
Other (net)	340	340	94	(246)
Non-Service Expenditure	10,329	10,329	10,551	222
Operating Surplus	(642)	(642)	(663)	(20)
Capital Receipt Reserve (for HRA Loan)	(2,000)	(2,000)	(413)	1,587
Funding of Capital Programme from HRA	2,449	9,067	1,047	(8,020)
Transfer to/from (-) Reserves	193	(6,425)	28	6,453
HRA (Surplus) / Deficit	0	0	0	0

20. The average weekly rent in 2017/18 was £98.80 and in 2018/19 has decreased to £98.55, a decrease of £0.25 per week.
21. The council manages a total of 452 garages; current weekly rental is £9.89 and will increase to £10.28 in 2018/19 (excluding VAT).
22. Two years ago the council reviewed all support and housing management charges in preparation for further cuts to Housing Related Support (HRS) funding made by Essex County Council (ECC).
23. The review resulted in the introduction of an Intensive Housing Management (IHM) charge to recover a proportion of the reduction in 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 had not contributed to support costs.
24. All HRS funding from ECC ceased from April 2017 and the cost of support and intensive housing management is now recovered in full from all sheltered tenants. The rationale that ECC made for these cuts is that people who require this type of support can claim appropriate benefits to pay for it themselves.
25. It is proposed to continue to calculate the charges for the council's sheltered housing scheme management service (made up from IHM and HRS) in line with actual costs. The charges to be set at:
- | | |
|--|------------------------|
| i) Intensive Housing Management (IHM): | £12.73 per week |
| ii) Housing Related Support (HRS): | £4.61 per week |
| Total Charge: | £17.34 per week |
26. It is proposed to increase the Lifeline service by RPI of 3.9%. The current weekly charge for the Lifeline service is £4.28 and this will increase to £4.45 (excluding VAT) per week for 2018/19.
- | | |
|--|---------------------------|
| i) Lifeline service: | £4.45 (exc. VAT) per week |
| ii) Lifeline service plus extra sensors: | £5.45 (exc. VAT) per week |
27. 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.
28. General needs and sheltered housing service and sewerage charges are calculated on the same basis as Leasehold/freehold properties.
29. Heating charges will be calculated and charged in line with actual costs.
30. Service charges for tenants as at 31st March 2012 in sheltered accommodation and not in receipt of Housing Benefit will no longer continue to be partially subsidised from the HRA as the transition period during which these charges were reduced by 25% annually has now come to an end.

Budget Movements

31. The table below details budget movements for 2018/19.

Service	Description of Movement	£'000	£'000
Housing Rents			
	Dwelling Rent - Increase in the number of properties and revised RTB's in year disposals - includes 1% rent reduction set by Central Government	(173)	
	Other Rent - Increases e.g. Garages	(8)	
	Housing Rents Total		(181)
Business and Performance Management			
	Assistant Director - Housing has been transferred to a central code	(122)	
	Business and Performance Management Total		(122)
Common Service Flats			
	Utility Costs - Increase in number of units and estimated increase in Electricity and Water	12	
	Income - decrease in the level on income. Income is based on previous full years exp	5	
	Common Service Flats Total		17
Housing Repairs			
	Staffing - one fewer Trainee in post	(12)	
	Materials - decrease in the level of materials required	(15)	
	Legionella Management - improved terms in contract has resulted in savings	(6)	
	Clothing - saving in level of clothing required	(2)	
	Internal Charges - review of the internal recharges	91	
	Housing Repairs Total		56
Property Services			
	Staffing - increase in Staff Costs	5	
	Fees - increase in the cost of RTB valuation Fees	8	
	Software - increase in licence cost of Housing software	1	
	Property Services Total		14
Housing Services			
	Staffing - increase in Staff Costs	9	
	Material - no estimate material costs	(4)	
	Stationery - Stationery cost to be held centrally	2	
	Seminars and Conferences - this costs to be held centrally	7	
	Housing Services Total		14
Sheltered Housing			
	Salary - saving as a result of staff changes	(3)	
	Service / Support Charges - Transitional Relief no longer offered in 18/19	(18)	
	Carecall - budget decrease to reflect previous years expenditure	(21)	
	Lifeline Income - a small decrease in the number of lifeline units	2	
	Lifeline Income - income received from ECC for redeployment of Careline Units	(6)	
	Sheltered Housing Total		(46)
Other Costs			
	Bad Debt Provision - amended to reflect previous years expenditure	(78)	
	Depreciation	205	
	Interest Costs - Loan Financing Costs	(10)	
	Pension - No required for Triannual pension cost	(158)	
	Recharges	273	
	RTB Allowance	(10)	
	Net of other immaterial variances	6	
	Other Costs Total		228
	Total Variances		(20)

5 Year Budget Summary

32. 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 has become due. 2018/19 is the second year of the principal loan repayment and this is having a reducing cumulative effect on the finances and the HRA's ability to maintain the current business plan. The detailed 5 year forecast is shown in Appendix B.
33. Due to the reducing resources within the HRA it is unlikely that there will be enough funds to support developments at the same level as in the previous 5 years. Full details of the capital programme are shown in Appendix C.
34. The capital programme has identified 3 new build development projects for 2018/19, and completion of 3 projects that started in 2017/18:
- Reynolds Court, Newport – on site - 26 properties due to complete September 2018
 - Hatherley Court – on site - 27 properties due to complete August 2018
 - Sheds Lane, Saffron Walden – on site - 3 properties due to complete July 2018
 - Newton Grove, Great Dunmow – 4 properties
 - Frambury Lane, Newport – 4 properties
 - The Moors, Little Dunmow – 16 properties
35. In future years from 2019/20 an amount has been included in unidentified sites, this is the required expenditure needed to enable us to fulfil the Right to Buy (RTB) agreement and retain the council's share of capital receipts from housing sales.
36. The right to buy scheme works on the basis for each property sold the council can retain 30% of the proceeds and the remaining 70% is paid to government. The 30% retained receipts is subject to further criteria;
- The retained receipts has to be reinvested into new general needs housing stock within a period of 13 quarters or we are required to pay these receipts to government, the alternative is any sums retained over 13 quarters is subject to interest at a rate of 4% above base rate every quarter.
 - That any development using the RTB receipts has to be funded by the council at 70% of the total cost, any scheme can only have 30% of the cost applied from capital receipts. For example, a new scheme costing £1,000,000 could use £300,000 of capital receipts but the remaining funding must come from council funds.
37. The capital financing identifies a shortfall in available funds in 2019/20 of £1,128,700 to enable the HRA to fulfil the above RTB criteria.
38. The HRA is further restricted by the debt cap which limits the level of borrowing the HRA can take on.
39. In November 2017 the Government announced that Housing Revenue Account borrowing caps will be lifted for local authorities in areas of "high affordability pressures" to build more homes. Local authorities will be invited to bid for increases in their caps from 2019-20.
40. The Council carried out a review with their independent financial consultants, Arlingclose on the structure of the HRA loan and the options to refinance the current loan to release funds enabling the continuation of its programme of housing development.
41. The review concludes that premature redemption of existing loans would prove to be expensive and recommends as an alternative that consideration be given to the HRA refinancing existing debt as it is repaid using short term local authority loans when required to both meet investment opportunities, and to balance the gap in the current financial plan in 2019/20.
42. The report recommendation is that the HRA refinance existing debt as it is repaid using short term local authority loans as it is required.

Movement in Reserves

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

Reserve	2017/2018					2018/2019			
	Balance	Transfer from HRA	Transfer to HRA	Transfer between Reserves	Balance	Transfer from HRA	Transfer to HRA	Transfer between Reserves	Balance
£'000	01-Apr-17				31-Mar-18				31-Mar-19
<u>RINGFENCED RESERVES</u>									
Working Balance	498	48			546		(92)		454
	498	48	0	0	546	0	(92)	0	454
<u>USABLE RESERVES</u>									
<u>Revenue Reserves</u>									
Major Repairs Reserve	163	(3,402)	3,564		325	(3,571)	3,769		523
Revenue Projects	60				60				60
Transformation Reserve	180				180				180
	403	(3,402)	3,564	0	565	(3,571)	3,769	0	763
<u>Capital Reserves</u>									
Capital Projects	3,809		(4,674)	865	0	120			120
Potential Projects Reserve	2,298		(1,433)	(865)	0				0
Sheltered Housing Projects Reserve	318		(318)		0				0
	6,425	0	(6,425)	0	0	120	0	0	120
TOTAL USABLE RESERVES	6,828	(3,402)	(2,861)	0	565	(3,451)	3,769	0	883
TOTAL RESERVES	7,326	(3,354)	(2,861)	0	1,111	(3,451)	3,677	0	1,337

HRA Business Plan and 5 Year Strategy

44. 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 2022/23. This is a rolling programme and is continuously updated; a detailed action plan with progress to date is attached in Appendix D.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Changes in legislation may alter the assumptions contained in the proposed 2018/19 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, welfare reforms inc. the roll out of Universal Credit	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
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 – 2018/19 Summary Budget

Appendix B – 5 year Budget Summary (2018/19 – 2022/23)

Appendix C – HRA 5 year Capital Programme and Financing

Appendix D – Business Plan – Action Plan 2018 – 2022

APPENDIX A

HRA Budget Summary 2018/19

£'000	2017/18 Original Budget	2017/18 Current Budget	2018/19 Original Budget	Increase / (Decrease)
<u>Housing Revenue Income</u>				
Dwelling Rents	(14,160)	(14,160)	(14,333)	(173)
Garage Rents	(206)	(206)	(214)	(8)
Other Rents etc	(3)	(3)	(3)	0
Charges for Services & Facilities	(853)	(853)	(851)	2
Contributions towards Expenditure	0	0	0	0
TOTAL INCOME	(15,222)	(15,222)	(15,402)	(179)
<u>Housing Finance & Business Management</u>				
Business & Performance Management	122	122	0	(122)
Rents, Rates & Other Property Charges	75	75	75	(0)
	197	197	75	(123)
<u>Housing Maintenance & Repairs Service</u>				
Common Service Flats	189	189	201	12
Estate Maintenance	147	147	148	1
Housing Repairs	2,323	2,323	2,379	56
Housing Sewerage	53	53	54	2
Newport Depot	17	17	19	2
Property Services	302	302	316	14
	3,030	3,030	3,117	87
<u>Housing Management & Homelessness</u>				
Housing Services	399	399	413	14
Sheltered Housing Services	625	625	583	(42)
	1,024	1,024	996	(28)
Total Service Expenditure	4,251	4,251	4,188	(64)
<u>Other Costs</u>				
Bad Debt Provision	178	178	100	(78)
Depreciation - Dwellings (to MRR)	3,421	3,421	3,567	146
Depreciation - Non- Dwellings (to MRR)	142	142	202	59
Interest/Costs re HRA Loan	2,625	2,625	2,615	(10)
Repayment of HRA Loan	2,000	2,000	2,000	0
Investment Income	(15)	(15)	(15)	0
Pension Costs - Added Years	19	19	19	0
Pension Deficit - Triennial payment	158	158	0	(158)
Recharge from General Fund	1,507	1,507	1,675	168
HRA Share of Corporate Core	293	293	398	105
Right to Buy Admin Allowance	0	0	(10)	(10)
Total Non-Service Expenditure	10,329	10,329	10,551	222
TOTAL EXPENDITURE	14,580	14,580	14,739	159
OPERATING (SURPLUS)/DEFICIT	(642)	(642)	(663)	(20)
Funding from Capital Receipts Reserve for HRA Loan	(2,000)	(2,000)	(413)	1,587
<u>Funding of Capital Programme from HRA</u>				
Capital Schemes Funded from Revenue	2,449	9,067	1,047	(8,020)
	2,449	9,067	1,047	(8,020)
<u>Transfers to/(from) Reserves</u>				
Capital Projects	510	(4,674)	120	4,794
Change Management Reserve	0	0	0	0
Potential Developments	0	(1,433)	0	1,433
Sheltered Housing Reserve	(317)	(318)	0	318
Transformation Reserve	0	0	0	0
Working Balance	0	0	(92)	(92)
	193	(6,425)	28	6,453
(SURPLUS)/DEFICIT	0	(0)	(0)	0

APPENDIX B

HRA Summary – 5 Year Forecast 2018/19 – 2022/23

	2018/19 Original Budget	2019/20 Original Budget	2020/21 Original Budget	2021/22 Original Budget	2022/23 Original Budget
£ '000					
Dwelling Rents	(14,333)	(14,027)	(14,705)	(15,283)	(15,885)
Garage Rents	(214)	(216)	(218)	(220)	(222)
Other Rents etc	(3)	(3)	(3)	(4)	(4)
Charges for Services & Facilities	(851)	(860)	(868)	(877)	(886)
Contribution towards expenditure	0	0	0	0	0
Total Income	(15,402)	(15,106)	(15,795)	(16,384)	(16,997)
Housing Finance & Business Management					
Business & Performance Management	0	0	0	0	0
Rents, Rates & Other Property Charges	75	75	75	75	75
	75	75	75	75	75
Housing Maintenance & Repairs Service					
Common Service Flats	201	201	201	201	201
Estate Maintenance	148	148	148	148	148
Housing Repairs	2,379	2,379	2,379	2,379	2,379
Housing Sewerage	54	54	54	54	54
Newport Depot	19	19	19	19	19
Property Services	316	316	316	316	316
	3,117	3,117	3,117	3,117	3,117
Housing Management & Homelessness					
Housing Services	413	413	413	413	413
Sheltered Housing Services	583	583	583	583	583
	996	996	996	996	996
Other Costs					
Bad Debt Provision	100	100	100	100	100
Depreciation - Dwellings (to MRR)	3,567	3,295	3,435	3,435	3,435
Depreciation - Non- Dwellings (to MRR)	202	102	102	102	102
Interest/Costs re HRA Loan	2,615	2,604	2,613	2,601	2,570
Repayment of HRA Loan	2,000	2,000	2,000	2,000	2,000
Investment Income	(15)	(15)	(15)	(15)	(15)
Pension Costs - Added Years	19	19	19	19	19
Pension Deficit - Triennial payment	0	0	158	0	0
Recharge from General Fund	1,675	1,675	1,675	1,675	1,675
HRA Share of Corporate Core	398	381	381	381	381
Right to Buy Admin Allowance	(10)	(10)	(10)	(10)	(10)
Total Non-Service Expenditure	10,551	10,151	10,458	10,288	10,257
Total Expenditure	14,739	14,338	14,645	14,475	14,444
OPERATING (SURPLUS)/DEFICIT	(663)	(768)	(1,150)	(1,909)	(2,553)
Transfer to/(from) Capital Receipts	(413)	(400)	(400)	(400)	(400)
Revenue balance available for capital financing	(1,076)	(1,168)	(1,550)	(2,309)	(2,953)
Capital Schemes Funded from Revenue	1,047	1,246	1,198	1,198	1,198
Transfers to/(from) Reserves					
Capital Projects	120	(78)	352	1,111	1,755
Change Management Reserve	0	0	0	0	0
Potential Developments	0	0	0	0	0
Sheltered Housing Reserve	0	0	0	0	0
Transformation Reserve	0	0	0	0	0
Working Balance	(92)	0	0	0	0
	28	(78)	352	1,111	1,755
(SURPLUS)/DEFICIT	(0)	0	0	0	0

APPENDIX C

HRA – Capital Programme 2018/19 – 2022/23

	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
	Current Budget	Forecast Spend P6	Forecast including proposed slippage from 2017/18	Forecast	Forecast	Forecast	Forecast	Total
	£	£	£	£	£	£	£	£
<u>HRA Fund</u>								
HRA Capital Repairs	3,255,000	3,255,000	3,345,000	3,295,000	3,435,000	3,435,000	3,435,000	23,545,000
UPVC Fascia's and Guttering	147,000	147,000	100,000	100,000	100,000	100,000	100,000	747,000
Cash Incentive Scheme Grants	55,000	55,000	50,000	50,000	50,000	50,000	50,000	355,000
Light Vans Replacement programme	87,000	87,000	96,000	0	0	0	0	279,000
Sewerage Plant	0	0	100,000	100,000	100,000	100,000	100,000	600,000
<u>HRA Business Plan</u>								
<u>New builds (1-4-1 RTBs)</u>								
Unidentified Sites	1,366,000	34,000	0	3,681,000	2,000,000	2,000,000	2,000,000	9,715,000
Catons Lane	104,000	23,000	0	0	0	0	0	23,000
Sheds Lane	577,000	280,000	320,000	0	0	0	0	920,000
Radwinter Road (CHP)	0	1,022,000	0	0	0	0	0	1,022,000
Newton Grove	0	310,000	315,000	0	0	0	0	940,000
Frambury Lane	0	0	771,000	0	0	0	0	1,542,000
The Moors	0	0	787,000	0	0	0	0	1,574,000
<u>Sheltered Redevelopments</u>								
Reynolds Court	5,021,000	3,550,000	1,471,000	0	0	0	0	6,492,000
Hatherley Court	1,660,000	975,000	685,000	0	0	0	0	2,345,000
Walden Place	810,000	60,000	750,000	0	0	0	0	1,560,000
<u>Other Schemes</u>								
Energy Efficiency improvement schemes	59,000	59,000	0	0	0	0	0	59,000
Resurfacing access roads	150,000	150,000	0	0	0	0	0	150,000
<u>ICT</u>								
Housing Mobile devices IT	65,000	65,000	0	0	0	0	0	65,000
Housing contractors portal & SAM	29,000	29,000	0	0	0	0	0	29,000
HRA Housing Total	13,385,000	10,101,000	8,790,000	7,226,000	5,685,000	5,685,000	5,685,000	46,277,000

APPENDIX C

HRA Capital Financing 2018/19 – 2022/23

	2017/18	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Current	Forecast	Forecast Spend including slippage from	Budget	Budget	Budget	Budget
	Budget	Spend	2017/18	Budget	Budget	Budget	Budget
	£	£	£	£	£	£	£
Financing - Housing Revenue Account							
<u>Business Plan Schemes</u>							
Funded from reserves	(8,283,000)	(5,152,000)	(3,089,600)	0	0	0	0
HRA Revenue Funding - RCCO	(642,000)	(678,300)	(1,047,100)	(1,246,000)	(1,198,000)	(1,198,000)	(1,198,000)
HCA grant funding	(226,000)	(226,000)	0	0	0	0	0
Capital Receipts - RTB	(614,100)	(500,700)	(682,200)	(1,104,300)	(600,000)	(600,000)	(600,000)
Capital Receipts - Other	0	0	(400,000)	(150,000)	(150,000)	(150,000)	(150,000)
	(9,765,100)	(6,557,000)	(5,218,900)	(2,500,300)	(1,948,000)	(1,948,000)	(1,948,000)
<u>Other Schemes</u>							
Major Repairs Reserve Contribution	(3,255,000)	(3,255,000)	(3,445,000)	(3,395,000)	(3,535,000)	(3,535,000)	(3,535,000)
Other MRR reserve cont	(222,900)	(147,000)	(126,100)	(202,000)	(202,000)	(202,000)	(202,000)
HRA Revenue Funding	(142,000)	(142,000)	0	0	0	0	0
Sub total	(3,619,900)	(3,544,000)	(3,571,100)	(3,597,000)	(3,737,000)	(3,737,000)	(3,737,000)
TOTAL FINANCING	(13,385,000)	(10,101,000)	(8,790,000)	(6,097,300)	(5,685,000)	(5,685,000)	(5,685,000)
Total Capital Programme	13,385,000	10,101,000	8,790,000	7,226,000	5,685,000	5,685,000	5,685,000
Funding deficit (Borrowing outside of HRA required internal from cash or external)	0	0	0	1,128,700	0	0	0

HRA BUSINESS PLAN – PRIORITIES FOR ACTION 2016 – 2021

Action	Timescale	Resources	Outcome	Update January 2018
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 Page 178	Ongoing	Within existing resources	HRA that continues to be managed on sound business principles	<p>Government housing policy changes have affected the HRA Business Plan, both in the short term and in future years. The imposition of a 1% annual rent cut for four years from 1st April 2016 has had a significant effect on available resources over the life of the plan</p> <p>The HRA Business plan and financial model has been updated and shows that there will be pressures on the HRA from 2020 if the current level of expenditure on stock and new build continues as modelled.</p> <p>The HRA Business Plan allows the Council to have flexibility as to when loans are repaid and consideration will need to be given to refinancing the loans in order to both meet investment opportunities, and to balance the</p>

Action	Timescale	Resources	Outcome	Update January 2018
				gap in the financial plan that is a result of the effect of these changes in housing policy
Prepare for supporting people funding reductions	Mar-17	Within existing resources	Options identified to enable key services to continue to be delivered	Complete. New delivery model for sheltered housing in place. Tenants have been written to and new charges explained. All costs are now fully recoverable from tenants since the ending of support grant funding from county 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	The Housing Service has developed a suite of Performance Indicators to monitor services against its own targets, and to provide customers with information on how our services are performing. These indicators are monitored by managers on a monthly basis, with key indicators reported to CMT
Maximise income to the HRA by achieving high collection rates for rents, service	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	Income collection has been separated from the debt support work resulting in a significant reduction in rent arrears

Action	Timescale	Resources	Outcome	Update January 2018
charges, sewage charges, garage rents and miscellaneous invoices			struggling. Corporate approach to rent collection to ensure join-up with individual cases	
Implement re-chargeable repairs policy	Apr-16	Within existing resources	Improve recovery of costs of repairs which are tenants' responsibility	<p>Complete. A new re-charge policy has been written to clarify the definition of rechargeable repairs and to improve the recovery of costs associated with rechargeable repairs and to deter misuse or negligence of Council property by tenants</p> <p>By identifying and recovering these costs, it enables the council to reinvest the money to help improve services and properties which will ultimately benefit tenants</p>
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	Options for expanding the repairs service currently provided to UDC tenants to other housing providers through Aspire Property Services have been evaluated. It is proposed to re-visit this option next year
Review the arrangements for	Oct-16	Within existing	Rationalisation of management responsibilities and clarification	Complete. Asset Management and Development Strategy in

Action	Timescale	Resources	Outcome	Update January 2018
the management of non-housing assets		resources	of development potential	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 August 2017 following recommendations from the Tenant Regulatory Panel (TRP). 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				
Page 181 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 failed tenancy costs the Council several thousands of pounds so the success of this team will ultimately save money for re-investment in the housing stock	Complete. Team in place. Successful Tenancy Sustainment Programme implemented. We have been able to 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. The

Action	Timescale	Resources	Outcome	Update January 2018
				service has been nominated for a Partnership Working Award in this year's You Make the Difference in Essex Awards
Improve the information on the housing stock	Apr-17	Within existing resources	Accessible up to date stock data	Complete. New stock data management system (SAM) has been implemented. 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	Planned works programmes are progressing well. The authority is continuing to deliver a significant programme of investment in the stock. A robust monthly budget monitoring process has been implemented to ensure that projects are delivered on budget
Deliver an improved repairs and maintenance service through: 1. Enhancement of mobile technology for repairs and voids teams;	Aug-16	£120k	Homes well maintained Improved tenant satisfaction More efficient and responsive deployment of personnel	Complete. Project plan to deliver IT improvements implemented Mobile technology has been rolled out to all Surveyors and Operatives who can now raise and receive works orders/job tickets electronically Decision made not to implement

Action	Timescale	Resources	Outcome	Update January 2018
2. Electronic van stocking of operatives' vehicles 3. Online reporting of repairs				new electronic stock system following unsuccessful trials Schedule Board being used by Repairs Planners to enable on-line scheduling of repairs jobs
Improve average energy efficiency for council properties	Apr-17	£530k	Reduced fuel costs for residents	Complete. 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 2018/19. Potential project identified to install solar panels on all remaining council houses and flats – currently under evaluation
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 along with equality impact assessments regularly reviewed. Changes identified are brought to the tenant forum and housing board for approval

Action	Timescale	Resources	Outcome	Update January 2018
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 TRP 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 TRP and Housing Board
Page 184 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	Complete. Online satisfaction survey has been designed so that tenants can feed back immediately after repair is carried out New STAR tenant satisfaction/feedback survey sent to all tenants in March 2017. Results have been analysed and show an overall improvement in satisfaction with housing services (see below)
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	Ongoing	£3k pa	Annual report published	Annual report published in

Action	Timescale	Resources	Outcome	Update January 2018
tenants report				November 2017
Benchmark service with other landlords through HouseMark	Ongoing	Within existing resources	Core benchmarking data uploaded to HouseMark for full organisational review	<p>The Housing Service uses Housemark to benchmark its performance against other landlords</p> <p>Latest core benchmarking data has been submitted – performance data and comparison with other authorities is reviewed by officers at section heads meeting</p> <p>Performance compares well to other councils, with indicators relating to rent collection and repairs sitting within the top quartile. Compared to the previous year, costs have remained roughly the same in all areas except lettings which has marginally increased, whilst performance has improved in repairs and tenancy management</p> <p>Whilst Performance Indicators are instrumental in assessing performance, the opinion and views of tenants adds an extra depth and validity to the council's</p>

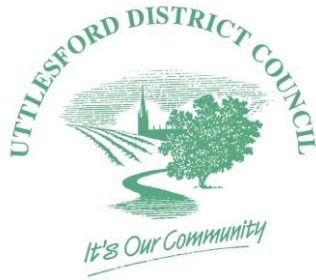
Action	Timescale	Resources	Outcome	Update January 2018
				<p>performance and service improvement works. In 2017 the council carried out its third district wide survey of tenants and residents (STAR) following surveys completed in 2012 and 2008.</p> <p>Using a core questions set compiled by HouseMark comparative data has been obtained on the services offered to tenants. In addition the inclusion of additional questions has provided information regarding the wider determinants of health associated with housing and neighbourhood interaction.</p> <p>Results of STAR 2017 show that levels of satisfaction are mostly positive amongst all service areas within housing services. Performance has remained stable over the 5 year period as have the priorities of the tenants.</p> <p>The survey shows that 83.5% of out tenants are satisfied with the service</p>

Action	Timescale	Resources	Outcome	Update January 2018
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	<p>Development programme on track:</p> <p>Holloway Crescent Phase I & II - 13 properties</p> <p>Mead Court Phase I & II – 29 properties</p> <p>Catons Lane – 6 properties</p> <p>48 properties completed to date</p> <p>Planning permission obtained for development of garage sites in Sheds Lane – 3 properties (due to complete July 2018)</p> <p>3 properties</p> <p>Also investigating possibility of UDC becoming delivery partner on some S106 sites - subject to RTB receipts</p>
Deliver Sheltered scheme re-development programme	Mar-18	£11.5m	Fit for purpose accommodation for the elderly	<p>Development programme on track:</p> <p>Reynolds Court Phase I – 15 properties</p> <p>15 properties completed to date</p>

Action	Timescale	Resources	Outcome	Update January 2018
				<p>Reynolds Court Phase II – 26 properties (due to complete August 2018)</p> <p>26 properties</p> <p>Hatherley Court – remodelling (26 properties) and new build (1 property) – (due to complete August 2018)</p>
Page 188 Review housing asset management strategy	Apr-18	Within existing resources	Established a clear policy on the use of HRA assets, regeneration and development	Strategy is being reviewed and will be presented to the Housing Board for comment at Housing Board meeting in December 2017
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 with more agencies offering to attend / estate inspection; projects identified for estate regeneration
Carry out development appraisals of identified sites and review business plan capacity to	Mar-21	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 – planning permission gained September 2017);

Action	Timescale	Resources	Outcome	Update January 2018
develop				<p>Frambury Lane, Newport (4 properties)</p> <p>Total: 24 properties</p> <p>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</p> <p>Total: 20 properties</p>

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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.	HRA Business Plan 2016 – 2046 (annual review)											
2	What is the overall purpose of the strategy, policy, project, contract or decision?	Financial analysis of HRA											
3	Who may be affected by the strategy, policy, project, contract or decision? All tenants in council owned properties All leaseholders in Council owned properties	<input checked="" type="checkbox"/> Residents <input checked="" type="checkbox"/> Staff <input checked="" type="checkbox"/> A specific client group/s e.g. linked by geographical location, social economic factors, age, disabilities, gender, transgender, race, religion or sexual orientation (please state)											
4	Responsible department and Head of Division.	Department: Housing Services Head of Division: Roz Millership											
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 (please state): Finance, Housing Planning and Policy, Environmental Health. Benefits CAB and other partner agencies											
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> ? UDC send out a tenant satisfaction survey which includes questions on equality to ensure that the needs of all service users are being met.	<table border="0"> <tbody> <tr> <td><input checked="" type="checkbox"/> Age</td> <td><input checked="" type="checkbox"/> Disability</td> </tr> <tr> <td><input checked="" type="checkbox"/> Sex</td> <td><input checked="" type="checkbox"/> Race</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender Reassignment</td> <td><input checked="" type="checkbox"/> Sexual Orientation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Religion & Belief</td> <td><input checked="" type="checkbox"/> Pregnancy and Maternity</td> </tr> <tr> <td><input checked="" type="checkbox"/> Marriage and Civil Partnerships</td> <td><input checked="" type="checkbox"/> Rural Isolation</td> </tr> </tbody> </table>		<input checked="" type="checkbox"/> Age	<input checked="" type="checkbox"/> Disability	<input checked="" type="checkbox"/> Sex	<input checked="" type="checkbox"/> Race	<input checked="" type="checkbox"/> Gender Reassignment	<input checked="" type="checkbox"/> Sexual Orientation	<input checked="" type="checkbox"/> Religion & Belief	<input checked="" type="checkbox"/> Pregnancy and Maternity	<input checked="" type="checkbox"/> Marriage and Civil Partnerships	<input checked="" type="checkbox"/> Rural Isolation
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<input checked="" type="checkbox"/> Marriage and Civil Partnerships	<input checked="" type="checkbox"/> Rural Isolation												

7	<p>How do you (or how do you intend to) monitor the impact of the strategy, policy, project, contract or decision?</p> <p>The tenant satisfaction survey sent to all tenants gives the opportunity to express if tenants feel that they get value for money. Last survey completed August 2017. People are free to make their comments and concerns known by returning the survey.</p> <p>The council consults with tenants including through the tenants forum and gives notice on rent and service charge increases.</p>	<table> <tr> <td><input checked="" type="checkbox"/></td> <td>Performance indicators or targets</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>User satisfaction</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Uptake</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Consultation or involvement</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Workforce monitoring data</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Complaints</td> </tr> <tr> <td><input type="checkbox"/></td> <td>External verification</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Eligibility criteria</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Other (please state):</td> </tr> <tr> <td><input type="checkbox"/></td> <td>None </td> </tr> </table>	<input checked="" type="checkbox"/>	Performance indicators or targets	<input checked="" type="checkbox"/>	User satisfaction	<input checked="" type="checkbox"/>	Uptake	<input checked="" type="checkbox"/>	Consultation or involvement	<input checked="" type="checkbox"/>	Workforce monitoring data	<input checked="" type="checkbox"/>	Complaints	<input type="checkbox"/>	External verification	<input checked="" type="checkbox"/>	Eligibility criteria	<input type="checkbox"/>	Other (please state):	<input type="checkbox"/>	None 
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<input checked="" type="checkbox"/>	Eligibility criteria																					
<input type="checkbox"/>	Other (please state):																					
<input type="checkbox"/>	None 																					


Analysing performance data																
8	<p>Consider the impact the strategy, policy, project, contract or decision has already achieved, measured by the monitoring data you collect. Is the same impact being achieved for diverse groups as is being achieved across the population or workforce as a whole?</p> <p> <input checked="" type="checkbox"/> Yes * <input type="checkbox"/> No* <input type="checkbox"/> Insufficient <input type="checkbox"/> Not applicable </p> <p><i>Please state your evidence for this, including full document titles and dates of publication for audit purposes. Where applicable please also state the nature of any issues identified:</i></p>															
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>The plan/policy does not represent any specific diverse groups. It ensures that council tenants and leaseholders are treated equally regarding of circumstance</p> <p> <input type="checkbox"/> Yes * <input checked="" 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>															
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 border="0"> <thead> <tr> <th></th> <th>Yes</th> <th>No </th> </tr> </thead> <tbody> <tr> <td>N/A</td> <td></td> <td></td> </tr> <tr> <td>The <u>premises</u> for delivery are accessible to all.</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td><u>Consultation</u> mechanisms are inclusive of all.</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td><u>Participation</u> mechanisms are inclusive of all.</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </tbody> </table>		Yes	No	N/A			The <u>premises</u> for delivery are accessible to all.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Consultation</u> mechanisms are inclusive of all.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Participation</u> mechanisms are inclusive of all.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Yes	No														
N/A																
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<u>Participation</u> mechanisms are inclusive of all.	<input checked="" type="checkbox"/>	<input type="checkbox"/>														

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

Checking information and communication arrangements

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

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

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


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?


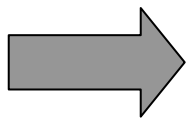
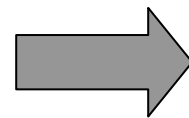
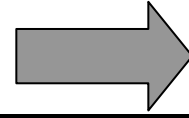
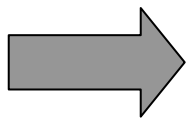
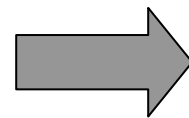
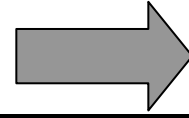
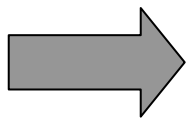
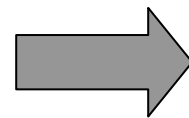
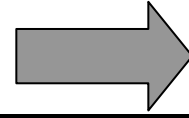
☒ No

☐ Yes * 

☐ Insufficient evidence 

*Please state any potential issues Identified.

OVERVIEW
70,000 residents
Demographic make up according to diverse groups.

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> <table border="0"> <tr> <td><input checked="" type="checkbox"/> There are no inequalities identified that cannot be easily addressed or legally justified</td> <td></td> <td>No further action required. Complete this form and implement any actions you identified in Q13 above</td> </tr> <tr> <td><input type="checkbox"/> There is insufficient evidence to make a robust judgement.</td> <td></td> <td>Additional evidence gathering required (go to Q17 on Page 7 below).</td> </tr> <tr> <td><input type="checkbox"/> Inequalities have been identified which cannot be easily addressed.</td> <td></td> <td>Action planning required (go to Q18 on Page 8 below).</td> </tr> </table>	<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	<input type="checkbox"/> There is insufficient evidence to make a robust judgement.		Additional evidence gathering required (go to Q17 on Page 7 below).	<input type="checkbox"/> Inequalities have been identified which cannot be easily addressed.		Action planning required (go to Q18 on Page 8 below).
<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								
<input type="checkbox"/> There is insufficient evidence to make a robust judgement.		Additional evidence gathering required (go to Q17 on Page 7 below).								
<input type="checkbox"/> Inequalities have been identified which cannot be easily addressed.		Action planning required (go to Q18 on Page 8 below).								
15	<p>If you have any additional comments to make, please include here.</p> <p><input type="checkbox"/> None</p>									

Completion											
16	<table border="1"> <tr> <td>Name and job title (Assessment lead officer)</td> <td>Roz Millership</td> </tr> <tr> <td>Name/s of any assisting officers and people consulted during assessment:</td> <td>Judith Snares</td> </tr> <tr> <td>Date:</td> <td>8 January 2018</td> </tr> <tr> <td>Date of next review:</td> <td>January 2019</td> </tr> <tr> <td colspan="2"><i>For new strategies, policies, projects, contracts or decisions this should be one year from implementation.</i></td> </tr> </table>	Name and job title (Assessment lead officer)	Roz Millership	Name/s of any assisting officers and people consulted during assessment:	Judith Snares	Date:	8 January 2018	Date of next review:	January 2019	<i>For new strategies, policies, projects, contracts or decisions this should be one year from implementation.</i>	
Name and job title (Assessment lead officer)	Roz Millership										
Name/s of any assisting officers and people consulted during assessment:	Judith Snares										
Date:	8 January 2018										
Date of next review:	January 2019										
<i>For new strategies, policies, projects, contracts or decisions this should be one year from implementation.</i>											
<p>When completed, a copy of this form should be saved with the strategy, policy, project, contract or decision's file for audit purposes and in case it is requested under the Freedom of Information Act.</p>											

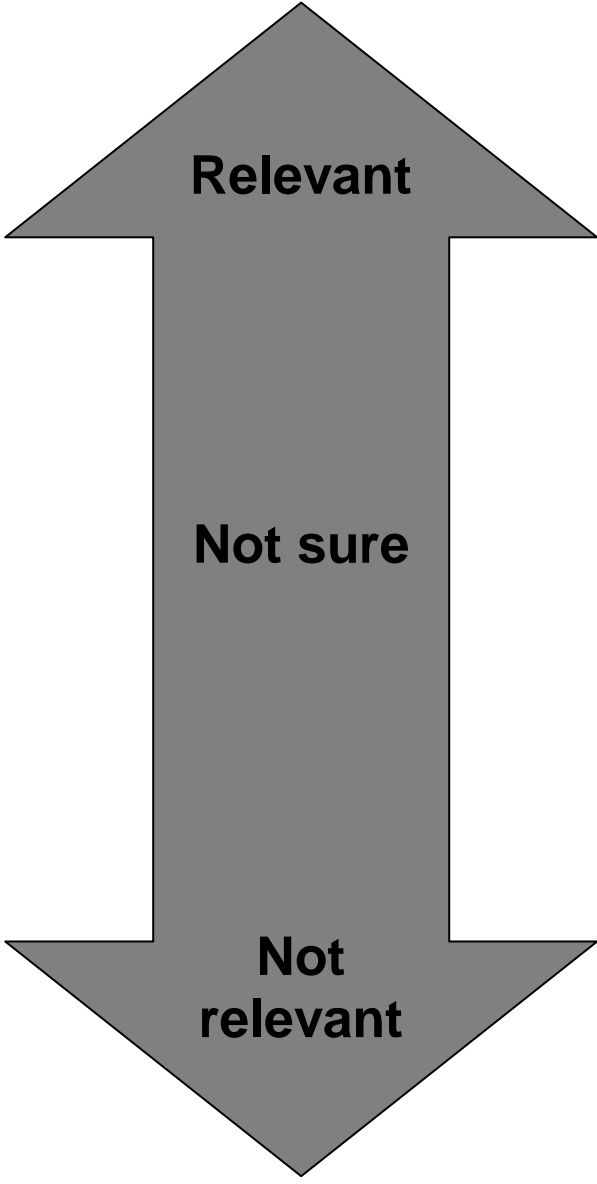
Additional evidence gathering and action planning

- 17 If your fast-track assessment indicated that **complex issues** or **inequalities** were identified which could not be easily addressed, or you had **insufficient evidence** to make a judgement, you need to undertake an additional evidence gathering and action planning process. This is described below:
- (a) Gather and analyse relevant additional evidence (which may include engagement with diverse groups), to address gaps in your knowledge, enhance understanding of the issues and inform options for addressing these. Additional evidence is likely to include any or all of the following:
- Data gathering**
- Demographic profiles of Uttlesford
 - Data about the physical environment, e.g. housing market, workforce, employment, education and learning provision, transport, spatial planning and public spaces
 - Results of local needs analysis
 - Results of staff surveys
 - Research reports on the needs/experience of diverse groups
 - National best practice/guidance
 - Benchmarking with other organisations
- Consultation and involvement**
- Existing consultation findings that may provide insight into the issues
 - New, specially commissioned engagement with diverse groups
 - Expert views of stakeholders/employers organisations representing diverse groups
 - Advice from experts or national organisations
 - Specialist staff/in-house expertise.
- (b) For advice on evidence gathering or engagement with diverse groups please contact your departmental equality lead officer. Discuss any proposed consultation with your departmental equality lead officer to ensure it is coordinated with related exercises across the Council as a whole.
- (c) Use your evidence gathering, analysis and engagement with diverse groups to develop options for addressing inequalities or unmet need, consulting with relevant management teams, Members, strategic groups/partners where necessary to confirm proposed actions and resource issues.
- (d) When options for addressing any issues are agreed, if these cannot be implemented immediately integrate them into the appropriate service plan/strategic plan/multi-agency strategy, so that it is clear how they will be delivered, when they will be delivered, by whom and how this will be monitored.
- (e) Identify how the continuing implementation and impact of the strategy, policy, project, contract or decision on diverse groups in Uttlesford will be monitored.
- (f) Having gathered evidence re-evaluate this assessment.
- (g) Following completion of the above, please confirm the following:

18	The conclusions and agreed proposals: A review of the business plan and EQIA is carried out annually.	
	Summary of evidence gathered, including any internal and external consultation (please include full document titles and dates of publication and consultation for audit purposes): Consultation with tenant forum and housing board. STAR survey of tenants August 2018	
	Date proposals to be implemented and lead officer: The plan is a 30 year plan, reviewed annually, effective from January 2016. Last reviewed in January 2018	
	Where implementation is not immediate, please state in which service plan or strategy the proposed actions will be integrated: N/A	
	Monitor arrangements (please include full details for audit purposes): The equality impact assessment will be reviewed if any inequalities are identified	
Additional Comments		
19	If you have any additional comments to make, please include here:	<input checked="checked" type="checkbox"/> None
Completion		
20	Name and job title (Lead Officer): Name/s of other assisting officers: Date: Date of next review (if any):	Roz Millership Judith Snares 8 January 2018 January 2019
When completed, a copy of this form should be saved with the strategy, policy, project, contract or decision's file for audit purposes and in case it is requested under the Freedom of Information Act.		

The relevance test

Use the quick guide below to decide whether or not your strategy, policy, project, contract or decision is relevant to equality:

 <p>Relevant</p> <p>Not sure</p> <p>Not relevant</p>	<p>Relevant</p> <ul style="list-style-type: none">■ The strategy, policy, project contract or decision will impact on 'people' (residents, staff, or people who work in or visit the area)'. ■ It may benefit some people or communities and not others (community cohesion) <p>Not sure</p> <ul style="list-style-type: none">■ The service is a support function or administrative■ There is no obvious impact on 'people' but the strategy, policy, project contract or decision is of major scale and or significance to the Council's activities■ Insufficient evidence <p>Not relevant</p> <ul style="list-style-type: none">■ No discernable impact on people.■ The service is a support function or administrative
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If you are not sure whether your strategy, project or decision is relevant to equality, ask Sue Locke, a member of the Council's Equality Standard Working Group Officer for advice.

Tel. 01799 510537

Ensuring your premises for delivery are easily accessible

In order to ensure that your premises for delivery are accessible to disabled customers and staff, older people and people with small children you should comply with the principles of accessible design summarised below.

In some cases, and for legitimate reasons, this may not be possible. Where this is the case you can still ensure your premises are accessible if you make appropriate reasonable adjustments. For guidance on reasonable adjustments see the 'Key contacts' section at the foot of this page.

Level access

Is there level access into and inside your premises? This means no steps, steep slopes or lips on doorways.

Ramp or lift

If there are steps, can you fit a ramp or install a lift so disabled customers and staff and parents with pushchairs can get in? To be safe ramps must:

- Have a gradient of 1:20 or less
- Have a handrail
- Be firmly fixed to the ground

Bell or buzzer and alarms

Can you install a bell or buzzer outside and go out to disabled customers or staff when they ring? Do you have a visual as well as audible alarm?

Door handles

Are door handles easy to grip and easy to reach for customers or staff who are wheelchair users?

- Use an easy grip handle in a contrasting colour
- Install a magnetic device to hold doors open
- Are door locks easy to handle (not fiddly)?

Doormats

Are any doormats flush with the floor? Avoid bristle matting – it can be difficult for customers or staffs who are wheelchair users.

Colour contrast

Is there a colour contrast between your floors, walls, ceilings and doors? Use matt paint in contrasting colours or different tones.

Corridors and aisles

Are corridors and aisles clear enough for a wheelchair or pushchair to pass through?

Seating

Is there somewhere to sit down if customers or staffs have to queue or wait?

- Have seating with and without armrests, if possible.
- Leave space for a wheelchair user to pull up alongside a seated companion.

Height

Are all key facilities on the main floor? Are popular products on a mid-height shelf, and easy to reach from a wheelchair? Provide a lap tray or clipboard if a lower counter section is not available.

Lighting

Is it easy for visually impaired customers or staff to see everything they need to?

- Make sure your premises are well lit.
- Mark corners, steps and counter edges with high visibility tape so they can be easily seen.
- Keep highly reflective surfaces away from signs to avoid glare.

Guide dogs

If you normally ban animals, you should consider relaxing this for assistance dogs. Remember, it is not just visually impaired people who use assistance dogs.

Signs and labels

Are signs and labels short and easy to read? Are Induction loops available?

- Use large clear text (for example, 24-point text for shelf bar labels)
- Use contrasting colours (for example, black text on a white or yellow background)
- Make sure signs are at a suitable height.

Use visual or picture symbols as well as words, if appropriate.

Ensuring customer contact mechanisms are easily accessible
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In order to ensure that customer contact mechanisms are accessible to disabled customers and staff, you should provide a range of alternatives – for example: phone, email, text phone, fax and face-to-face.

In some cases and for legitimate reasons, this may not be possible. Where this is the case you can still ensure customer contact mechanisms are accessible if you make appropriate reasonable adjustments. For guidance on reasonable adjustments see the 'Key contacts' section below.

Key contacts

Division/Services	Division/Services	Tel. No.
Roz Millership	Housing Health and Communities	01799 510516
Judith Snares	Housing Health and Communities	01799 510671
Matthew Baxter	Finance	01799 510318